

THE CITY OF
Paramount
CALIFORNIA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



PARAMOUNT
AL FRESCO

FISCAL YEAR 2020
JULY 1, 2019 - JUNE 30, 2020

Comprehensive Annual Financial Report

CITY OF PARAMOUNT, CA
FISCAL YEAR ENDED
JUNE 30, 2020

PARAMOUNT CITY COUNCIL

PEGGY LEMONS, MAYOR
BRENDA OLMOS, VICE MAYOR
ISABEL AGUAYO, COUNCILMEMBER
LAURIE GUILLEN, COUNCILMEMBER
VILMA CUELLAR STALLINGS, COUNCILMEMBER

JOHN MORENO, CITY MANAGER

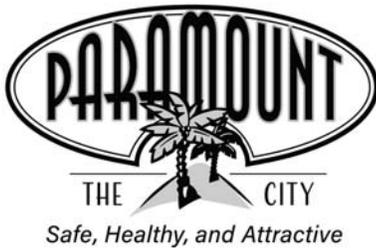
Prepared by the Finance Department

Table of Contents

	Page	
Introductory Section	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
Financial Section	1	Independent Auditors' Report
	3	Management's Discussion & Analysis
		<u>BASIC FINANCIAL STATEMENTS:</u>
		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
		<u>REQUIRED SUPPLEMENTARY INFORMATION:</u>
	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 Ratios Schedule of the City's OPEB Contributions
		<u>INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (SUPPLEMENTARY INFORMATION):</u>
		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)

	Page	
Financial Section (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
		Page / Table
Statistical Section	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, 2020
	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



PEGGY LEMONS
Mayor

BRENDA OLMOS
Vice Mayor

ISABEL AGUAYO
Councilmember

LAURIE GUILLEN
Councilmember

VILMA CUELLAR STALLINGS
Councilmember

December 15, 2020

Honorable City Council and Residents of the City of Paramount

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, 2020. The responsibility for the accuracy of the presented data and the completeness and fairness of the presentation rests with the City's management. The report includes the combined transactions and financial position of all funds of the City of Paramount, including its blended component units for which the City Council is also the governing body:

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

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

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

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www.paramountcity.com

INTRODUCTION
(cont.)

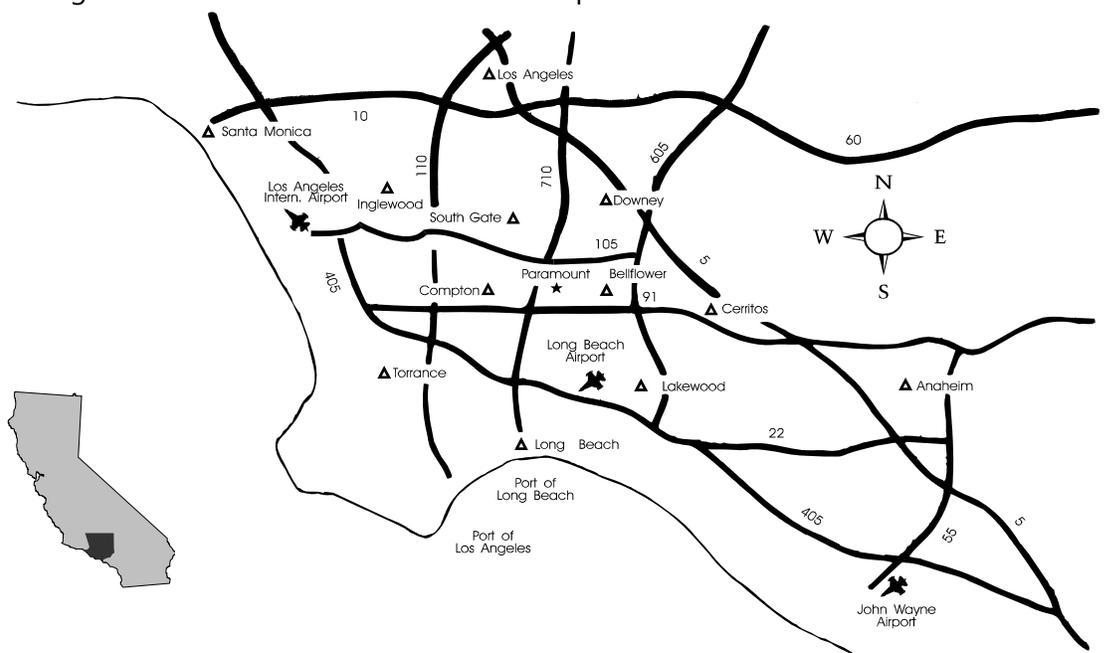
To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and fairly presents the financial position and results of operations of the City of Paramount and its related organizations. We have an established internal control structure designed to ensure accurate financial reporting 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 Auditor's Report from the City's certified public accountant, Eide Bailly LLP.

**PROFILE OF THE
CITY OF
PARAMOUNT**

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



**ADOPTION OF
GASB STATE-
MENTS**

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

**BUDGETARY
POLICY &
CONTROL**

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

**CASH
MANAGEMENT
POLICIES &
PRACTICES**

Under the direction of the City's Finance Department, cash temporarily idle during the year was invested in the Local Agency Investment Fund (LAIF). The average yield on investments for the fiscal year was 2.325% for the entire portfolio.

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

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

**RISK
MANAGEMENT**

The City participates in the California Joint Powers Insurance Authority (CJPIA). The purpose of this organization is to reduce the cost of liability insurance coverage by having the member cities act as self-insurers among themselves. Note 12 of the Notes to Basic Financial Statements (Pages 47-49) describes in depth the premium and liability coverage of the members.

**ACCOMPLISH-
MENTS &
OUTLOOK**

There is no doubt we are in unprecedented times due to the COVID-19 pandemic. As the economic shutdown began in March 2020, we anticipated a significant deficit in the General Fund as a result of decreases in various revenue sources such as sales tax, business license tax, fees, etc. We are very happy to report that while there was a significant decrease in revenues, fortunately our conservative and fiscally responsible spending habits have allowed us to once again weather a financial crisis.

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

The City ended the Fiscal Year (FY) 2020 with no increase in the unrestricted fund balance. However, we were able to add to the assigned fund balances including \$323,657 in Capital Reserve and \$323,657 in COVID Reserve. These funds will help stabilize further uncertainties in revenues and better prepare the City should this pandemic last much longer.

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 was fast approaching a structural deficit, a Public Safety and Essential City Services Measure was put before Paramount voters in March 2020 providing a three-quarter-cent sales tax increase. The measure was approved overwhelmingly by Paramount voters.

This local funding measure requires strict accountability and will be subject to independent financial audits. By law, no money can be taken away by the State or the County. Previously, Paramount received one tenth of the revenues collected from the 9.5% sales tax – the rest went to the State and County. Since the extra three-quarter-cent increase was approved by voters in March, 100% of that 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 successes including a number of eatery openings.

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

In addition, we are proud to have received the Beacon Spotlight Award for Sustainability Best Practices given by the Institute for Local Government. We gained our first in 2018 at the Silver level, in 2019 at the Gold level, and 2020 for Platinum. This year we also received a Gold Spotlight Award for an 18% Community Greenhouse Gas Reduction.

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

Capital Improvements

During FY 2020, 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 traffic median conversion projects. At Paramount Park, we completed picnic shelter replacements and various facility improvements.

Complementing our public improvements, in FY 2020 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 2021, we have budgeted \$9,064,500 in street and sidewalk improvements to complete more miles of arterial and neighborhood street resurfacing; \$7,122,350 in water improvements, which includes plans to complete the construction of a new water well; \$1,109,000 in park improvements including the Paramount Pool re-plaster and deck repairs; and \$492,000 on a variety of special projects including the Civic Center fountain design and City facility phone upgrades. In terms of private property assistance, we have budgeted \$532,500 toward rehabilitation programs.

In FY 2021, we will also continue the Success through Academics and Recreation (STAR) Program that began in January 2007. The program is funded by an After School Education and Safety Grant from the State of California. It provides academic assistance and recreational activities for students in grades kindergarten through eighth. Not only does it help students with homework and physical fitness, but it also works in concert with the Paramount Education Partnership to strengthen the overall educational resources available to Paramount residents. STAR has become one of the single largest operating programs for the City.

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 2021. 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.

**CERTIFICATES
OF
ACHIEVEMENT**

We proactively maintain and improve our water system while keeping our water rates among the lowest in the area. In FY 2020, for single-family residential service with an average bi-monthly usage of 20 units, our typical bimonthly bill of \$51.71 was the lowest among all 14 neighboring water agencies.

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 (CAFR) for the fiscal year ended June 30, 2019. The City has received 37 Certificate of Achievement Awards from the GFOA since 1982. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. 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 CAFR 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, 2020

CITY COUNCIL

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

Parks & Recreation Commission

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

Planning Commission

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

Public Safety Commission

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

Public Works Commission

Alfredo Banuelos, Chairman
Tony Warfield, Vice Chairman
Gina Garcia, Commissioner
Alvin Parks, Commissioner
Rosemary Vasquez, Commissioner

Senior Services Commission

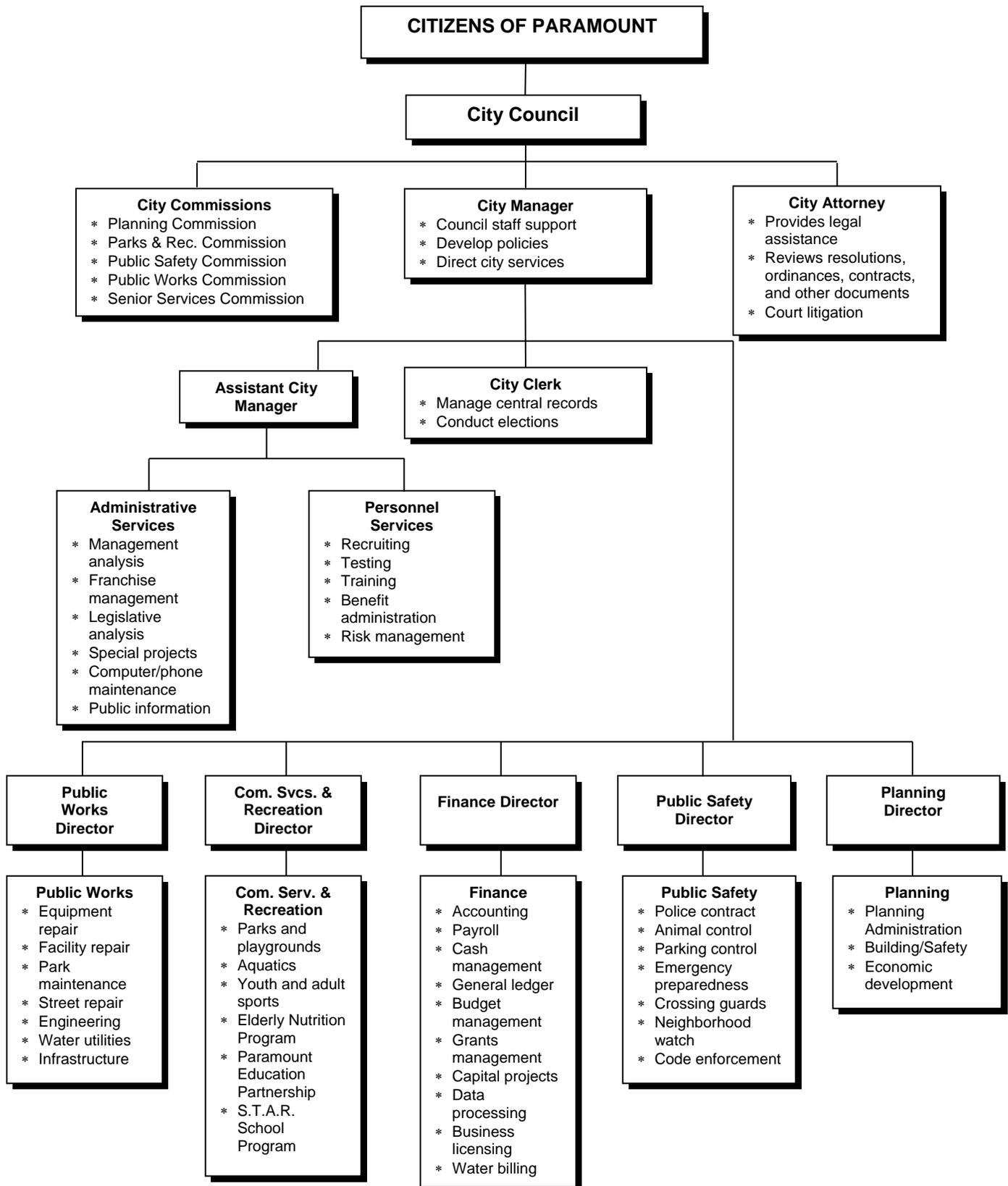
Claudia Quinones, Chairman
Virginia Chavez, Vice Chairman
Margarita Osuna, Commissioner
Elsa Padilla, Commissioner
Patricia Winiiecki, Commissioner

City Officials

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

Organizational Chart

City of Paramount, CA
on June 30, 2020

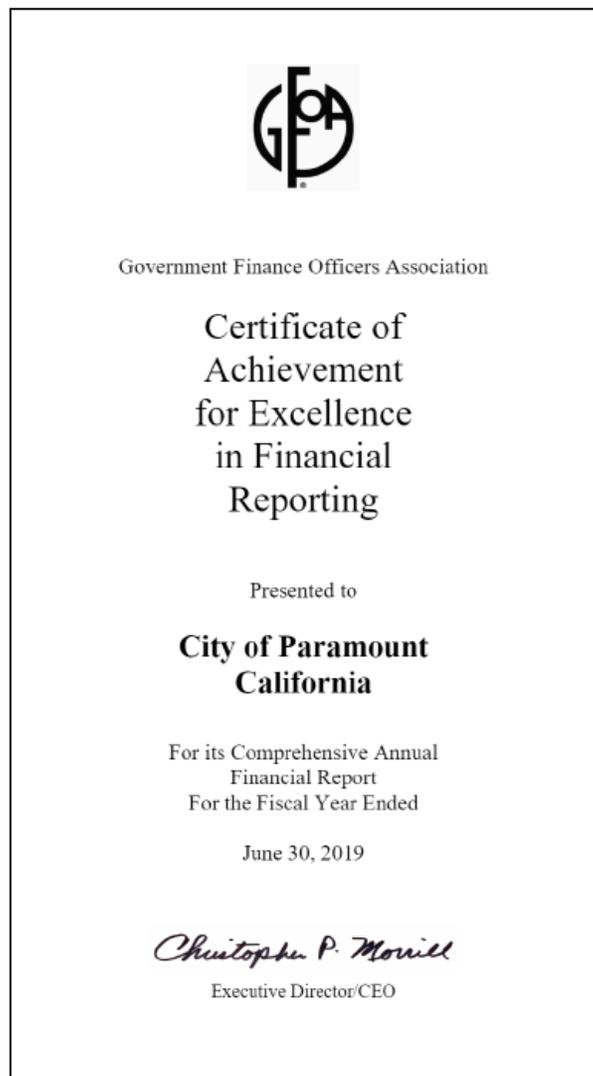


Award for Financial Reporting

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, 2019.

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.







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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the other grants special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability and the schedule of pension plan contributions, the schedule of changes in net OPEB liability and related ratios, and the schedule of OPEB contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020 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
November 30, 2020

City of Paramount
Management's Discussion and Analysis
June 30, 2020

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, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii through viii of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of FY 2020 by \$90,615,560 (net position). This amount decreased by \$2,836,311 from last year.
- As of June 30, 2020, the City's governmental funds reported combined fund balances of \$27,148,419. Of this amount, \$299,648 or approximately 1% of the total fund balances is non-spendable, \$7,237,049 or approximately 27% is restricted, \$1,394,450 or approximately 5% is committed, \$5,419,180 or approximately 20% is assigned and \$12,798,092 or approximately 47% 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 \$12,798,092, or about 47% of the total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include General Government, Community Development, Public Safety, Community Services and Recreation, and Public Works. The business-type activity of the City includes the City's Water Utility operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate Paramount Housing Authority and Paramount Parking Authority for which the City is financially accountable. Financial information for these component units has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 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 25 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 23 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, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 32,233,011	\$ 30,302,044	\$ 12,886,867	\$ 12,706,136	\$ 45,119,878	\$ 43,008,180
Capital assets, net	72,912,431	75,698,896	20,386,350	20,795,517	93,298,781	96,494,413
Total assets	105,145,442	106,000,940	33,273,217	33,501,653	138,418,659	139,502,593
Deferred outflows of resources	6,361,206	5,157,754	848,764	692,139	7,209,970	5,849,893
Current liabilities	4,006,087	3,636,025	1,171,645	849,420	5,177,732	4,485,445
Long-term liabilities	31,342,025	30,526,917	15,167,226	15,331,698	46,509,251	45,858,615
Total liabilities	35,348,112	34,162,942	16,338,871	16,181,118	51,686,983	50,344,060
Deferred inflows of resources	2,932,713	1,375,799	393,373	180,756	3,326,086	1,556,555
Net position						
Net investment in capital assets	72,665,264	75,437,457	16,132,664	16,275,296	88,797,928	91,712,753
Restricted	6,161,908	5,553,952	-	-	6,161,908	5,553,952
Unrestricted	(5,601,349)	(5,371,456)	1,257,073	1,556,622	(4,344,276)	(3,814,834)
Total net position	\$ 73,225,823	\$ 75,619,953	\$ 17,389,737	\$ 17,831,918	\$ 90,615,560	\$ 93,451,871

The City's total assets decreased from \$139,502,593 to \$138,418,659 in the fiscal year and the City's total liabilities increased from \$50,344,060 to \$51,686,983. Pension and Other Post-Employment Benefits (OPEB) related deferred outflows of resources increased from \$5,849,893 to \$7,209,970 and deferred inflows of resources increased from \$1,556,555 to \$3,326,086. For further information, please refer to Footnote # 4. As a whole, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$90,615,560 at June 30, 2020, a decrease of \$2,836,311 from the prior year, primarily due to increase in liabilities and offset by the increase in deferred outflows of resources related to pension and OPEB obligations.

City of Paramount
Management's Discussion and Analysis
June 30, 2020

Governmental activities. The following condensed summary of activities of the City's governmental activities for the year ended June 30, 2020 shows total net position equal to \$73,225,823 or \$2,394,130 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 decreased from \$17,831,918 to \$17,389,737. Total revenues and transfers in decreased \$336,563 and there was an increase in expenses totaling \$384,278.

City of Paramount - Summary of Changes in Net Position
Year Ended June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues						
Charges for services	\$ 1,270,761	\$ 1,700,282	\$ 7,589,241	\$ 7,750,500	\$ 8,860,002	\$ 9,450,782
Operating contributions and grants	8,100,026	7,971,987	-	-	8,100,026	7,971,987
Capital contributions and grants	3,524,293	3,252,151	-	166,689	3,524,293	3,418,840
General revenues						
Sales tax	8,265,394	8,449,883	-	-	8,265,394	8,449,883
Utility user's tax	3,484,876	3,735,391	-	-	3,484,876	3,735,391
Property tax	2,563,106	2,341,486	-	-	2,563,106	2,341,486
Other taxes	2,779,117	2,806,432	-	-	2,779,117	2,806,432
Investment earnings	320,851	362,253	90,318	100,630	411,169	462,883
Motor vehicle license fee	6,915,240	6,355,849	-	-	6,915,240	6,355,849
Other revenue	505,206	555,587	50,883	54,798	556,089	610,385
Total revenues	<u>37,728,870</u>	<u>37,531,301</u>	<u>7,730,442</u>	<u>8,072,617</u>	<u>45,459,312</u>	<u>45,603,918</u>
Program Expenses						
General government	7,357,400	7,088,630	-	-	7,357,400	7,088,630
Community development	2,405,848	1,926,054	-	-	2,405,848	1,926,054
Public safety	12,179,427	11,862,334	-	-	12,179,427	11,862,334
Community services & recreation	6,121,450	6,413,969	-	-	6,121,450	6,413,969
Public works	12,053,263	10,440,155	-	-	12,053,263	10,440,155
Water	-	-	8,178,235	7,793,957	8,178,235	7,793,957
Total expenses	<u>40,117,388</u>	<u>37,731,142</u>	<u>8,178,235</u>	<u>7,793,957</u>	<u>48,295,623</u>	<u>45,525,099</u>
Excess (deficiency) before contributions, special and extraordinary items & transfers	(2,388,518)	(199,841)	(447,793)	278,660	(2,836,311)	78,819
Transfers	(5,612)	-	5,612	-	-	-
Change in net position	<u>(2,394,130)</u>	<u>(199,841)</u>	<u>(442,181)</u>	<u>278,660</u>	<u>(2,836,311)</u>	<u>78,819</u>
Net position, beginning of year	75,619,953	75,819,794	17,831,918	17,553,258	93,451,871	93,373,052
Net position, end of year	<u>\$ 73,225,823</u>	<u>\$ 75,619,953</u>	<u>\$ 17,389,737</u>	<u>\$ 17,831,918</u>	<u>\$ 90,615,560</u>	<u>\$ 93,451,871</u>

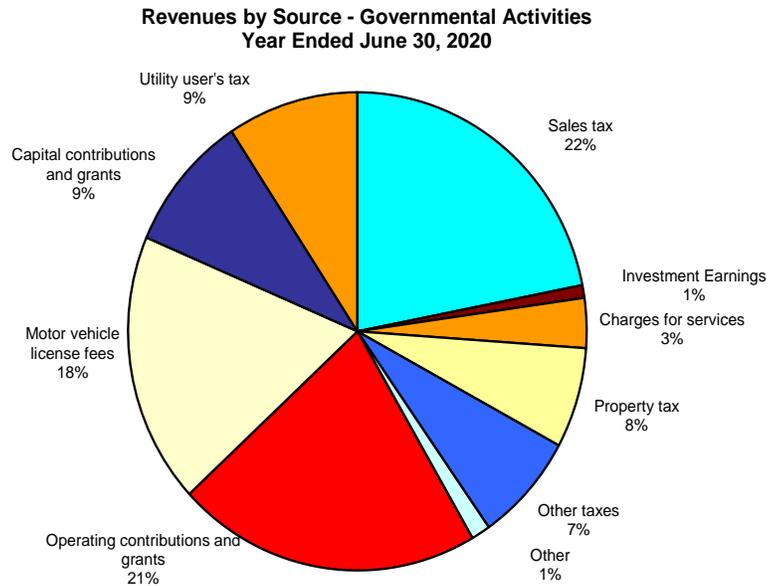
Revenues

- The decrease in charges for services in the amount of \$590,780 is mainly due to a decrease in new development activities in the City as a result of the COVID-19 pandemic.
- The increase in operating contributions and grants of \$128,039 is primarily due additional grants received during the fiscal year.
- Sales tax revenues decreased a total of \$184,489 in FY 2020 mainly related to a decrease in sales tax generated in the City as a result of COVID-19 pandemic.

Expenses

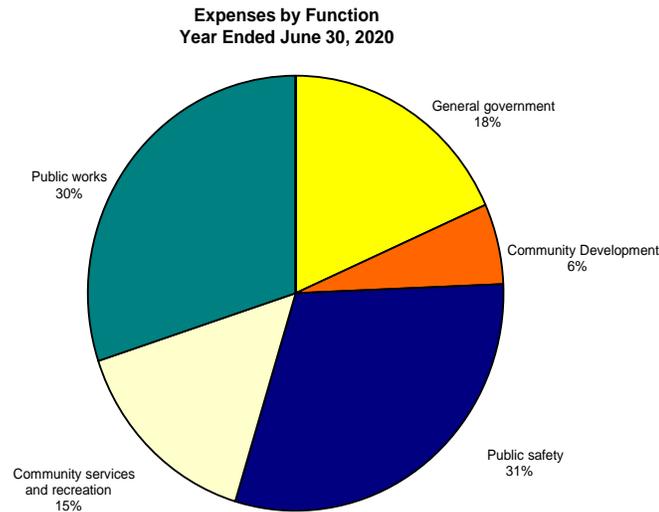
- The increase in general government of \$268,770 is mainly the result of election costs and mitigation efforts related to COVID-19 pandemic.
- The increase in community development of \$479,794 is mainly related to general plan amendment project costs.
- The increase in public safety of \$317,093 is mainly related to Sheriff's services.
- The decrease in community services and recreation of \$292,519 is mainly related to personnel savings related to COVID-19 pandemic and lower expenditures in the afterschool program funded by After School Education and Safety (ASES).
- The increase in public works of \$1,613,108 is mainly related to increase in capital projects done during the fiscal year.

- The increase in water expenses of \$384,278 is mainly related to increases in water administration and production costs and other operational costs.



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:
 - \$2,066,589 After School Education and Safety Grant for the Success Through Academics and Recreation (S.T.A.R.) Program
 - \$1,107,663 Proposition A Transit Tax
 - \$1,263,165 State Gas Tax
 - \$970,793 SB1 Road Maintenance & Rehabilitation Account
 - \$911,396 Proposition C Transit Tax
 - \$764,187 Measure M
 - \$759,557 Community Development Block Grant
 - \$688,196 Measure R Transit Tax



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

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27,148,419, an increase of \$1,542,074 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 47% of the ending balance, \$12,798,092, is unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is classified as follows to indicate the level of constraint. Approximately 1% or \$299,648 consists of non-spendable fund balances for land held for resale (\$236,544) and prepaids/deposits (\$63,104); approximately 27% or \$7,237,049 consists of the restricted fund balances of various grants and fees (\$5,971,783) and the Paramount Housing Authority (\$1,265,266); approximately 5% or \$1,394,450 consists of committed fund balances for Public Art (\$335,632), Storm Drain (\$411,912) and General Plan (\$646,906); and approximately 20% or \$5,419,180 consists of assigned fund balances for Capital Projects (\$2,054,444), PERS reserve (\$2,014,500), Bond Proceeds & Settlements (\$746,580), COVID reserve (\$323,657), Paramount Education Partnership reserve (\$250,000) and self-insurance (\$30,000).

The General Fund is the chief operating fund of the City of Paramount. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$12,798,092, while total fund balance reached \$18,516,920. 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 47% of total General Fund expenditures, while total fund balance represents 68% of that same amount.

An unexpected surplus in the City's General Fund led to an increase in total fund balance of \$568,800 during the current year. This increased assigned fund balances including COVID Reserve of \$323,657, Capital Improvement Project Reserve of \$323,657 and Settlement Reserve of \$158,346, which was offset by a decrease in the nonspendable fund balance in prepaids/deposits of \$236,800.

The Other Grants Fund has a fund balance of \$276,567 or \$102,950 less than prior year. During FY 2020, we used the accumulated grants allocation from previous years for the current fiscal year projects.

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

Unrestricted net position of the City's Water Utility operations at the end of the year amounted to \$1,257,073 or \$299,549 less than the prior year. The decrease is mainly due to the higher cost of water production and distribution.

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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes	\$ 16,586,650	\$ 15,479,100	\$ 17,092,493	\$ 1,613,393
Intergovernmental revenues	6,345,900	6,915,200	6,915,240	40
Other revenues	3,924,850	3,136,850	3,690,737	553,887
Total revenues	<u>26,857,400</u>	<u>25,531,150</u>	<u>27,698,470</u>	<u>2,167,320</u>
Expenditures				
Operations	27,184,650	27,712,400	26,614,445	1,097,955
Capital outlay	680,500	679,650	612,772	66,878
Total expenditures	<u>27,865,150</u>	<u>28,392,050</u>	<u>27,227,217</u>	<u>1,164,833</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,007,750)</u>	<u>(2,860,900)</u>	<u>471,253</u>	<u>3,332,153</u>
Other Financing Sources (Uses)				
Capital lease	<u>97,550</u>	<u>97,550</u>	<u>97,547</u>	<u>(3)</u>
Total other financing sources (uses)	<u>97,550</u>	<u>97,550</u>	<u>97,547</u>	<u>(3)</u>
Net change in fund balances	(910,200)	(2,763,350)	568,800	3,332,150
Fund balance - July 1	17,948,150	17,948,150	17,948,120	(30)
Fund balance - June 30	<u>\$ 17,037,950</u>	<u>\$ 15,184,800</u>	<u>\$ 18,516,920</u>	<u>\$ 3,332,120</u>

Changes between the Original Budget and the Final Budget

On the revenue side, there was a decrease of \$1,326,250 between the original budget and the final amended budget. The main portion of the decrease was related to lower revenue projection for sales tax (\$635,000), utility user tax (\$295,500), licenses and permits (\$220,700) and other revenue (\$391,400) offset by an increase in grants. On the other hand, there was an increase of \$527,750 in appropriations for operations and \$850 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 \$2,167,320 higher than the final amended amounts. On the expenditure side, there was an overall decrease totaling \$1,164,833 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, 2020 amounted to \$93,298,781 (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 2020**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 14,849,080	\$ 14,849,080	\$ 2,270,763	\$ 2,270,763	\$ 17,119,843	\$ 17,119,843
Construction in progress	4,299,183	4,708,569	2,443,940	2,212,107	6,743,123	6,920,676
Land improvements	7,779,342	8,644,785	-	-	7,779,342	8,644,785
Building and improvements	7,200,841	7,483,055	6,207,601	6,513,004	13,408,442	13,996,059
Machinery and equipment	1,275,294	1,520,368	1,508,375	1,489,300	2,783,669	3,009,668
Infrastructure	37,508,691	38,493,039	7,955,671	8,310,343	45,464,362	46,803,382
Total	\$ 72,912,431	\$ 75,698,896	\$ 20,386,350	\$ 20,795,517	\$ 93,298,781	\$ 96,494,413

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, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Notes payable from direct borrowing and direct placements	\$ -	\$ -	\$ 10,860,410	\$ 11,158,240	\$ 10,860,410	\$ 11,158,240
Capital leases	247,167	261,439	93,274	61,981	340,441	323,420
Net OPEB liability	9,321,929	10,806,246	1,262,954	1,470,427	10,584,883	12,276,673
Net pension liability	21,051,749	18,788,122	2,874,885	2,573,025	23,926,634	21,361,147
Employee leave payable	721,180	671,110	75,703	68,025	796,883	739,135
Total	\$ 31,342,025	\$ 30,526,917	\$ 15,167,226	\$ 15,331,698	\$ 46,509,251	\$ 45,858,615

The City's total liabilities had a net increase of \$650,636 during the current fiscal year, largely due to the increase 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

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those individuals who provide essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings, shelter in place orders, and the long term economic impact to our society. In preparation for this, we budgeted for a significant deficit in the General Fund as a result of potential and expected decreases in various revenue sources such as sales tax, business license tax, fees, etc. We are very happy to report that, while there was a decrease in revenues, fortunately, our conservative and fiscally responsible spending habits have allowed us to once again weather a financial crisis for this budget year.

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 was fast approaching a structural deficit, a Public Safety and Essential City Services Measure was put before Paramount voters in March 2020 providing a three-quarter-cent sales tax increase. The measure was approved overwhelmingly by Paramount voters.

This local funding measure requires strict accountability and will be subject to independent financial audits. By law, no money can be taken away by the State or the County. Previously, Paramount received one tenth of the revenues collected from the 9.5% sales tax – the rest went to the State and County. Since the extra three-quarter-cent increase was approved by voters in March, 100% of that 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 successes including a number of eatery openings.

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

In addition, we are proud to have received the Beacon Spotlight Award for Sustainability Best Practices given by the Institute for Local Government. We gained our first in 2018 at the Silver level, in 2019 at the Gold level, and in 2020 at Platinum. This year we also received a Gold Spotlight Award for an 18% Community Greenhouse Gas Reduction.

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, 2020

	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and investments	\$ 26,707,313	\$ 11,902,916	\$ 38,610,229
Receivables:			
Accounts	3,623,730	722,024	4,345,754
Interest	71,100	15,271	86,371
Notes (net)	583,722	-	583,722
Prepaid expenses and deposits	63,104	19,492	82,596
Inventories	-	227,164	227,164
Land held for resale	1,184,042	-	1,184,042
Capital assets			
Not being depreciated:			
Land and water rights	14,849,080	2,270,763	17,119,843
Construction in progress	4,299,183	2,443,940	6,743,123
Being depreciated, net of accumulated depreciation:			
Property and equipment	793,483	139,038	932,521
Buildings and land improvements	14,980,183	6,207,601	21,187,784
Water mains	-	7,955,671	7,955,671
Water distribution equipment	-	1,187,630	1,187,630
Vehicles	481,811	181,707	663,518
Infrastructure	37,508,691	-	37,508,691
Total assets	<u>105,145,442</u>	<u>33,273,217</u>	<u>138,418,659</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows-pensions	5,289,217	701,753	5,990,970
Deferred outflows-OPEB	1,071,989	147,011	1,219,000
Total deferred outflows of resources	<u>6,361,206</u>	<u>848,764</u>	<u>7,209,970</u>
LIABILITIES			
Accounts payable	3,882,658	759,616	4,642,274
Due to other governmental agencies	20,632	-	20,632
Accrued interest payable	-	142,138	142,138
Deposits payable	102,797	269,891	372,688
Long term liabilities:			
Due within one year	164,916	339,984	504,900
Due in more than one year	803,431	10,689,403	11,492,834
Net OPEB liability	9,321,929	1,262,954	10,584,883
Net pension liability	21,051,749	2,874,885	23,926,634
Total liabilities	<u>35,348,112</u>	<u>16,338,871</u>	<u>51,686,983</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows-pensions	1,442,709	189,035	1,631,744
Deferred inflows-OPEB	1,490,004	204,338	1,694,342
Total deferred inflows of resources	<u>2,932,713</u>	<u>393,373</u>	<u>3,326,086</u>
NET POSITION			
Net investment in capital assets	72,665,264	16,132,664	88,797,928
Restricted for:			
Community development	3,178,348	-	3,178,348
Community services & recreation	462,514	-	462,514
Public works	2,521,046	-	2,521,046
Unrestricted	(5,601,349)	1,257,073	(4,344,276)
Total net position	<u>\$ 73,225,823</u>	<u>\$ 17,389,737</u>	<u>\$ 90,615,560</u>

See accompanying notes to basic financial statements.

City of Paramount
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General government	\$ 7,357,400	\$ 222,426	\$ 1,357,964	\$ -	\$ (5,777,010)	\$ -	\$ (5,777,010)
Community development	2,405,848	229,201	229,153	-	(1,947,494)	-	(1,947,494)
Public safety	12,179,427	107,691	1,685,831	-	(10,385,905)	-	(10,385,905)
Community services and recreation	6,121,450	96,963	2,952,707	21,355	(3,050,425)	-	(3,050,425)
Public works	12,053,263	614,480	1,874,371	3,502,938	(6,061,474)	-	(6,061,474)
Total governmental activities	40,117,388	1,270,761	8,100,026	3,524,293	(27,222,308)	-	(27,222,308)
BUSINESS-TYPE ACTIVITIES:							
Water	8,178,235	7,589,241	-	-	-	(588,994)	(588,994)
Total primary government	<u>\$ 48,295,623</u>	<u>\$ 8,860,002</u>	<u>\$ 8,100,026</u>	<u>\$ 3,524,293</u>	<u>(27,222,308)</u>	<u>(588,994)</u>	<u>(27,811,302)</u>
GENERAL REVENUES:							
Taxes:							
					8,265,394	-	8,265,394
					3,484,876	-	3,484,876
					1,885,967	-	1,885,967
					2,563,106	-	2,563,106
					893,150	-	893,150
					320,851	90,318	411,169
					6,915,240	-	6,915,240
					505,206	50,883	556,089
					(5,612)	5,612	-
					<u>24,828,178</u>	<u>146,813</u>	<u>24,974,991</u>
					(2,394,130)	(442,181)	(2,836,311)
					75,619,953	17,831,918	93,451,871
					<u>\$ 73,225,823</u>	<u>\$ 17,389,737</u>	<u>\$ 90,615,560</u>

See accompanying notes to basic financial statements.

City of Paramount
Balance Sheet
Governmental Funds
June 30, 2020

	<u>Special Revenue</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Other Grants</u>	<u>Other Governmental Funds</u>	
ASSETS				
Cash and investments	\$ 17,814,087	\$ -	\$ 7,817,762	\$ 25,631,849
Accounts receivable	2,073,852	961,023	588,855	3,623,730
Interest receivable	46,283	644	21,132	68,059
Due from other funds	604,153	-	-	604,153
Prepaid expenditures and deposits	63,104	-	-	63,104
Notes receivable (net)	-	-	583,722	583,722
Land held for resale	236,544	-	947,498	1,184,042
Total assets	<u>\$ 20,838,023</u>	<u>\$ 961,667</u>	<u>\$ 9,958,969</u>	<u>\$ 31,758,659</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,197,674	\$ 292,655	\$ 1,392,329	\$ 3,882,658
Deposits payable	102,797	-	-	102,797
Due to other governmental agencies	20,632	-	-	20,632
Due to other funds	-	392,445	211,708	604,153
Total liabilities	<u>2,321,103</u>	<u>685,100</u>	<u>1,604,037</u>	<u>4,610,240</u>
Fund balances:				
Nonspendable	299,648	-	-	299,648
Restricted	-	276,567	6,960,482	7,237,049
Committed	-	-	1,394,450	1,394,450
Assigned	5,419,180	-	-	5,419,180
Unassigned	12,798,092	-	-	12,798,092
Total fund balances	<u>18,516,920</u>	<u>276,567</u>	<u>8,354,932</u>	<u>27,148,419</u>
Total liabilities and fund balances	<u>\$ 20,838,023</u>	<u>\$ 961,667</u>	<u>\$ 9,958,969</u>	<u>\$ 31,758,659</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, 2020

Fund Balances of Governmental Funds (page 14)	\$	27,148,419
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets of governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		71,549,277
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Capital leases		(247,167)
Compensated absences		(721,180)
Net OPEB liability		(9,321,929)
Net pension liability		(21,051,749)
Deferred outflows related to pensions		5,289,217
Deferred outflows related to OPEB		1,071,989
Deferred inflows related to pensions		(1,442,709)
Deferred inflows related to OPEB		(1,490,004)
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.		2,441,659
Net Position of Governmental Activities	\$	73,225,823

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, 2020

	<u>Special Revenue</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Other Grants</u>	<u>Other Governmental Funds</u>	
REVENUES				
Taxes	\$ 17,092,493	\$ -	\$ -	\$ 17,092,493
Licenses and permits	620,630	-	-	620,630
Fines and penalties	820,853	-	-	820,853
Interest and use of property	323,931	4,098	109,824	437,853
Intergovernmental revenues	6,915,240	839,912	8,798,636	16,553,788
Charges for services	344,028	-	246,572	590,600
Other revenues	1,581,295	-	12,527	1,593,822
Total revenues	<u>27,698,470</u>	<u>844,010</u>	<u>9,167,559</u>	<u>37,710,039</u>
EXPENDITURES				
Current:				
General government	6,264,392	-	415,210	6,679,602
Community development	1,609,230	-	346,220	1,955,450
Public safety	11,011,654	242,521	622,457	11,876,632
Community services and recreation	2,371,707	-	2,660,637	5,032,344
Public works	5,357,462	174,989	1,784,009	7,316,460
Capital outlay:				
Water	5,612	-	-	5,612
Streets, sidewalks and signals	237,361	493,095	2,141,889	2,872,345
Parks	195,301	21,355	14,000	230,656
Other	174,498	15,000	106,913	296,411
Total expenditures	<u>27,227,217</u>	<u>946,960</u>	<u>8,091,335</u>	<u>36,265,512</u>
Excess (deficiency) of revenues over (under) expenditures	<u>471,253</u>	<u>(102,950)</u>	<u>1,076,224</u>	<u>1,444,527</u>
OTHER FINANCING SOURCES (USES)				
Capital lease	97,547	-	-	97,547
Total other financing sources and uses	<u>97,547</u>	<u>-</u>	<u>-</u>	<u>97,547</u>
Net change in fund balances	568,800	(102,950)	1,076,224	1,542,074
Fund balances - July 1	17,948,120	379,517	7,278,708	25,606,345
Fund balances - June 30	<u>\$ 18,516,920</u>	<u>\$ 276,567</u>	<u>\$ 8,354,932</u>	<u>\$ 27,148,419</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, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 1,542,074

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	3,110,964
Depreciation expense	(5,793,134)

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	(97,547)
Capital lease principal payment	111,819

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.

(50,070)

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	1,484,317
Net change in deferred outflows of resources related to OPEB	106,637
Net change in deferred inflows of resources related to OPEB	(1,411,732)

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	(2,263,627)
Net change in deferred outflows of resources related to pensions	1,096,815
Net change in deferred inflows of resources related to pensions	(145,182)

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.

(85,464)

Change in Net Position of Governmental Activities

\$ (2,394,130)

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 16,586,650	\$ 15,479,100	\$ 17,092,493	\$ 1,613,393
Licenses and permits	761,000	540,300	620,630	80,330
Fines and penalties	852,600	733,800	820,853	87,053
Interest and use of property	227,350	298,750	323,931	25,181
Intergovernmental revenues	6,345,900	6,915,200	6,915,240	40
Charges for services	399,000	270,500	344,028	73,528
Other revenues	1,684,900	1,293,500	1,581,295	287,795
Total revenues	<u>26,857,400</u>	<u>25,531,150</u>	<u>27,698,470</u>	<u>2,167,320</u>
EXPENDITURES				
Current:				
General government	6,235,300	6,634,600	6,264,392	370,208
Planning	2,087,100	1,671,400	1,609,230	62,170
Public safety	11,483,000	11,237,350	11,011,654	225,696
Community services and recreation	2,420,550	2,521,950	2,371,707	150,243
Public works	4,958,700	5,647,100	5,357,462	289,638
Capital Outlay:				
Water	-	5,600	5,612	(12)
Streets, sidewalks and signals	297,500	238,000	237,361	639
Parks	180,000	195,350	195,301	49
Other	203,000	240,700	174,498	66,202
Total expenditures	<u>27,865,150</u>	<u>28,392,050</u>	<u>27,227,217</u>	<u>1,164,833</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,007,750)</u>	<u>(2,860,900)</u>	<u>471,253</u>	<u>3,332,153</u>
OTHER FINANCING SOURCES (USES)				
Capital lease	97,550	97,550	97,547	(3)
Total other financing sources (uses)	<u>97,550</u>	<u>97,550</u>	<u>97,547</u>	<u>(3)</u>
Net change in fund balance	(910,200)	(2,763,350)	568,800	3,332,150
Fund balance - July 1	17,948,150	17,948,150	17,948,120	(30)
Fund balance - June 30	<u>\$ 17,037,950</u>	<u>\$ 15,184,800</u>	<u>\$ 18,516,920</u>	<u>\$ 3,332,120</u>

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, 2020

	<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	\$ 1,000	\$ 1,000	\$ 4,098	\$ 3,098
Intergovernmental revenues	3,047,750	1,037,250	839,912	(197,338)
Total revenues	<u>3,048,750</u>	<u>1,038,250</u>	<u>844,010</u>	<u>(194,240)</u>
EXPENDITURES				
Current:				
Planning	390,000	-	-	-
Public safety	158,800	247,050	242,521	4,529
Public works	195,700	195,750	174,989	20,761
Capital Outlay:				
Streets, sidewalks and signals	2,219,700	521,450	493,095	28,355
Parks	250,000	165,000	21,355	143,645
Other	15,000	15,000	15,000	-
Total expenditures	<u>3,229,200</u>	<u>1,144,250</u>	<u>946,960</u>	<u>197,290</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(180,450)</u>	<u>(106,000)</u>	<u>(102,950)</u>	<u>3,050</u>
Net change in fund balance	(180,450)	(106,000)	(102,950)	3,050
Fund balance - July 1	379,550	379,550	379,517	(33)
Fund balance - June 30	<u>\$ 199,100</u>	<u>\$ 273,550</u>	<u>\$ 276,567</u>	<u>\$ 3,017</u>

See accompanying notes to the basic financial statements.

City of Paramount
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities- Water Enterprise Fund	Governmental Activities- Internal Service Fund
	<u> </u>	<u> </u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,902,916	\$ 1,075,464
Accounts receivable	722,024	-
Interest receivable	15,271	3,041
Prepaid items	19,492	-
Inventories	227,164	-
Total current assets	<u>12,886,867</u>	<u>1,078,505</u>
Noncurrent assets:		
Capital assets:		
Construction in progress	2,443,940	-
Land and water rights	2,270,763	-
Buildings and well improvements	10,863,475	2,243,969
Water mains	21,614,830	-
Water distribution equipment	6,953,290	-
Other water equipment	1,810,004	-
Furniture, machinery and equipment	466,224	669,763
Vehicles	634,206	546,216
Less accumulated depreciation	<u>(26,670,382)</u>	<u>(2,096,794)</u>
Total noncurrent assets	<u>20,386,350</u>	<u>1,363,154</u>
Total assets	<u>33,273,217</u>	<u>2,441,659</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows-OPEB	147,011	-
Deferred outflows-pensions	701,753	-
Total deferred outflows of resources	<u>848,764</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	759,616	-
Deposits payable	269,891	-
Interest payable	142,138	-
Current portion of employee leave payable	6,159	-
Current portion of lease payable	26,550	-
Current portion of notes payable	307,275	-
Total current liabilities	<u>1,511,629</u>	<u>-</u>
Noncurrent liabilities:		
Employee leave payable-long term portion	69,543	-
Capital lease-long term portion	66,724	-
Net OPEB obligation	1,262,954	-
Net pension liability	2,874,885	-
Notes payable-long term portion	10,553,136	-
Total noncurrent liabilities	<u>14,827,242</u>	<u>-</u>
Total liabilities	<u>16,338,871</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows-OPEB	204,338	-
Deferred inflows-pensions	189,035	-
Total deferred inflows of resources	<u>393,373</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	16,132,664	1,363,154
Unrestricted	1,257,073	1,078,505
Total net position	<u>\$ 17,389,737</u>	<u>\$ 2,441,659</u>

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, 2020

	Business-type Activities- Water Enterprise Fund	Governmental Activities- Internal Service Fund
OPERATING REVENUES		
Charges for services	\$ 7,589,241	\$ -
Other revenues	50,883	-
Total operating revenues	<u>7,640,124</u>	<u>-</u>
OPERATING EXPENSES		
Water commission	2,124	-
Water system administration	1,292,136	-
Water production	3,742,750	-
Water distribution	1,330,014	-
Water customer service	253,608	-
Water billing	428,819	-
Other operating expenses	81,107	-
Depreciation	812,120	104,295
Total operating expenses	<u>7,942,678</u>	<u>104,295</u>
Operating income/(loss)	<u>(302,554)</u>	<u>(104,295)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	90,318	18,831
Interest expense	(235,557)	-
Total nonoperating revenue (expense)	<u>(145,239)</u>	<u>18,831</u>
Income/(loss) before capital contributions	<u>(447,793)</u>	<u>(85,464)</u>
Capital contribution from General Fund	<u>5,612</u>	<u>-</u>
Change in net position	(442,181)	(85,464)
Total net position - July 1	17,831,918	2,527,123
Total net position - June 30	<u>\$ 17,389,737</u>	<u>\$ 2,441,659</u>

See accompanying notes to the basic financial statements.

City of Paramount
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities- Water Enterprise Fund	Governmental Activities- Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 7,575,970	\$ -
Payments to suppliers	(5,707,463)	-
Payments to employees	(949,358)	-
Other receipts	50,883	-
Net cash provided by operating activities	970,032	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition/issuance of capital assets	(397,341)	-
Principal paid on capital debt	(266,535)	-
Interest paid on capital debt	(239,493)	-
Net cash (used) in capital and related financing activities	(903,369)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	103,137	20,402
Increase in cash and cash equivalents	169,800	20,402
Cash and cash equivalents, July 1	11,733,116	1,055,062
Cash and cash equivalents, June 30	\$ 11,902,916	\$ 1,075,464
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES		
Operating income (loss)	\$ (302,554)	\$ (104,295)
Adjustments to reconcile operating income (loss) to net cash provided (used) in operating activities:		
Depreciation expense	812,120	104,295
(Increase)/decrease in prepaid expense and deposits	(171)	-
(Increase)/decrease in inventory	(10,308)	-
(Increase)/decrease in accounts receivable	(13,271)	-
Increase/(decrease) in accounts payable and accrued liabilities	324,968	-
Increase/(decrease) in deposits payable	1,193	-
Increase/(decrease) in employee leave payable	7,676	-
Increase in pension liability and expense, deferred outflows, deferred inflows	174,957	-
Increase in OPEB liability and expense, deferred outflows, deferred inflows	(24,578)	-
Net cash provided by operating activities	\$ 970,032	\$ -
NONCASH CAPITAL ACTIVITIES:		
Contributions of capital assets from government	\$ 5,612	\$ -

See accompanying notes to the basic financial statements.

City of Paramount
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Successor Agency for the Paramount Redevelopment Agency	City Agency Fund
ASSETS		
Current assets:		
Cash and investments	\$ 772,034	\$ 7,641
Restricted cash and investments	6,384,338	-
Interest receivable	18	-
Notes receivable	75	-
Prepaid insurance	27,500	-
Total current assets	7,183,965	7,641
Noncurrent assets:		
Capital assets:		
Buildings and building improvements	358,067	-
Infrastructure	4,277,466	-
Less accumulated depreciation	(2,992,880)	-
Total noncurrent assets	1,642,653	-
Total assets	8,826,618	\$ 7,641
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	57,290	-
LIABILITIES		
Current liabilities		
Deposits payable	-	\$ 7,641
Interest payable	455,229	-
Bond debt-current portion	4,477,204	-
Total current liabilities	4,932,433	7,641
Noncurrent liabilities:		
Bond debt-long term portion	28,463,835	-
Deferred pass through payments	930,740	-
Total noncurrent liabilities	29,394,575	-
Total liabilities	34,327,008	\$ 7,641
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding	316,235	
NET POSITION (DEFICIT)		
Held in trust for other governments	\$ (25,759,335)	

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, 2020

	Successor Agency for the Paramount Redevelopment Agency
Additions:	
Taxes	\$ 5,967,048
Interest and use of property	39,899
Total additions	6,006,947
Deductions:	
Program expenses	500,000
Administrative expenses	250,000
Depreciation	203,013
Interest and fiscal agent expenses	1,239,324
Total deductions	2,192,337
Change in net position	3,814,610
Net position - July 1	(29,573,945)
Net position - June 30	\$ (25,759,335)

See accompanying notes to the basic financial statements.

City of Paramount, CA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

(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 2020 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 2019-20

GASB Statement No. 95

In May 2020, GASB issued Statement No. 95 - *Postponement of the Effective Dates of Certain Authority Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this Statement are effective immediately as they delayed the effective dates of several GASB Statements. The effective

dates listed in the Future Governmental Accounting Standards Board (GASB) Pronouncement section have been updated to reflect the postponed effective dates.

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. This Statement is effective for reporting periods beginning after December 15, 2019. The City has not determined the effect 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; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after June 15, 2021. The City has not determined the effect of this Statement.

GASB Statement No. 89

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

GASB Statement No. 90

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

GASB Statement No. 91

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

GASB Statement No. 92

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

GASB Statement No. 93

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

GASB Statement No. 94

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

GASB Statement No. 96

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

GASB Statement No.97

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

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 7,700 accounts.

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

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, 2020, appropriations subject to this limit were below the maximum allowed.
6. In the fund level of the Special Revenue Funds, expenditures in the Traffic Safety and Public Access Fee funds exceeded budget estimates by \$1,751 and \$4,243 respectively. In the activity level of the Traffic Safety fund, expenditure exceeded budget estimates in public safety by \$1,751; in the Public Access Fee fund, expenditure exceeded budget estimates in other capital outlay by \$4,812. 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, 2020, property tax revenue to the City totaled \$2,563,106.

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/Discounts

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

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, 2020.

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, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 – June 30, 2019

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, 2020 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 38,610,229
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Fiduciary funds:

Cash and investments	779,675
Cash and investments - restricted	6,384,338
Total cash and investments	<u>\$ 45,774,242</u>

Cash and investments as of June 30, 2020 consist of the following:

Cash on hand	\$ 8,025
Deposits with financial institutions	11,361,146
Investments	34,405,071
Total cash and investments	<u>\$ 45,774,242</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	\$75 million/account
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	\$ 28,020,733	\$ 28,020,733
Money Market Fund	6,384,338	6,384,338
	\$ 34,405,071	\$ 34,405,071

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, 2020, \$4,478,815 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, 2020, the carrying amount (at amortized cost) of the pool was \$101,110,343,833 and the estimated fair value of the pool was \$101,607,078,218. 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 \$28,020,733 at June 30, 2020.

(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, 2020, are as follows:

June 30, 2020	Fair Value	Uncategorized
Money Market Account	\$ 6,384,338	\$ 6,384,338
Local Agency Investment Fund	28,020,733	28,020,733
Totals	<u>\$ 34,405,071</u>	<u>\$ 34,405,071</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, 2020, 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	11.745%	7.863%

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 2020, 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, 2020, employer contributions to the Plan were \$2,886,867.

As of the fiscal year ended June 30, 2020, the City reported a net pension liability of \$23,926,634 for its proportionate share of the collective net pension liability.

The net pension liability of the Plan was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, 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, 2018 and 2019 was as follows:

	Miscellaneous Plan
Proportion - June 30, 2018	0.22167%
Proportion - June 30, 2019	0.23350%
Change - Increase (Decrease)	0.01183%

During the year ended June 30, 2020, the City recognized pension expense of \$4,373,818.

As of the fiscal year ended June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,886,867	\$ -
Difference between expected and actual experience	1,533,049	-
Change in assumptions	736,480	-
Difference between employee's contributions and proportionate share of contributions	88,724	(608,138)
Change in Employer's proportion	745,850	(605,295)
Net differences between projected and actual earnings on plan investments	-	(418,311)
Total	\$ 5,990,970	\$ (1,631,744)

The amount of \$2,886,867 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, 2021. 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 Outflows/(Inflows) of Resources
2021	\$ 1,391,842
2022	(286,499)
2023	282,489
2024	84,527
	\$ 1,472,359

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation report was determined using the following actuarial assumptions:

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

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

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 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, 2019 measurement date. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report which can be obtained from the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 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)	\$ 35,928,147	\$ 23,926,634	\$ 14,020,234

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, 2020 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	\$ 1,071,989	\$ 147,011	\$ 1,219,000
Net OPEB liabilities:	\$ 9,321,929	\$ 1,262,954	\$ 10,584,883
Deferred inflows of resources:			
Actual earnings on plan investments	\$ 1,490,004	\$ 204,338	\$ 1,694,342

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, 48 retirees meet these requirements and are covered under the eligibility requirements but only 43 are currently participating in the program. Membership in the plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Active plan members	94
Inactive employees or beneficiaries currently receiving benefit payments	43
Inactive employees entitled to but not yet receiving benefit payments	5
	<u>142</u>

Contributions

The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2020, the City's cash contributions to the plan including the implied subsidy were \$1,219,000. The general fund, in the governmental activities and the water enterprise funds are the primary funds used to liquidate the OPEB liabilities.

Funding Policy and Actuarial Assumptions

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July, 1, 2017 through June 30, 2018, based on the following actuarial methods and assumptions:

Measurement Date	June 30, 2019
Valuation Date	June 30, 2019
Contribution Policy	Phase-in of full pre-funding: full ADC in 2027/28, approximately 75% paid in prior 2 fiscal years
Discount Rate	6.75% at June 30, 2019 6.75% at June 30, 2018 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 - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years. Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years.
Healthcare participation	90% if currently waived 100% if currently covered

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

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

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

Discount Rate

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

Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2018 (Measurement Date)	\$ 16,308,687	\$ 4,032,014	\$ 12,276,673
Changes Recognized for the Measurement Period:			
Service cost	463,518	-	463,518
Interest on the total OPEB liability	1,116,530	-	1,116,530
Difference between expected and actual experience	(1,821,464)	-	(1,821,464)
Changes of assumptions	(97,284)	-	(97,284)
Contributions from the employer	-	1,102,000	(1,102,000)
Net investment income	-	251,956	(251,956)
Administrative expenses	-	(866)	866
Benefit payments and refunds	(462,020)	(462,020)	-
Net changes during July 1, 2018 to June 30, 2019	(800,720)	891,070	(1,691,790)
Balance at June 30, 2019	\$ 15,507,967	\$ 4,923,084	\$ 10,584,883

The contributions from employer include implied subsidy benefit payments in the amount of \$106,000.

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, 2019:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1% 5.75%	Current Discount Rate 6.75%	Discount Rate + 1% 7.75%
\$ 12,778,986	\$ 10,584,883	\$ 8,785,478

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, 2019:

Plan's Net OPEB Liability/(Asset)		
Healthcare Cost Trend Rates 6.5% decreasing to 3.0%	Healthcare Cost Trend Rates 7.5% decreasing to 4.0%	Healthcare Cost Trend Rates 8.5% decreasing to 5.0%
\$ 8,580,856	\$ 10,584,883	\$ 13,067,071

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, 2020, the City recognized OPEB expense of \$1,015,200.

Components of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2020 were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,564,920
Changes in assumptions		83,582
Net difference between projected and actual earnings on OPEB plan investments	-	45,840
Employer contributions made subsequent to the measurement date	1,219,000	-
Total	\$ 1,219,000	\$ 1,694,342

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 2018-2019 measurement period is 5.0 years.

The \$1,219,000 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, 2021. 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 Outflows of Resources	Deferred Inflows of Resources
2021	\$ -	\$ 293,150
2022	-	293,150
2023	-	274,398
2024	-	266,126
2025	-	270,246
Thereafter	-	297,272
	\$ -	\$ 1,694,342

(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, 2020:

Governmental activities:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Employee leave payable	\$ 671,110	\$ 95,137	\$ 45,067	\$ 721,180	\$ 63,952
Capital leases	261,439	97,547	111,819	247,167	100,964
Total governmental activity	\$ 932,549	\$ 192,684	\$ 156,886	\$ 968,347	\$ 164,916

Business-type activities:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Direct placement					
Note payable - I Bank	\$ 11,158,240	\$ -	\$ 297,829	\$ 10,860,411	\$ 307,275
Employee leave payable	68,025	12,388	4,710	75,703	6,159
Capital leases	61,981	93,682	62,389	93,274	26,550
Total business-type activities	\$ 11,288,246	\$ 106,070	\$ 364,928	\$ 11,029,388	\$ 339,984

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 \$509,566 were recognized in the current year. During the year, interest of \$145,079 and principal of \$150,352 was paid leaving an outstanding balance of \$4,307,887.

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 \$509,566 were recognized in the current year. During the year, interest of \$200,786 and principal of \$147,477 was paid leaving an outstanding balance of \$6,552,523.

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, 2020, are as follows:

Fiscal Year Ending June 30	Business-Type Activities		Total
	Principal	Interest	
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	348,154	294,731	642,885
2026 - 2030	1,913,626	1,298,049	3,211,675
2031 - 2035	2,237,142	969,394	3,206,536
2036 - 2040	2,615,467	585,053	3,200,520
2041 - 2045	1,466,381	263,840	1,730,221
2046 - 2047	990,821	45,629	1,036,450
	<u>\$ 10,860,410</u>	<u>\$ 4,741,065</u>	<u>\$ 15,601,475</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, 2020 are included in capital assets as follows:

	Governmental Activities	Business-type Activities
Acquisitions	\$ 554,494	\$ 267,685
Less accumulated depreciation	(107,876)	(40,325)
Net book value	<u>\$ 446,618</u>	<u>\$ 227,360</u>

Future minimum lease payments under capital leases and the present value of the net minimum lease payments at June 30, 2020 are:

Year ending June 30:	Governmental Activities	Business-type Activities
2021	\$ 113,402	\$ 32,462
2022	82,462	32,462
2023	54,569	21,283
2024	22,043	21,283
Total minimum lease payments	\$ 272,476	\$ 107,491
Less amount representing interest	(25,309)	(14,218)
Present value of future minimum lease payments	<u>\$ 247,167</u>	<u>\$ 93,273</u>

(8) Capital Assets and Depreciation

The following table presents the capital assets activity for the year ended June 30, 2020.

	Beginning Balance July 1, 2019	Increases	Decreases	Ending Balance June 30, 2020
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 14,849,080	\$ -	\$ -	\$ 14,849,080
Construction in progress	4,708,569	1,739,575	2,148,961	4,299,183
Total capital asset not being depreciated	19,557,649	1,739,575	2,148,961	19,148,263
Capital assets, being depreciated:				
Land Improvements	25,132,199	-	-	25,132,199
Buildings and improvements	19,214,822	195,301	71,929	19,338,194
Fine Arts	1,213,202	-	-	1,213,202
Computer equipment	273,759	12,754	8,281	278,232
Vehicles	2,640,836	23,363	37,707	2,626,492
Other equipment	2,359,903	102,811	55,127	2,407,587
Infrastructure	111,001,684	3,190,550	-	114,192,234
Total capital asset being depreciated	161,836,405	3,524,779	173,044	165,188,140
Less accumulated depreciation for:				
Land Improvements	16,487,414	865,443	-	17,352,857
Buildings and improvements	11,731,767	477,515	71,929	12,137,353
Fine Arts	869,960	32,605	-	902,565
Computer equipment	169,115	31,075	8,281	191,909
Vehicles	2,045,674	136,714	37,707	2,144,681
Other equipment	1,882,583	179,179	50,698	2,011,064
Infrastructure	72,508,645	4,174,898	-	76,683,543
Total accumulated depreciation	105,695,158	5,897,429	168,615	111,423,972
Total capital assets, being depreciated, net	56,141,247	(2,372,650)	4,429	53,764,168
Governmental activities capital assets, net	\$ 75,698,896	\$ (633,075)	\$ 2,153,390	\$ 72,912,431

	Beginning Balance July 1, 2019	Increases	Decreases	Ending Balance June 30, 2020
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 2,270,763	\$ -	\$ -	\$ 2,270,763
Construction in progress	2,212,107	231,833	-	2,443,940
Total capital asset not being depreciated	4,482,870	231,833	-	4,714,703
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	1,805,497	77,438	72,931	1,810,004
Tools	23,089	-	-	23,089
Vehicles	540,524	93,682	-	634,206
Computer equipment	443,135	-	-	443,135
Total capital asset being depreciated	42,243,840	171,120	72,931	42,342,029
Less accumulated depreciation for:				
Buildings and wells	4,350,471	305,403	-	4,655,874
Mains	13,304,487	354,672	-	13,659,159
Distribution equipment	5,695,961	69,699	-	5,765,660
Other equipment	1,760,637	18,205	72,931	1,705,911
Tools	23,089	-	-	23,089
Vehicles	417,710	34,789	-	452,499
Computer equipment	378,838	29,352	-	408,190
Total accumulated depreciation	25,931,193	812,120	72,931	26,670,382
Total capital assets, being depreciated, net	16,312,647	(641,000)	-	15,671,647
Business type activities capital assets, net	\$ 20,795,517	\$ (409,167)	\$ -	\$ 20,386,350

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

Governmental Activities:	
General government	\$ 312,145
Community development	1,784
Public safety	34,502
Community services and recreation	925,163
Public works	4,623,835
Total depreciation expense – governmental activities	\$ 5,897,429
Business-Type Activities:	
Water	\$ 812,120

(9) Interfund TransactionsInterfund Balances

The following summarizes interfund receivables and payables at June 30, 2020:

Due to the General Fund from:	
<u>Major Fund</u>	
Other Grants	\$ 392,445
<u>Non-major Funds</u>	
Community Development Block Grant	\$ 130,333
HOME Partnership Act	66,651
Traffic Safety	14,471
Service Assessments	253
Total Non-major Funds	<u>211,708</u>
Total Due to the General Fund	<u>\$ 604,153</u>

Due To/From

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

(10) Notes ReceivableA. Summary of Notes Receivable

The following is a summary of notes receivable by fund at June 30, 2020:

<u>HOME Partnership Act</u>	
Home Improvement Loan Program	\$ 116,429
Senior Housing Note Receivable	948,500
Allowance for Deferred Note Receivable	<u>(948,500)</u>
HOME Partnership Act Total	<u>116,429</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>\$ 583,722</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 \$116,429 at June 30, 2020.

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, 2020. 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, 2020. 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, 2020.

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, 2020.

(11) Fund Balance

The City's governmental fund balances at June 30, 2020 are presented below:

	General	Other Grants	Governmental Funds	Governmental Funds
Nonspendable:				
Prepaid Items	\$ 63,104	\$ -	\$ -	\$ 63,104
Land Held for Resale	236,544	-	-	236,544
	299,648	-	-	299,648
Restricted for:				
Environmental Concerns	-	99,073	717,857	816,930
Housing Programs	-	-	797,973	797,973
Housing Programs-Notes Receivable	-	-	583,722	583,722
Special Event Services	-	17,950	-	17,950
Public Safety	-	159,544	-	159,544
After School Program	-	-	114,241	114,241
Disability Access and Education	-	-	30,714	30,714
Public Access	-	-	167,765	167,765
Public Transit	-	-	974,240	974,240
Parking Authority	-	-	535,000	535,000
Road Maintenance	-	-	2,808,459	2,808,459
Sewer Maintenance	-	-	230,511	230,511
	-	276,567	6,960,482	7,237,049
Committed to:				
Community Cultural Services	-	-	335,632	335,632
Storm Drain	-	-	411,912	411,912
General Plan	-	-	646,906	646,906
	-	-	1,394,450	1,394,450
Assigned to:				
Capital Improvement Projects	2,054,443	-	-	2,054,443
Paramount Education Partnership	250,000	-	-	250,000
Public Employee Retirement	2,014,500	-	-	2,014,500
Insurance	30,000	-	-	30,000
COVID	323,657	-	-	323,657
Public Works	471,646	-	-	471,646
Debt Service	274,934	-	-	274,934
	5,419,180	-	-	5,419,180
Unassigned	12,798,092	-	-	12,798,092
Total fund balance	\$ 18,516,920	\$ 276,567	\$ 8,354,932	\$ 27,148,419

(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 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code

§6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

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

- Liability Coverage

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://cjpia.org/coverage/risk-sharing-pools/>.

- 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 2019-20 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

- Purchased Insurance

- Pollution Legal 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 \$54,496,116. 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 \$5,222,109. 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 2019-20.

- Claims Activity

For the fiscal year ended 2020, 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, 2020 are classified in the accompanying fiduciary financial statements as follows:

Redevelopment Obligation Retirement Private-Purpose Trust Fund	
Cash and investments	\$ 772,034
Cash and investments - restricted	6,384,338
Total cash and investments	<u>\$ 7,156,372</u>

Cash and investments as of June 30, 2020 consist of the following:

Deposits with financial institutions	\$ 767,065
Investments	6,389,307
Total cash and investments	<u>\$ 7,156,372</u>

C. Successor Agency Long-Term Debt

	Balance July 1, 2019	Compounded Interest	Debt Retired	Balance June 30, 2020	Due Within One Year
1998 Tax Allocation Bonds	\$ 9,666,696	\$ 524,085	\$ -	\$ 10,190,781	\$ -
2015 Refunding Bonds	15,830,000	-	2,860,000	12,970,000	3,010,000
Unamortized premium-2015	1,412,091	-	345,816	1,066,275	345,816
2010 Tax Allocation Bonds	9,840,000	-	1,065,000	8,775,000	1,130,000
Unamortized discount	(69,631)	-	(8,614)	(61,017)	(8,614)
Deferred Pass Through	930,740	-	-	930,740	-
Total long-term debt	<u>\$ 37,609,896</u>	<u>\$ 524,085</u>	<u>\$ 4,262,202</u>	<u>\$ 33,871,779</u>	<u>\$ 4,477,204</u>

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, 2020, interest of \$524,085 was added to the outstanding debt. At maturity, the bonds will have a value as follows:

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

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
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	1,075,000	178,475	1,253,475
2026 - 2028	2,810,000	193,822	3,003,822
	<u>\$ 8,775,000</u>	<u>\$ 1,711,207</u>	<u>\$ 10,486,207</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, 2020, the outstanding balance was \$12,970,000, the unamortized bond premium was \$1,066,275 and the outstanding balance of the deferred amount on refunding was \$316,235.

Below is a schedule of the remaining debt service:

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 12,970,000</u>	<u>\$ 1,301,500</u>	<u>\$ 14,271,500</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, 2020 the balance due is \$930,740.

D. Capital Assets and Depreciation

	Beginning Balance		Increases		Decreases		Transfer to City		Ending Balance	
	July 1, 2019		-	-	-	-	-	-	June 30, 2020	
Capital assets, being depreciated:										
Buildings and improvements	\$ 358,067	\$ -	\$ -	\$ -	-	-	-	-	-	\$ 358,067
Infrastructure	4,277,466	-	-	-	-	-	-	-	-	4,277,466
Total capital asset being depreciated	<u>4,635,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,635,533</u>
Less accumulated depreciation for:										
Buildings and improvements	322,977	9,096	-	-	-	-	-	-	-	332,073
Infrastructure	2,466,890	193,917	-	-	-	-	-	-	-	2,660,807
Total accumulated depreciation	<u>2,789,867</u>	<u>203,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,992,880</u>
Total capital assets, being depreciated, net	<u>\$ 1,845,666</u>	<u>\$ (203,013)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,642,653</u>				

E. Notes Receivable

Commercial Rehabilitation Loan Program

During FY 2008, the Paramount Redevelopment Agency implemented a Commercial Rehabilitation Loan Program designed to assist business property owners with their required contribution to the cost of a commercial rehabilitation project. The program provides interest free loans up to \$50,000 to cover up to one half of the business property owner's contribution. The loans have a term of 5 years, are secured by a Deed of Trust and become due upon the sale, refinancing or transfer of the property. The total amount outstanding is \$75 at June 30, 2020.

(15) COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those individuals provide essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, the outbreak has caused uncertainty in the financial markets. Although many of the City of Paramount's services are considered essential, City Hall was closed to the public temporarily, certain other services transitioned to online-only, and because the City's major revenue sources, including businesses that collect sales taxes, are directly impacted by these events, it is probable that this matter will negatively impact the City. However, the ultimate financial impact and duration cannot be estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of the City's Proportionate Share of the Net Pension Liability
As of June 30, 2020
Last Ten Fiscal Years***

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

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

**Schedule of the City's Pension Plan Contributions
As of June 30, 2020
Last Ten Fiscal Years***

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

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

**Schedule of Changes in Net OPEB Liability and Related Ratios
As of June 30, 2020
Last Ten Fiscal Years***

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

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

**Schedule of Contributions
For the Year Ended June 30, 2020
Last Ten Fiscal Years***

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

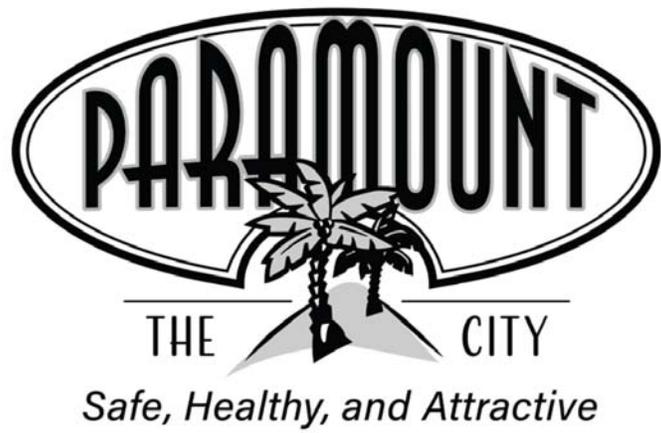
Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020 were from the June 30, 2019 actuarial valuation date.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level percent of pay
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 - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years
	Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% for 2076 and later years
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 three years are 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.

COMMUNITY DEVELOPMENT BLOCK GRANT COVID FUND

To account for restricted revenues received through the Coronavirus Aid, Relief, and Economic Security Act" (CARES Act) of 2020 to be used to respond to COVID-19 pandemic. (No activity in this fund.)

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.

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

PROPOSITION A TRANSIT TAX FUND

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

PROPOSITION C TRANSIT TAX FUND

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

MEASURE R TRANSIT TAX FUND

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

MEASURE M TRANSIT TAX FUND

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

MEASURE W SAFE CLEAN WATER FUND

To account for funds received through the Los Angeles County special parcel tax restricted for modernizing the water system to better protect the public health and the environment, and maximize a cleaner, locally controlled water supply. (No activity in this fund.)

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, 2020

	Special Revenue					
	Community Development Block Grant	HOME Partnership Act	Paramount Housing Authority	After School Education & Safety	State Gas Tax	Traffic Safety
ASSETS						
Cash and investments	\$ -	\$ -	\$ 380,849	\$ 19,791	\$ 203,484	\$ -
Accounts receivable	154,840	80,631	4,786	150,601	-	14,471
Interest receivable	-	-	-	677	666	-
Notes receivable (net)	-	116,429	467,293	-	-	-
Land held for resale	-	-	412,498	-	-	-
Total assets	<u>\$ 154,840</u>	<u>\$ 197,060</u>	<u>\$ 1,265,426</u>	<u>\$ 171,069</u>	<u>\$ 204,150</u>	<u>\$ 14,471</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 24,507	\$ 13,980	\$ 160	\$ 56,828	\$ 134,577	\$ -
Deposit payable	-	-	-	-	-	-
Due to other funds	130,333	66,651	-	-	-	14,471
Total liabilities	<u>154,840</u>	<u>80,631</u>	<u>160</u>	<u>56,828</u>	<u>134,577</u>	<u>14,471</u>
FUND BALANCES						
Restricted	-	116,429	1,265,266	114,241	69,573	-
Committed	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>116,429</u>	<u>1,265,266</u>	<u>114,241</u>	<u>69,573</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 154,840</u>	<u>\$ 197,060</u>	<u>\$ 1,265,426</u>	<u>\$ 171,069</u>	<u>\$ 204,150</u>	<u>\$ 14,471</u>

**Special
Revenue**

Waste Reduction Fees	AB2766 Subvention	Disability Access and Education	SB1 Road Maint & Rehab (RMRA)	Proposition A Transit Tax	Proposition C Transit Tax	Measure R Transit Tax
\$ 372,361	\$ 330,004	\$ 28,994	\$ 966,559	\$ 1,147,071	\$ 844,708	\$ 1,042,831
6,182	17,368	1,638	146,781	-	-	-
1,041	901	82	2,551	3,269	2,299	2,807
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 379,584</u>	<u>\$ 348,273</u>	<u>\$ 30,714</u>	<u>\$ 1,115,891</u>	<u>\$ 1,150,340</u>	<u>\$ 847,007</u>	<u>\$ 1,045,638</u>
\$ 10,000	-	-	\$ 700,000	\$ 176,100	\$ 24,594	\$ 247,411
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>10,000</u>	<u>-</u>	<u>-</u>	<u>700,000</u>	<u>176,100</u>	<u>24,594</u>	<u>247,411</u>
369,584	348,273	30,714	415,891	974,240	822,413	798,227
-	-	-	-	-	-	-
<u>369,584</u>	<u>348,273</u>	<u>30,714</u>	<u>415,891</u>	<u>974,240</u>	<u>822,413</u>	<u>798,227</u>
<u>\$ 379,584</u>	<u>\$ 348,273</u>	<u>\$ 30,714</u>	<u>\$ 1,115,891</u>	<u>\$ 1,150,340</u>	<u>\$ 847,007</u>	<u>\$ 1,045,638</u>

Continued on the following page.

City of Paramount
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

**Special
Revenue**

	Measure M Transit Tax	Sewer Reconstruction Fees	Public Art Fees	Public Access Fees	Storm Drain Fees	General Plan Fees
ASSETS						
Cash and investments	\$ 704,702	\$ 229,861	\$ 334,685	\$ 156,026	\$ 410,752	\$ 645,084
Accounts receivable	-	-	-	11,304	-	-
Interest receivable	1,825	650	947	435	1,160	1,822
Notes receivable	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
Total assets	<u>\$ 706,527</u>	<u>\$ 230,511</u>	<u>\$ 335,632</u>	<u>\$ 167,765</u>	<u>\$ 411,912</u>	<u>\$ 646,906</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 4,172	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>4,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted	702,355	230,511	-	167,765	-	-
Committed	-	-	335,632	-	411,912	646,906
Total fund balances	<u>702,355</u>	<u>230,511</u>	<u>335,632</u>	<u>167,765</u>	<u>411,912</u>	<u>646,906</u>
Total liabilities and fund balances	<u>\$ 706,527</u>	<u>\$ 230,511</u>	<u>\$ 335,632</u>	<u>\$ 167,765</u>	<u>\$ 411,912</u>	<u>\$ 646,906</u>

Special Revenue		Capital Projects	Total Nonmajor Governmental Funds	
Service Assessments	Total	Paramount Parking Authority		
\$ -	\$ 7,817,762	\$ -	\$ -	\$ 7,817,762
253	588,855	-	-	588,855
-	21,132	-	-	21,132
-	583,722	-	-	583,722
-	412,498	535,000	-	947,498
<u>\$ 253</u>	<u>\$ 9,423,969</u>	<u>\$ 535,000</u>	<u>\$ -</u>	<u>\$ 9,958,969</u>
\$ -	\$ 1,392,329	\$ -	\$ -	\$ 1,392,329
-	-	-	-	-
253	211,708	-	-	211,708
<u>253</u>	<u>1,604,037</u>	<u>-</u>	<u>-</u>	<u>1,604,037</u>
-	6,425,482	535,000	-	6,960,482
-	1,394,450	-	-	1,394,450
-	7,819,932	535,000	-	8,354,932
<u>\$ 253</u>	<u>\$ 9,423,969</u>	<u>\$ 535,000</u>	<u>\$ -</u>	<u>\$ 9,958,969</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	
REVENUES						
Interest and use of property	\$ -	\$ -	\$ -	\$ 4,424	\$ 4,692	\$ -
Intergovernmental revenues	759,557	157,516	-	2,055,585	1,258,473	116,751
Charges for services	-	-	-	-	-	-
Other revenues	-	-	5,947	6,580	-	-
Total revenues	<u>759,557</u>	<u>157,516</u>	<u>5,947</u>	<u>2,066,589</u>	<u>1,263,165</u>	<u>116,751</u>
EXPENDITURES						
Current:						
General government	108,289	33,751	-	-	-	-
Community development	104,221	114,028	27,906	-	-	-
Public safety	393,249	-	-	-	-	116,751
Community services and recreation	-	-	-	2,055,585	-	-
Public works	153,798	-	-	-	1,379,871	-
Capital outlay:						
Streets, sidewalks and signals	-	-	-	-	-	-
Parks	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenditures	<u>759,557</u>	<u>147,779</u>	<u>27,906</u>	<u>2,055,585</u>	<u>1,379,871</u>	<u>116,751</u>
Net change in fund balances	-	9,737	(21,959)	11,004	(116,706)	-
Fund balances - July 1	-	106,692	1,287,225	103,237	186,279	-
Fund balances - June 30	<u>\$ -</u>	<u>\$ 116,429</u>	<u>\$ 1,265,266</u>	<u>\$ 114,241</u>	<u>\$ 69,573</u>	<u>-</u>

**Special
Revenue**

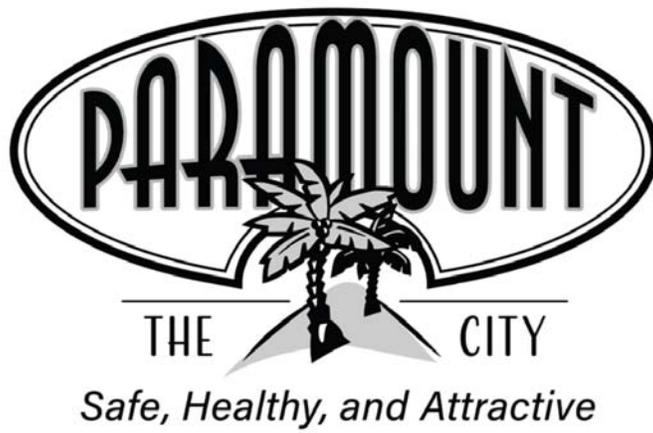
Waste Reduction Fees	AB2766 Subvention	Disability Access and Education	SB1 Road Maint & Rehab (RMRA)	Proposition A Transit Tax	Proposition C Transit Tax	Measure R Transit Tax
\$ 5,774	\$ 5,281	\$ 440	\$ 9,592	\$ 18,264	\$ 10,762	\$ 13,687
-	69,973	-	961,201	1,085,752	900,634	674,509
109,280	-	8,442	-	3,647	-	-
-	-	-	-	-	-	-
<u>115,054</u>	<u>75,254</u>	<u>8,882</u>	<u>970,793</u>	<u>1,107,663</u>	<u>911,396</u>	<u>688,196</u>
35,904	3,498	-	-	60,671	72,447	52,952
-	1,167	-	-	18,898	-	-
-	-	-	-	112,457	-	-
-	11,969	-	-	593,083	-	-
4,722	11,394	-	-	62,686	138,851	22,262
-	-	-	800,000	-	562,124	400,116
-	-	-	-	-	-	-
-	17,587	-	-	52,064	-	-
<u>40,626</u>	<u>45,615</u>	<u>-</u>	<u>800,000</u>	<u>899,859</u>	<u>773,422</u>	<u>475,330</u>
74,428	29,639	8,882	170,793	207,804	137,974	212,866
295,156	318,634	21,832	245,098	766,436	684,439	585,361
<u>\$ 369,584</u>	<u>\$ 348,273</u>	<u>\$ 30,714</u>	<u>\$ 415,891</u>	<u>\$ 974,240</u>	<u>\$ 822,413</u>	<u>\$ 798,227</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, 2020

	Special Revenue				
	Measure M Transit Tax	Sewer Reconstruction Fees	Public Art Fees	Public Access Fees	Storm Drain Fees
REVENUES					
Interest and use of property	\$ 5,502	\$ 4,017	\$ 5,890	\$ 2,523	\$ 7,122
Intergovernmental revenues	758,685	-	-	-	-
Charges for services	-	723	35,630	47,509	9,072
Other revenues	-	-	-	-	-
Total revenues	<u>764,187</u>	<u>4,740</u>	<u>41,520</u>	<u>50,032</u>	<u>16,194</u>
EXPENDITURES					
Current:					
General government	38,217	-	1,350	4,431	-
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Community services and recreation	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay:					
Streets, sidewalks and signals	379,649	-	-	-	-
Parks	-	-	14,000	-	-
Other	-	-	10,800	26,462	-
Total expenditures	<u>417,866</u>	<u>-</u>	<u>26,150</u>	<u>30,893</u>	<u>-</u>
Net change in fund balances	346,321	4,740	15,370	19,139	16,194
Fund balances - July 1	<u>356,034</u>	<u>225,771</u>	<u>320,262</u>	<u>148,626</u>	<u>395,718</u>
Fund balances - June 30	<u>\$ 702,355</u>	<u>\$ 230,511</u>	<u>\$ 335,632</u>	<u>\$ 167,765</u>	<u>\$ 411,912</u>

			Capital Project	
General Plan Fees	Service Assessments	Total	Paramount Parking Authority	Total Nonmajor Governmental Funds
\$ 11,854	\$ -	\$ 109,824	\$ -	\$ 109,824
-	-	8,798,636	-	8,798,636
18,144	14,125	246,572	-	246,572
-	-	12,527	-	12,527
<u>29,998</u>	<u>14,125</u>	<u>9,167,559</u>	<u>-</u>	<u>9,167,559</u>
-	3,700	415,210	-	415,210
80,000	-	346,220	-	346,220
-	-	622,457	-	622,457
-	-	2,660,637	-	2,660,637
-	10,425	1,784,009	-	1,784,009
-	-	2,141,889	-	2,141,889
-	-	14,000	-	14,000
-	-	106,913	-	106,913
<u>80,000</u>	<u>14,125</u>	<u>8,091,335</u>	<u>-</u>	<u>8,091,335</u>
(50,002)	-	1,076,224	-	1,076,224
<u>696,908</u>	<u>-</u>	<u>6,743,708</u>	<u>535,000</u>	<u>7,278,708</u>
<u>\$ 646,906</u>	<u>\$ -</u>	<u>\$ 7,819,932</u>	<u>\$ 535,000</u>	<u>\$ 8,354,932</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, 2020

	<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	\$ 1,025,600	\$ 1,027,050	\$ 759,557	\$ (267,493)
EXPENDITURES				
Current:				
General government	154,600	154,600	108,289	46,311
Planning	346,000	347,450	104,221	243,229
Public safety	404,650	404,650	393,249	11,401
Public works	120,350	120,350	153,798	(33,448)
Total expenditures	<u>1,025,600</u>	<u>1,027,050</u>	<u>759,557</u>	<u>267,493</u>
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
HOME Partnership Act
For the Year Ended June 30, 2020

	<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	\$ 217,350	\$ 217,350	\$ 157,516	\$ (59,834)
EXPENDITURES				
Current:				
General government	29,850	29,850	33,751	(3,901)
Community development	187,500	187,500	114,028	73,472
Total expenditures	<u>217,350</u>	<u>217,350</u>	<u>147,779</u>	<u>69,571</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>9,737</u>	<u>9,737</u>
Net change in fund balance	-	-	9,737	9,737
Fund balance - July 1	106,700	106,700	106,692	(8)
Fund balance - June 30	<u>\$ 106,700</u>	<u>\$ 106,700</u>	<u>\$ 116,429</u>	<u>\$ 9,729</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, 2020

	<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	\$ -	\$ 4,350	\$ 5,947	\$ 1,597
Total revenues	<u>-</u>	<u>4,350</u>	<u>5,947</u>	<u>1,597</u>
EXPENDITURES				
Current:				
Community development	500,000	493,000	27,906	465,094
Total expenditures	<u>500,000</u>	<u>493,000</u>	<u>27,906</u>	<u>465,094</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(500,000)</u>	<u>(488,650)</u>	<u>(21,959)</u>	<u>466,691</u>
Net change in fund balance	(500,000)	(488,650)	(21,959)	466,691
Fund balance - July 1	1,287,250	1,287,250	1,287,225	(25)
Fund balance - June 30	<u>\$ 787,250</u>	<u>\$ 798,600</u>	<u>\$ 1,265,266</u>	<u>\$ 466,666</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and use of property	\$ 3,500	\$ 4,000	\$ 4,424	\$ 424
Intergovernmental revenues	1,952,700	2,116,700	2,055,585	(61,115)
Other revenues	10,000	10,000	6,580	(3,420)
Total revenues	1,966,200	2,130,700	2,066,589	(64,111)
EXPENDITURES				
Current:				
Community services and recreation	1,952,700	2,116,700	2,055,585	61,115
Excess (deficiency) of revenues over (under) expenditures	13,500	14,000	11,004	(2,996)
Net change in fund balance	13,500	14,000	11,004	(2,996)
Fund balance - July 1	103,250	103,250	103,237	(13)
Fund balance - June 30	\$ 116,750	\$ 117,250	\$ 114,241	\$ (3,009)

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State Gas Tax
For the Year Ended June 30, 2020

	<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	\$ 2,000	\$ 4,200	\$ 4,692	\$ 492
Intergovernmental revenues	1,458,600	1,286,750	1,258,473	(28,277)
Total revenues	<u>1,460,600</u>	<u>1,290,950</u>	<u>1,263,165</u>	<u>(27,785)</u>
EXPENDITURES				
Current:				
Public works	<u>1,463,500</u>	<u>1,441,550</u>	<u>1,379,871</u>	<u>61,679</u>
Total expenditures	<u>1,463,500</u>	<u>1,441,550</u>	<u>1,379,871</u>	<u>61,679</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,900)</u>	<u>(150,600)</u>	<u>(116,706)</u>	<u>33,894</u>
Net change in fund balance	(2,900)	(150,600)	(116,706)	33,894
Fund balance - July 1	186,300	186,300	186,279	(21)
Fund balance - June 30	<u>\$ 183,400</u>	<u>\$ 35,700</u>	<u>\$ 69,573</u>	<u>\$ 33,873</u>

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Traffic Safety
For the Year Ended June 30, 2020

	<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	\$ 70,000	\$ 115,000	\$ 116,751	\$ 1,751
EXPENDITURES				
Current:				
Public safety	70,000	115,000	116,751	(1,751)
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, 2020

	<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	\$ 2,500	\$ 4,500	\$ 5,774	\$ 1,274
Charges for services	68,000	98,000	109,280	11,280
Total revenues	<u>70,500</u>	<u>102,500</u>	<u>115,054</u>	<u>12,554</u>
EXPENDITURES				
Current:				
General government	26,850	20,300	35,904	(15,604)
Public works	-	46,000	4,722	41,278
Total expenditures	<u>26,850</u>	<u>66,300</u>	<u>40,626</u>	<u>25,674</u>
Excess (deficiency) of revenues over (under) expenditures	<u>43,650</u>	<u>36,200</u>	<u>74,428</u>	<u>38,228</u>
Net change in fund balance	43,650	36,200	74,428	38,228
Fund balance - July 1	295,200	295,200	295,156	(44)
Fund balance - June 30	<u>\$ 338,850</u>	<u>\$ 331,400</u>	<u>\$ 369,584</u>	<u>\$ 38,184</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and use of property	\$ 2,000	\$ 4,300	\$ 5,281	\$ 981
Intergovernmental revenues	68,000	68,000	69,973	1,973
Total revenues	70,000	72,300	75,254	2,954
EXPENDITURES				
Current:				
General government	3,650	3,650	3,498	152
Community development	1,800	1,800	1,167	633
Community services and recreation	12,000	12,000	11,969	31
Public works	12,000	12,000	11,394	606
Capital outlay:				
Water				
Other	23,800	17,600	17,587	13
Total expenditures	53,250	47,050	45,615	1,435
Excess (deficiency) of revenues over (under) expenditures	16,750	25,250	29,639	4,389
Net change in fund balance	16,750	25,250	29,639	4,389
Fund balance - July 1	318,650	318,650	318,634	(16)
Fund balance - June 30	\$ 335,400	\$ 343,900	\$ 348,273	\$ 4,373

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, 2020

	<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	\$ 100	\$ 300	\$ 440	\$ 140
Charges for services	5,000	5,000	8,442	3,442
Total revenues	<u>5,100</u>	<u>5,300</u>	<u>8,882</u>	<u>3,582</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,100</u>	<u>5,300</u>	<u>8,882</u>	<u>3,582</u>
Net change in fund balance	5,100	5,300	8,882	3,582
Fund balance - July 1	21,850	21,850	21,832	(18)
Fund balance - June 30	<u>\$ 26,950</u>	<u>\$ 27,150</u>	<u>\$ 30,714</u>	<u>\$ 3,564</u>

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and use of property	\$ 500	\$ 5,000	\$ 9,592	\$ 4,592
Intergovernmental revenues	920,350	924,350	961,201	36,851
Total revenues	920,850	929,350	970,793	41,443
EXPENDITURES				
Capital outlay:				
Streets, sidewalks and signals	800,000	800,000	800,000	-
Total expenditures	800,000	800,000	800,000	-
Excess (deficiency) of revenues over (under) expenditures	120,850	129,350	170,793	41,443
Net change in fund balance	120,850	129,350	170,793	41,443
Fund balance - July 1	245,100	245,100	245,098	(2)
Fund balance - June 30	\$ 365,950	\$ 374,450	\$ 415,891	\$ 41,441

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Storm Drain
For the Year Ended June 30, 2020

	<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	\$ 4,000	\$ 5,900	\$ 7,122	\$ 1,222
Charges for services	15,000	15,000	9,072	(5,928)
Total revenues	<u>19,000</u>	<u>20,900</u>	<u>16,194</u>	<u>(4,706)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,000</u>	<u>20,900</u>	<u>16,194</u>	<u>(4,706)</u>
Net change in fund balance	19,000	20,900	16,194	(4,706)
Fund balance - July 1	395,750	395,750	395,718	(32)
Fund balance - June 30	<u>\$ 414,750</u>	<u>\$ 416,650</u>	<u>\$ 411,912</u>	<u>\$ (4,738)</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and use of property	\$ 7,500	\$ 15,000	\$ 18,264	\$ 3,264
Intergovernmental revenues	1,133,000	1,133,000	1,085,752	(47,248)
Charges for services	34,000	4,000	3,647	(353)
Total revenues	1,174,500	1,152,000	1,107,663	(44,337)
EXPENDITURES				
Current:				
General government	64,600	64,600	60,671	3,929
Community development	18,900	18,900	18,898	2
Public safety	114,650	114,650	112,457	2,193
Community services and recreation	577,650	614,500	593,083	21,417
Public works	48,000	48,000	62,686	(14,686)
Capital outlay:				
Other	10,000	52,500	52,064	436
Total expenditures	833,800	913,150	899,859	13,291
Excess (deficiency) of revenues over (under) expenditures	340,700	238,850	207,804	(31,046)
Net change in fund balance	340,700	238,850	207,804	(31,046)
Fund balance - July 1	766,450	766,450	766,436	(14)
Fund balance - June 30	\$ 1,107,150	\$ 1,005,300	\$ 974,240	\$ (31,060)

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, 2020

	<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	\$ 10,000	\$ 8,000	\$ 10,762	\$ 2,762
Intergovernmental revenues	939,800	939,800	900,634	(39,166)
Other revenues	3,200	3,200	-	(3,200)
Total revenues	<u>953,000</u>	<u>951,000</u>	<u>911,396</u>	<u>(39,604)</u>
EXPENDITURES				
Current:				
General government	67,750	67,750	72,447	(4,697)
Public works	135,000	135,000	138,851	(3,851)
Capital outlay:				
Streets, sidewalks and signals	1,426,350	626,150	562,124	64,026
Total expenditures	<u>1,629,100</u>	<u>828,900</u>	<u>773,422</u>	<u>55,478</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(676,100)</u>	<u>122,100</u>	<u>137,974</u>	<u>15,874</u>
Net change in fund balance	(676,100)	122,100	137,974	15,874
Fund balance - July 1	684,450	684,450	684,439	(11)
Fund balance - June 30	<u>\$ 8,350</u>	<u>\$ 806,550</u>	<u>\$ 822,413</u>	<u>\$ 15,863</u>

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and use of property	\$ 8,500	\$ 10,500	\$ 13,687	\$ 3,187
Intergovernmental revenues	704,900	704,900	674,509	(30,391)
Total revenues	713,400	715,400	688,196	(27,204)
EXPENDITURES				
Current:				
General government	47,400	47,400	52,952	(5,552)
Public works	10,750	10,750	22,262	(11,512)
Capital outlay:				
Streets, sidewalks and signals	655,000	424,850	400,116	24,734
Total expenditures	713,150	483,000	475,330	7,670
Excess (deficiency) of revenues over (under) expenditures	250	232,400	212,866	(19,534)
Net change in fund balance	250	232,400	212,866	(19,534)
Fund balance - July 1	585,400	585,400	585,361	(39)
Fund balance - June 30	\$ 585,650	\$ 817,800	\$ 798,227	\$ (19,573)

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and use of property	\$ 4,000	\$ 3,500	\$ 5,502	\$ 2,002
Intergovernmental revenues	798,800	798,800	758,685	(40,115)
Total revenues	802,800	802,300	764,187	(38,113)
EXPENDITURES				
Current:				
General government	47,400	47,400	38,217	9,183
Public works	17,200	17,200	-	17,200
Capital outlay:				
Streets, sidewalks and signals	904,000	379,000	379,649	(649)
Total expenditures	968,600	443,600	417,866	25,734
Excess (deficiency) of revenues over (under) expenditures	(165,800)	358,700	346,321	(12,379)
Net change in fund balance	(165,800)	358,700	346,321	(12,379)
Fund balance - July 1	356,050	356,050	356,034	(16)
Fund balance - June 30	\$ 190,250	\$ 714,750	\$ 702,355	\$ (12,395)

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Sewer Reconstruction Fees
For the Year Ended June 30, 2020

	<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	\$ 2,500	\$ 3,000	\$ 4,017	\$ 1,017
Charges for services	1,500	1,500	723	(777)
Total revenues	<u>4,000</u>	<u>4,500</u>	<u>4,740</u>	<u>240</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,000</u>	<u>4,500</u>	<u>4,740</u>	<u>240</u>
Net change in fund balance	4,000	4,500	4,740	240
Fund balance - July 1	225,800	225,800	225,771	(29)
Fund balance - June 30	<u>\$ 229,800</u>	<u>\$ 230,300</u>	<u>\$ 230,511</u>	<u>\$ 211</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and use of property	\$ 1,500	\$ 3,000	\$ 5,890	\$ 2,890
Charges for services	85,000	85,000	35,630	(49,370)
Total revenues	86,500	88,000	41,520	(46,480)
EXPENDITURES				
Current:				
General government	-	1,350	1,350	-
Capital outlay:				
Parks	-	14,000	14,000	-
Other	6,000	11,000	10,800	200
Total expenditures	6,000	26,350	26,150	200
Excess (deficiency) of revenues over (under) expenditures	80,500	61,650	15,370	(46,280)
Net change in fund balance	80,500	61,650	15,370	(46,280)
Fund balance - July 1	320,300	320,300	320,262	(38)
Fund balance - June 30	\$ 400,800	\$ 381,950	\$ 335,632	\$ (46,318)

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Access Fees
For the Year Ended June 30, 2020

	<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	\$ 1,000	\$ 2,000	\$ 2,523	\$ 523
Charges for services	35,000	35,000	47,509	12,509
Total revenues	<u>36,000</u>	<u>37,000</u>	<u>50,032</u>	<u>13,032</u>
EXPENDITURES				
Current:				
General government	5,000	5,000	4,431	569
Capital outlay:				
Other	-	21,650	26,462	(4,812)
Total expenditures	<u>5,000</u>	<u>26,650</u>	<u>30,893</u>	<u>(4,243)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,000</u>	<u>10,350</u>	<u>19,139</u>	<u>8,789</u>
Net change in fund balance	31,000	10,350	19,139	8,789
Fund balance - July 1	148,650	148,650	148,626	(24)
Fund balance - June 30	<u>\$ 179,650</u>	<u>\$ 159,000</u>	<u>\$ 167,765</u>	<u>\$ 8,765</u>

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Plan
For the Year Ended June 30, 2020

	<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	\$ 5,000	\$ 10,000	\$ 11,854	\$ 1,854
Charges for services	30,000	30,000	18,144	(11,856)
Total revenues	<u>35,000</u>	<u>40,000</u>	<u>29,998</u>	<u>(10,002)</u>
EXPENDITURES				
Current:				
Community development	-	80,000	80,000	-
Total expenditures	<u>-</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,000</u>	<u>(40,000)</u>	<u>(50,002)</u>	<u>(10,002)</u>
Net change in fund balance	35,000	(40,000)	(50,002)	(10,002)
Fund balance - July 1	696,950	696,950	696,908	(42)
Fund balance - June 30	<u><u>\$ 731,950</u></u>	<u><u>\$ 656,950</u></u>	<u><u>\$ 646,906</u></u>	<u><u>\$ (10,044)</u></u>

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Service Assessments
For the Year Ended June 30, 2020

	<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	\$ 14,125	\$ (25)
EXPENDITURES				
Current:				
General government	3,700	3,700	3,700	-
Public works	10,450	10,450	10,425	25
Total expenditures	<u>14,150</u>	<u>14,150</u>	<u>14,125</u>	<u>25</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, 2020

	City Agency Fund Balance July 1, 2019	Additions	Deductions	City Agency Fund Balance June 30, 2020
ASSETS				
Cash and investments	\$ 89,131	\$ 80,196	\$ 161,686	\$ 7,641
LIABILITIES				
Deposits payable	\$ 89,131	\$ 158,495	\$ 239,985	\$ 7,641

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.

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

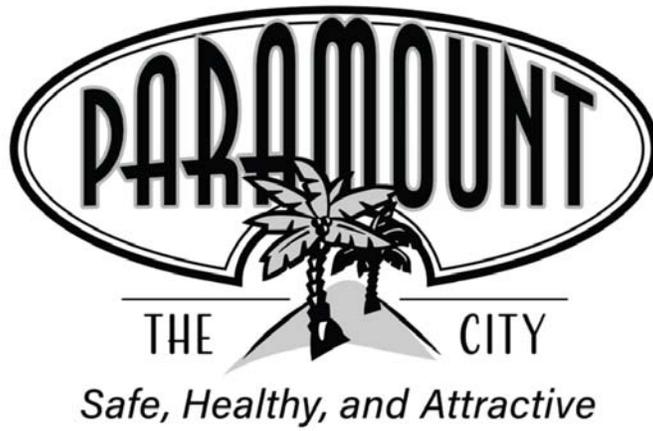


Table 1
City of Paramount
Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015*	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 72,665,264
Restricted	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	6,161,908
Unrestricted	<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>	<u>(5,601,349)</u>
Total governmental activities net position	<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>	<u>73,225,823</u>
Business-type activities:										
Net investment in capital assets	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	16,132,664
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<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>	<u>1,257,073</u>
Total business-type activities net position	<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>	<u>17,389,737</u>
Primary government:										
Net investment in capital assets	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	88,797,928
Restricted	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	6,161,908
Unrestricted	<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>	<u>(4,344,276)</u>
Total primary government net position	<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>	<u>\$ 90,615,560</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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental activities:										
General government	\$ 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	\$ 7,357,400
Community development	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	2,405,848
Public safety	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	12,179,427
Community services and recreation	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	6,121,450
Public works	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	12,053,263
Community redevelopment	8,645,684	1,141,067	-	-	-	-	-	-	-	-
Interest on long-term debt	3,039,106	1,783,849	-	-	-	-	-	-	-	-
Total governmental activities expenses	<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>	<u>40,117,388</u>
Business-type activities:										
Water	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	8,178,235
Total business-type activities expenses	<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>	<u>8,178,235</u>
Total primary government expenses	<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>	<u>48,295,623</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	151,009	238,127	247,460	168,882	291,859	199,877	167,554	185,444	191,359	222,426
Community development	325,171	266,767	294,847	404,963	347,387	508,124	381,084	486,252	381,846	229,201
Public safety	99,339	85,670	113,786	134,285	125,707	119,425	130,937	108,650	138,403	107,691
Community services and recreation	289,723	376,772	277,548	266,170	257,191	264,633	282,814	213,050	215,788	96,963
Public works	621,214	564,201	575,323	595,654	528,391	759,040	675,278	826,430	772,886	614,480
Operating grants and contributions	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	8,100,026
Capital grants and contributions	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	3,524,293
Total governmental activities program revenues	<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>	<u>12,895,080</u>
Business-type activities:										
Charges for services:										
Water	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	7,589,241
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	106,368	166,689	-
Total business-type activities program revenues	<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>	<u>7,589,241</u>
Total primary government program revenues	<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>	<u>20,484,321</u>

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net revenues (expenses):										
Governmental activities	(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)	(27,222,308)
Business-type activities	(310,394)	(446,499)	(567,650)	333,541	(351,234)	(713,496)	134,935	(528,951)	123,232	(588,994)
Total net revenues (expenses)	<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>	<u>(27,811,302)</u>
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Sales tax	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	8,265,394
In-Lieu Sales Tax	1,563,529	1,710,472	2,164,088	1,951,154	1,916,619	1,293,617	-	-	-	-
Utility Users tax	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	3,484,876
Franchise Tax	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	1,885,967
Property Tax	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	2,563,106
Business License	1,059,526	1,039,603	1,000,305	1,015,413	990,573	977,307	962,675	947,111	988,043	893,150
Investment earnings	224,101	165,976	43,815	37,375	40,885	64,064	97,769	202,802	362,253	320,851
Motor Vehicle license fees, unrestricted	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	6,915,240
Other revenues	365,529	459,967	1,188,517	264,751	518,840	386,535	303,949	647,385	555,587	505,206
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)	-	-	-	-	-	-	-	-	(5,612)
Total governmental activities	<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>	<u>24,828,178</u>
Business-type activities:										
Investment income	12,322	6,188	4,342	4,461	9,144	13,483	24,536	56,884	100,630	90,318
Other revenues	61,246	51,576	83,937	88,688	117,285	54,673	48,722	56,697	54,798	50,883
Extraordinary item-Redevelopment Agency	-	-	-	-	528,516	1,383,986	23,048	-	-	-
Transfers	175,151	-	-	-	-	-	-	-	-	5,612
Total business-type activities	<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>	<u>146,813</u>
Total primary government	<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>	<u>24,974,991</u>
Changes in net position										
Governmental activities	(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)	(2,394,130)
Business-type activities	(61,675)	(388,735)	(479,371)	426,690	303,711	738,646	231,241	(415,370)	278,660	(442,181)
Total primary government	<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>	<u>\$ (2,836,311)</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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund:										
Nonspendable	\$ 6,043,142	\$ 6,147,210	\$ 60,472	\$ 3,510,869	\$ 3,605,980	\$ 355,213	\$ 273,028	\$ 276,969	\$ 558,425	\$ 299,648
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	5,419,180
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	12,798,092
Total general fund	<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>	<u>18,516,920</u>
All other governmental funds:										
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	7,237,049
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	1,394,450
Assigned	13,076,247	-	-	-	-	-	-	-	-	-
Unassigned	(1,500,983)	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 8,631,499</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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes	\$ 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	\$ 17,092,493
Licenses and permits	624,664	620,042	606,991	658,584	640,375	788,472	717,919	814,146	802,010	620,630
Fines & Penalties	556,008	697,242	686,297	702,539	680,755	727,000	738,338	921,744	835,477	820,853
Interest & use of property	435,759	337,192	185,157	97,981	149,617	152,768	161,069	293,406	493,133	437,853
Intergovernmental revenues	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	16,553,788
Charges for services	817,150	780,270	786,309	867,591	820,285	985,224	866,124	949,527	840,076	590,600
Other	<u>2,754,980</u>	<u>2,315,994</u>	<u>2,471,296</u>	<u>1,328,269</u>	<u>2,898,830</u>	<u>1,461,768</u>	<u>1,438,161</u>	<u>1,771,286</u>	<u>1,663,979</u>	<u>1,593,822</u>
Total revenues	<u>45,063,678</u>	<u>37,787,256</u>	<u>37,401,507</u>	<u>30,965,782</u>	<u>32,865,646</u>	<u>33,813,052</u>	<u>33,725,796</u>	<u>37,039,064</u>	<u>37,514,101</u>	<u>37,710,039</u>
Expenditures										
Current:										
General government	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	6,679,602
Community development	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	1,955,450
Public safety	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	11,876,632
Community services & recreation	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	5,032,344
Public works	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	7,316,460
Pass through and other fees	1,178,733	619,608	-	-	-	-	-	-	-	-
Community redevelopment	10,179,894	2,142,400	-	-	-	-	-	-	-	-
Debt service:										
Principal retirement	2,560,000	2,628,019	-	-	-	-	-	-	-	-
Interest and fiscal charges	2,618,909	1,475,925	-	-	-	-	-	-	-	-
Capital Outlay										
Water	175,151	851,396	-	-	-	-	-	106,368	166,689	5,612
Streets, sidewalks and signals	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	2,872,345
Parks	235,637	284,389	4,695,650	468,524	788,748	566,101	1,165,442	245,589	285,050	230,656
Civic Center improvements	-	-	-	-	-	-	-	-	-	-
Downtown Parking Lot	-	-	-	-	-	-	-	-	-	-
Other	<u>2,974,885</u>	<u>1,145,428</u>	<u>1,189,175</u>	<u>156,017</u>	<u>320,176</u>	<u>542,950</u>	<u>205,254</u>	<u>408,034</u>	<u>517,709</u>	<u>296,411</u>
Total expenditures	<u>52,651,492</u>	<u>39,563,203</u>	<u>39,427,974</u>	<u>29,769,116</u>	<u>31,954,468</u>	<u>37,425,488</u>	<u>34,429,412</u>	<u>34,586,485</u>	<u>36,282,286</u>	<u>36,265,512</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,587,814)</u>	<u>(1,775,947)</u>	<u>(2,026,467)</u>	<u>1,196,666</u>	<u>911,178</u>	<u>(3,612,436)</u>	<u>(703,616)</u>	<u>2,452,579</u>	<u>1,231,815</u>	<u>1,444,527</u>
Other financing sources (uses):										
Transfers in	12,544,932	4,071,946	-	-	-	-	-	35,249	312,985	-
Transfers out	(12,544,932)	(4,071,946)	-	(170,000)	-	-	-	(135,249)	(543,485)	-
Capital Lease	-	-	-	-	-	-	-	127,493	150,090	97,547
Payment to bond escrow agent	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,493</u>	<u>(80,410)</u>	<u>97,547</u>
Extraordinary and special items:										
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	<u>-</u>	<u>(21,126,512)</u>	<u>(5,201,400)</u>	<u>3,453,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>484,475</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (7,587,814)</u>	<u>\$ (22,902,459)</u>	<u>\$ (7,227,867)</u>	<u>\$ 4,480,210</u>	<u>\$ 911,178</u>	<u>\$ (3,612,436)</u>	<u>\$ (703,616)</u>	<u>\$ 2,964,547</u>	<u>\$ 1,151,405</u>	<u>\$ 1,542,074</u>
Debt service as a percentage of noncapital expenditures	11.2%	12.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source:
City of Paramount audited financial statements

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

	Calendar Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Apparel Stores	\$ 12,742	\$ 19,369	\$ 21,505	\$ 23,100	\$ 22,999	\$ 22,718	\$ 22,954	\$ 19,971	\$ 20,746	\$ 20,803
Food Stores	22,530	23,844	25,460	25,097	24,989	25,551	22,141	20,589	21,936	22,665
Eating and Drinking Places	37,361	41,717	45,700	47,485	51,696	57,716	62,348	69,583	75,944	79,620
Building Materials	55,789	59,313	60,174	63,384	64,578	85,481	99,688	108,049	103,876	114,502
Auto Dealers and Supplies	13,851	13,840	14,271	14,941	13,531	15,294	16,959	17,004	16,212	12,373
Service Stations	89,818	107,582	107,611	100,545	98,520	81,019	67,146	72,252	83,100	88,083
Other Retail Stores	107,307	102,001	101,673	101,401	101,268	101,743	107,051	97,628	102,865	101,220
All Other Outlets	291,824	374,435	389,616	387,318	391,536	331,778	325,153	352,689	380,354	412,964
Total	\$ 631,222	\$ 742,101	\$ 766,010	\$ 763,271	\$ 769,117	\$ 721,300	\$ 723,440	\$ 757,765	\$ 805,033	\$ 852,230
Sales and Use Tax rate	8.25%	9.75%	9.75%	8.75%	8.75%	9.00%	9.00%	9.50%	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		
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%
2019	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 8
City of Paramount
Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Loan Payable	Tax Allocation Bonds	Capital Leases	Total Governmental Activities	Loan and Notes Payable	Capital Leases	Total Business-type Activities			
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	90,145	4,864,725	5,003,207	0.59%	89.34
2018	-	-	203,363	203,363	11,303,775	101,313	11,405,088	11,608,451	1.27%	209.17
2019	-	-	261,439	261,439	11,158,240	61,981	11,220,221	11,481,660	1.21%	207.02
2020	-	-	247,167	247,167	10,860,410	93,274	10,953,684	11,200,851	NA	NA

Notes:

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

NA denote information that is unavailable.

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

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

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

Fiscal Year Ended June 30	<u>Outstanding General Bonded Debt</u>		Percent of Assessed Value	Per Capita
	Tax Allocation Bonds	Total		
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%	-
2020	-	-	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, 2020

City Assessed Valuation		\$ 2,595,081,565	
Redevelopment Agency Incremental Valuation		<u>1,746,871,069</u>	
Total Assessed Valuation		<u>\$ 4,341,952,634</u>	
	<u>Percentage</u>	<u>Outstanding</u>	<u>Estimated</u>
	<u>Applicable (2)</u>	<u>Debt 6/30/20</u>	<u>Share of</u>
			<u>Overlapping</u>
			<u>Debt</u>
Overlapping Debt Repaid with Property Taxes:			
Metropolitan Water District (1)	0.201%	\$ 18,151,752	\$ 36,564
Cerritos Community College District Debt Service	0.005%	406,967,548	21,016
Compton Community College District Debt Service	19.172%	130,864,650	25,089,890
Compton Unified School District Debt Service	0.656%	253,235,358	1,662,049
Downey Unified School District Debt Service	0.020%	204,978,240	40,061
Paramount Unified School District 2005/2006 Debt Service	65.907%	<u>150,822,975</u>	<u>99,402,287</u>
Total overlapping debt repaid with property taxes		<u>1,165,020,523</u>	<u>126,251,867</u>
Total overlapping debt		<u>\$ 1,165,020,523</u>	126,251,867
City direct debt			<u>247,167</u>
Total direct and overlapping debt			<u>\$ 126,499,034</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 2019/2020 Lien Date Tax Rolls
HdL Coren & Cone

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed valuation	\$ 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	\$ 4,341,952,634
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	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	1,085,488,159
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	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	162,823,224
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 162,823,224</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	
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	-	-	-	-
2020	7,640,124	7,130,558	509,566	643,685	0.79	-	-	-	-

Notes:

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

Water revenue does not include interest.

Operating expenses do not include interest or depreciation expenses.

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

Source:

City of Paramount

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

Calendar Year Ended December 31	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
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%
2019	55,461	\$952,036	\$17,165	4.8%

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	2020		2011	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Paramount Unified School District	2,011	13.0%	2,071	17.5%
Weber Metals	667	4.0%	360	3.0%
Wal-Mart Store # 2110	402	3.0%	326	2.8%
Carlton Forge Works	359	2.0%	293	2.5%
Ralphs Grocery #403	353	2.0%		
City of Paramount	302	2.0%	204	1.7%
Kindred Hospital / Promise Hospital	291	2.0%	492	4.2%
M V Public Transportation	209	1.0%	120	1.0%
The Home Depot #1037	204	1.0%	164	1.4%
Golden State Engineering, Inc.	200	1.0%	187	1.6%
Affinity Healthcare Center	198	1.0%		
Geropsychiatric Contract Services	164	1.0%	140	1.2%
Northgate Supermarket #17	153	1.0%	167	1.4%
Bodega Latina Corp.	117	1.0%	110	0.9%
Braun & Linen Service Co.	112	1.0%	125	1.1%
Paramount Petroleum		0.0%	202	1.7%
MD2 Industries		0.0%	110	0.9%
Total	5,742	36.0%	5,071	42.9%

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	25.6	23.4	26.0	25.0	26.7	25.7	25.8	26.2	27.7	28.7
Community Development	11.0	9.0	8.0	8.5	8.6	8.8	9.0	9.7	9.9	9.9
Public Safety	27.2	26.2	25.8	24.9	24.1	27.7	25.2	26.4	23.6	24.6
Community Services and Recreation	79.6	85.3	85.7	81.1	81.1	84.8	88.0	78.0	72.1	69.5
Public Works	45.2	43.4	47.2	44.4	45.6	47.9	44.5	42.8	43.3	43.3
Total	188.6	187.3	192.7	183.9	186.1	194.9	192.5	183.1	176.6	176.0

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Community Development										
Permits	1,264	1,005	1,017	1,292	1,260	1,438	1,245	1,315	1,207	907
Inspections	7,567	6,384	5,030	8,059	8,336	9,408	11,617	13,460	13,051	9,308
Public Safety:										
Arrests	1,601	1,545	1,549	1,689	1,670	1,523	1,389	1,264	1,286	1,318
Parking Citations Issued	11,452	11,524	10,806	12,239	11,187	14,348	13,524	17,723	15,541	13,238
Community Services and Recreation:										
Number of Recreation Classes	31	33	41	20	24	29	38	47	33	25
Number of Facility Rentals	527	543	601	591	621	683	722	724	580	453
Public Works:										
Street Resurfacing (miles)	1.30	1.50	1.10	0.77	1.18	1.25	0.14	0.61	5.98	0.53
Water:										
Average Daily Consumption (thousands of gallons)	6,053	6,131	6,074	5,923	5,710	5,250	5,704	5,872	4,846	4,530

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Community Services and Recreation:										
Parks	9	9	10	10	10	11	11	11	11	11
Community Centers	5	5	5	5	5	5	5	5	5	5
Public Works:										
Streets (miles)	73	73	73	73	73	73	73	73	73	73
Streetlights	3,082	3,087	3,087	3,087	3,087	3,087	3,099	3,099	3,099	3,099
Traffic Signals	55	55	55	55	55	55	56	56	56	56
Water:										
Water Mains (miles)	127	127	127	127	127	127	127	127	127	127
Number of Service Connections	7,543	7,538	7,542	7,351	7,356	7,378	7,398	7,414	7,429	7,374
Average Daily Consumption (gallons)	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	4,929,535
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.