



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023



www.paramountcity.com



16400 Colorado Ave.
Paramount, Ca 90723

CITY OF PARAMOUNT

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2023**



Prepared by the Finance Department

Kim Sao
Finance Director

City of Paramount
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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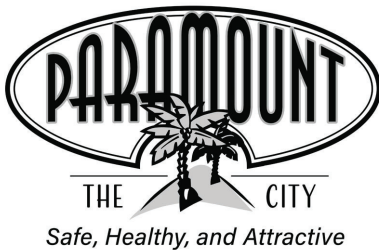
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ISABEL AGUAYO
Mayor

ANNETTE C. DELGADILLO
Vice Mayor

PEGGY LEMONS
Councilmember

BRENDA OLMOS
Councilmember

VILMA CUELLAR STALLINGS
Councilmember

December 22, 2023

Honorable City Council and Residents of the City of Paramount

INTRODUCTION It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Paramount for the fiscal year ended June 30, 2023. 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	The introductory section includes this Letter of Transmittal and other information to familiarize the read with the City: A Roster of Officials, an Organizational Chart, and prior year Award for Financial Reporting.
Financial	The financial section consists of five parts: 1) Independent Auditor's Report, 2) Management's Discussion and Analysis (MD&A), 3) Basic Financial Statements and accompanying Notes to Basic Financial Statements, 4) Required Supplementary Information, and 5) Supplementary Information that includes additional statements and schedules for nonmajor governmental funds.
Statistical	The statistical section includes pertinent financial and non-financial data that present historical trends and other information about the City in a multi-year basis

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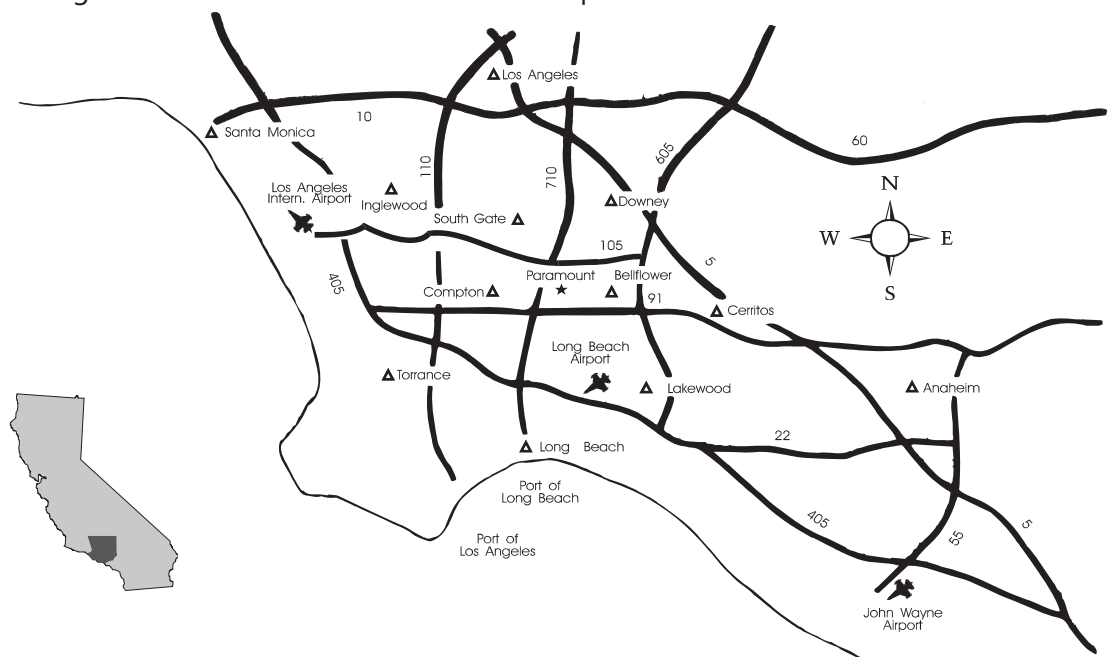
To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and fairly presents the financial position and results of operations of the City of Paramount and its related organizations. We have an established internal control structure designed to ensure accurate financial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

**PROFILE OF THE
CITY OF
PARAMOUNT**

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

Today, Paramount provides a broad range of municipal services. Approximately five square miles in size, Paramount has a population of approximately 53,000 and more than 3,000 businesses.

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



**ADOPTION OF
GASB STATE-
MENTS**

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

**BUDGETARY
POLICY &
CONTROL**

The City Council reviews and adopts an annual budget in June of each fiscal year to provide guidance for the general operation of the City. The level of budgetary control over appropriation is at the activity level. The City Manager may transfer appropriations within an activity, and 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, may be made by the City Council during the fiscal year or at a midyear budget review.

**FUND BALANCE
POLICY**

In May 2023, the City Council adopted a Fund Balance Policy that will improve operational stability and ensure that the City is better prepared for the financial risk of economic downturn and catastrophic emergencies. The Government Finance Officer's Association (GFOA) recommends that cities maintain a minimum reserve of 16% - 17% of the operating revenue or expense or equal to two months. As of fiscal year ending June 30, 2023, the City committed \$23.8 million for operating reserve, economic uncertainty, and infrastructure and facilities emergencies, representing 70% of the FY 2022-23 General Fund adopted operating budget.

**CASH
MANAGEMENT
POLICIES &
PRACTICES**

The City Council annually adopts, by resolution, a statement of investment policy for the City's funds. The last major revisions to the investment policy were made in June 2022, which narrowed down the investment options to those considered safest and extended the maturity period from three years to five years. 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 investment policy was certified by the California Municipal Treasurers Association Policy Certification Program, which provides professional guidance that meets industry best practices for public sector investing. The City has since begun to engage more proactively in investment activities that allow us to earn a return on our idle cash without jeopardizing our primary 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 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 10 of the Notes to Basic Financial Statements (Pages 79-81) describes in depth the premium and liability coverage of the members.

**ACCOMPLISH-
MENTS &
OUTLOOK**

As of June 30, 2023, the General Fund balance is \$47,199,250, which is an increase of \$17,385,761 from the prior year due to increases in revenues and reimbursements from the American Rescue Plan Act Funding for public safety expenditures that qualify under the revenue loss/replacement category for use of fund. Of this \$47.2 million balance, \$23.8 million is committed for operating, economic uncertainty and infrastructure reserves; \$21.4 million is assigned for specific purposes; and \$1.6 million is unassigned and available for spending at the City's discretion. Details on the General Fund balance can be found in Note 12 to Basic Financial Statements on page 82.

Prior to the economic shutdown which began in the middle of March 2020, a Public Safety and Essential City Services Measure, also known as Measure Y, was put before Paramount voters in the March 2020 election providing a three-quarter-cent sales tax increase to address a fast-approaching structural deficit and the City's efforts to maintain the high level of services for our residents. The measure was approved overwhelmingly by Paramount voters and took effect on July 1, 2020, which provided \$5.5 million in revenue in its first fiscal year ending June 30, 2021, \$7.2 million in its second fiscal year ending June 30, 2022, and \$8.1 million in its third fiscal year ending June 30, 2023. This upward trend in the first three years is expected to stabilize by FY 2023-24.

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

In FY 2021-22, the City also received \$18,895,185 from the American Rescue Plan Act (ARPA) funding of 2021. Since this funding was required to be expended by December 31, 2026, the City Council approved a spending plan which has allowed the City to proceed expeditiously with its projects and programs. The City utilized the ARPA money to rebuild the local businesses through business rehabilitation and small business assistance program, rebuilding and improving the City's infrastructures, such as the water well, community parks, and affordable housing. As of June 30, 2023, the City fully expended the \$18.9 million ARPA fund by redirecting the \$7.7 million balance to the General Fund for Public Safety Sheriff cost. The savings in General Fund money has allowed to City to continue its focus on community priorities.

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

Capital Improvement Completion

During FY 2022-23, as we do every year, we completed the construction of numerous street improvement projects, including street and sidewalk repairs or installations, drought tolerant median conversions, and continued resurfacing of neighborhood streets.

Deferred maintenance and structural improvements were also completed at several Parks such as the Paramount Park and Progress Park ballfield lighting improvement, and Progress Park picnic shelter renovation. Various City facility improvements were also completed and we completed sustainability projects such as installing EV charging stations and replacing the HVAC at City Yard.

New Developments/Continuing Programs

Looking forward, for FY 2023-24, we have budgeted a total of \$37,287,150 for capital improvement projects that included \$23.6 million in carryover projects and \$13.7 million in new projects to continue street and sidewalk improvements, complete more miles of arterial and neighborhood street resurfacing, traffic circle installation, park improvements, City facility improvements, and sustainability projects such as LED lights conversion at City Yard and Paramount pool heater energy efficient heater.

STAR Program

In FY 2023-24, we will make substantial modifications to 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 in which the City will continue to apply for. In FY 2023-24, operational responsibilities will shift from City staff to a Community Based Organization that is skilled in operating after school programs. STAR provides academic assistance and recreational activities for students in grades kindergarten through eighth.

Water Operations

As mentioned above, the City of Paramount prides itself on providing a high level of service at a reasonable cost. The City's water operations are no exception. We are constantly initiating efforts to keep our water production facilities and distribution lines in sound condition. We are anticipating the completion of our new well (Well 16) located at Garfield and Jackson in FY 2023-24. We started the design and drilling of this new water well in FY 2015-16 with a \$6.7 million loan from California Infrastructure and Economic Development Bank (IBank) to complete the rest of the well construction. This project is especially vital in California where the reliance on imported water is becoming more and more expensive and less and less available. Once built, the new well will help us come closer to being self-sufficient in this important area.

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

Also, in our effort to proactively maintain and improve our water system, the City Council approved a water rate increase that took effect January 1, 2022. The water rate increase will phase in gradually over a five-year period with the third-year increase taking effect January 1, 2024. Even with this increase, our rates will continue to be among the lowest in all 14 neighboring water agencies.

**CERTIFICATES
OF
ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Paramount for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. The City has received the Certificate of Achievement Award from the GFOA since 1982. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

**ACKNOWLEDGE-
MENTS**

The preparation of this report could not have been accomplished without the hard work and dedicated services of the City's financial management staff. We would like to express our appreciation to all the members of the Finance team and The Pun Group LLP, the City's new independent auditors, for their expertise, guidance, assistance and professionalism in preparing this year's report. Finally, we would like to express our sincere thanks to the City Council, whose strong and effective leadership and continuous support has made this another successful year.

CITY OF PARAMOUNT

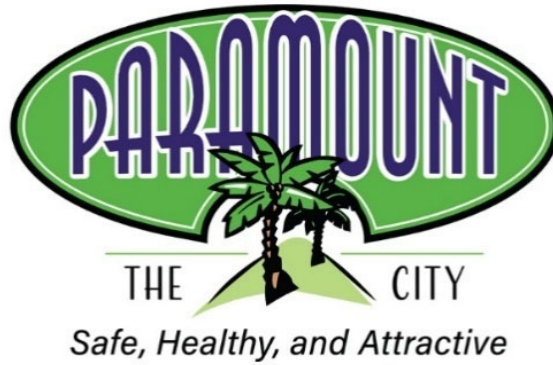


John Moreno, City Manager



Kim Sao, Finance Director

Roster of Officials



City Council

Isabel Aguayo, Mayor
Annette C. Delgadillo, Vice Mayor
Peggy Lemons, Councilmember
Brenda Olmos, Councilmember
Vilma Cuellar Stallings, Councilmember

City Attorney

John Cavanaugh

City Manager

John Moreno

Assistant City Manager

Andrew Vialpando

City Clerk

Heidi Luce

Community Services Director

David Johnson

Finance Director

Kim Sao

Planning Director

John Carver

Public Safety Director

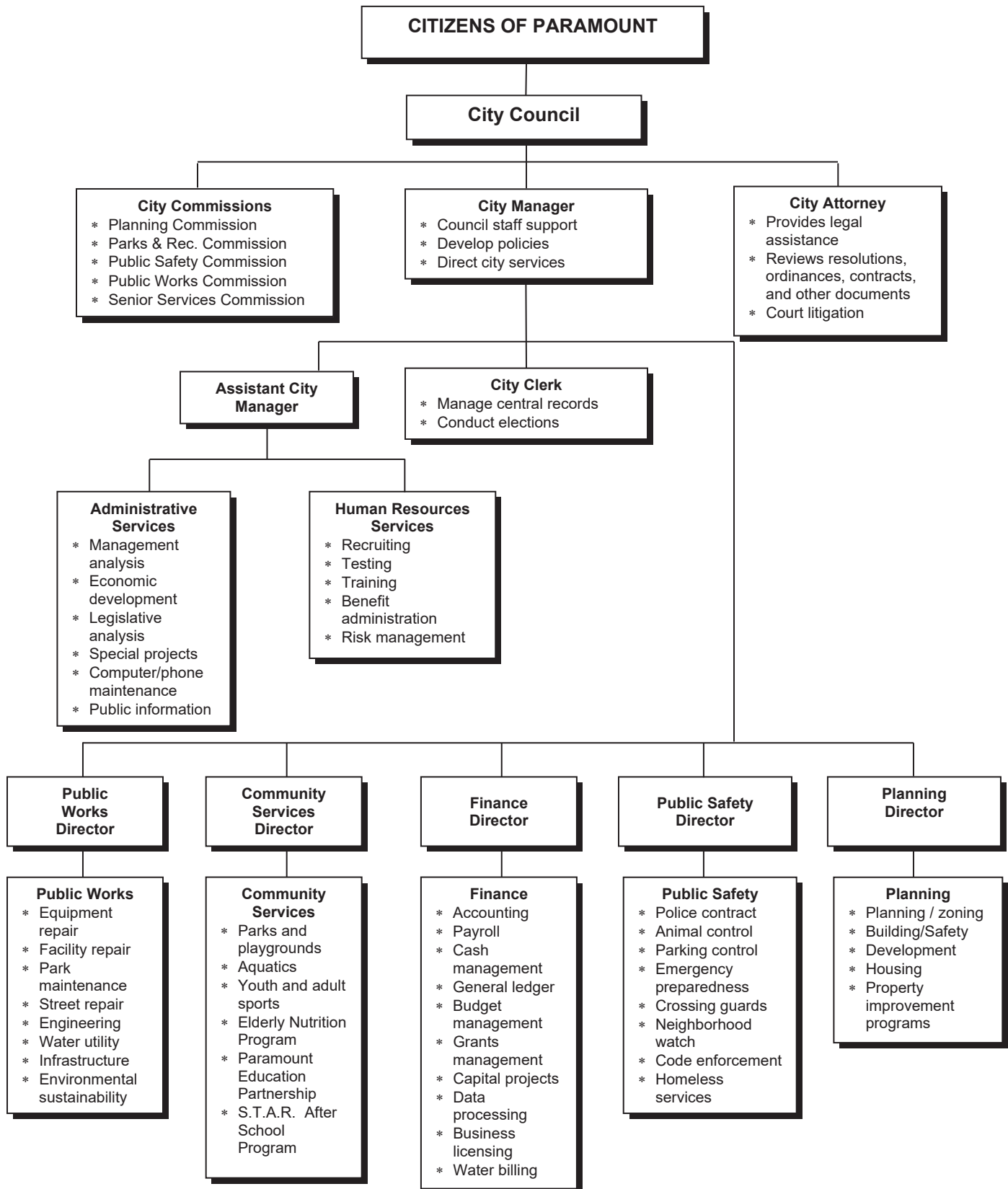
Margarita Matson

Public Works Director

Adriana Figueroa

Organizational Chart

City of Paramount, CA
on June 30, 2023

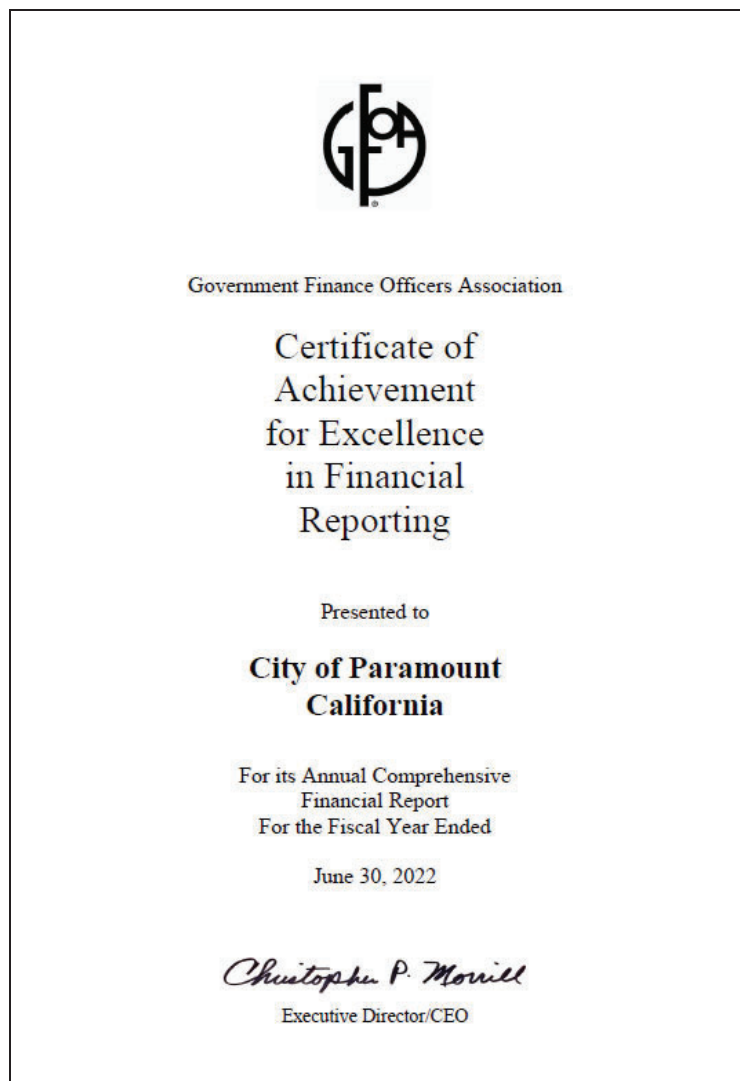


Award for Financial Reporting

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Paramount for our Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022.

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

A Certificate of Achievement for Excellence is valid for a period of one year only. We believe our current June 30, 2023 financial report continues to conform to Certificate of Conformance Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and the Members of the City Council
of the City of Paramount
Paramount, California

Report on the Audit of the Financial Statements

Opinions

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 (the "City") as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of Contributions – Pensions, Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and the Schedules of Contributions – Other Postemployment Benefits be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of 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.

Supplementary 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 accompanying Combining and Individual Fund Financial Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the Combining and Individual Fund Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Santa Ana, California
December 20, 2023

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City of Paramount
Management's Discussion and Analysis (Unaudited)
June 30, 2023

As management of the City of Paramount, California (the "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, 2023. 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 i through vi 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 2022-23 by \$126,105,497 (net position). This amount increased by \$17,640,324 from last year.
- As of June 30, 2023, the City's governmental funds reported combined fund balances of \$61,690,096. Of this amount, \$459,340 (1%) of the total fund balances is non-spendable, \$12,695,247 (20%) is restricted, \$25,532,925 (41%) is committed, \$21,365,038 (35%) is assigned, and \$1,637,546 (3%) is unassigned and available for spending at the City's discretion.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, which comprised three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains the Required Supplementary Information (RSI) 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 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 19-21 of this report.

City of Paramount
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2023

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

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

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

The City maintains 27 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, ARPA fund, and Other Grants fund, which are major funds. Debt Service is presented separately to account for the Pension Obligation Bond fund. 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 the general fund and each major special revenue fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 27-30 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 33-35 of this report.

City of Paramount
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2023

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 Custodial 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 39-40.

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 49-84 of this report.

Required Supplementary Information. This section includes the Budgetary Comparison Schedules of the major governmental funds. It also includes the Schedule of the City's Net Pension Liability and Schedule of Contributions for the City's pension program – Miscellaneous Plan of the California Public Employees Retirement System, Schedule of Changes in Net Other Postemployment Liability and Related Ratios, and Schedule of Contributions for Other Postemployment Benefits. This section can be found on pages 86-97.

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 are located in this section as well. Combining and individual fund statements and schedules can be found on pages 105-136 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.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 *	2023	2022 *	2023	2022
Current and other assets	\$ 70,954,966	\$ 65,921,483	\$ 7,566,736	\$ 6,692,690	\$ 78,521,702	\$ 72,614,173
Capital assets, net	76,210,309	73,212,124	27,304,795	26,585,626	103,515,104	99,797,750
Total assets	147,165,275	139,133,607	34,871,531	33,278,316	182,036,806	172,411,923
Deferred outflows of resources	14,365,419	18,148,346	2,117,355	2,752,837	16,482,774	20,901,183
Current liabilities	5,784,288	19,510,280	1,495,343	1,497,453	7,279,631	21,007,733
Long-term liabilities	31,238,273	32,104,827	14,472,215	15,003,520	45,710,488	47,108,347
Total liabilities	37,022,561	51,615,107	15,967,558	16,500,973	52,990,119	68,116,080
Deferred inflows of resources	16,929,065	14,538,793	2,494,899	2,193,060	19,423,964	16,731,853
Net position						
Net investment in capital assets	75,764,653	73,014,467	16,976,379	16,310,930	92,741,032	89,325,397
Restricted	12,716,782	10,798,402	-	-	12,716,782	10,798,402
Unrestricted	19,097,633	7,315,184	1,550,050	1,026,190	20,647,683	8,341,374
Total net position	\$ 107,579,068	\$ 91,128,053	\$ 18,526,429	\$ 17,337,120	\$ 126,105,497	\$ 108,465,173

* Restated to reflect the allocation of 2021 POB from governmental activities to business-type activities.

City of Paramount
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2023

The City's total assets increased from \$172,411,923 to \$182,036,806 in the fiscal year and the City's total liabilities decreased from \$68,116,080 to \$52,990,119. Pension and Other Post-Employment Benefits (OPEB) related deferred outflows of resources decreased from \$20,901,183 to \$16,482,774 and deferred inflows of resources increased from \$16,731,853 to \$19,423,964. For further information, please refer to Notes 7 and 8 on pages 70-78. As a whole, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$126,105,497 at June 30, 2023, an increase of \$17,640,324 from the prior year, primarily due to increase in assets as a result of high general fund surplus and decrease in liabilities.

Governmental activities. For the year ended June 30, 2023, the following condensed summary of the City's governmental activities shows total net position equal to \$107,579,068, which is \$16,451,015 more than the prior year. The increase is primarily the result of an increase in overall revenue and allocation of the 2021 Pension Obligation Bond to business-type activities.

Business-type activities. Business-type activities' net position increased by \$1,189,309 from \$17,337,120 to \$18,526,429, mostly due to the use of American Rescue Plan Act revenue to offset the rising operating expenses. Total revenues increased by \$4,197,605 mainly due to allocation of American Rescue Plan Act of 2021 fund to the Water Enterprise.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues						
Charges for services	\$ 4,509,711	\$ 2,046,973	\$ 8,355,545	\$ 8,414,322	\$ 12,865,256	\$ 10,461,295
Operating contributions and grants	17,729,029	10,313,132	3,438,975	-	21,168,004	10,313,132
Capital contributions and grants	6,256,776	9,576,540	757,063	-	7,013,839	9,576,540
General revenues						
Sales tax	12,261,365	11,483,195	-	-	12,261,365	11,483,195
Transaction & use tax	8,113,036	7,238,769	-	-	8,113,036	7,238,769
Utility user's tax	4,492,823	4,183,383	-	-	4,492,823	4,183,383
Franchise tax	2,196,469	2,049,479	-	-	2,196,469	2,049,479
Property tax	3,059,499	2,847,420	-	-	3,059,499	2,847,420
Business license tax	962,760	988,969	-	-	962,760	988,969
Investment earnings	793,392	57,848	65,243	1,349	858,635	59,197
Unrestricted motor vehicle license fee	8,088,374	7,573,107	-	-	8,088,374	7,573,107
Other revenue	2,475,170	1,197,449	-	3,550	2,475,170	1,200,999
Total revenues	<u>70,938,404</u>	<u>59,556,264</u>	<u>12,616,826</u>	<u>8,419,221</u>	<u>83,555,230</u>	<u>67,975,485</u>
Program expenses						
General government	10,059,418	8,888,563	-	-	10,059,418	8,888,563
Community development	4,817,632	3,166,168	-	-	4,817,632	3,166,168
Public safety	15,311,548	13,637,500	-	-	15,311,548	13,637,500
Community services & recreation	7,774,667	6,592,797	-	-	7,774,667	6,592,797
Public works	16,159,020	13,309,135	-	-	16,159,020	13,309,135
Interest and fiscal charges	365,104	389,603	-	-	365,104	389,603
Water	-	-	11,427,517	8,895,635	11,427,517	8,895,635
Total expenses	<u>54,487,389</u>	<u>45,983,766</u>	<u>11,427,517</u>	<u>8,895,635</u>	<u>65,914,906</u>	<u>54,879,401</u>
Excess (deficiency) before contributions, special and extraordinary items & transfers	16,451,015	13,572,498	1,189,309	(476,414)	17,640,324	13,096,084
Transfers in / (out)	-	(4,659,116)	-	4,659,116	-	-
Special item-housing assets	-	-	-	-	-	-
Special item-Redevelopment Agency	-	-	-	-	-	-
Change in net position	<u>16,451,015</u>	<u>8,913,382</u>	<u>1,189,309</u>	<u>4,182,702</u>	<u>17,640,324</u>	<u>13,096,084</u>
Net position, beginning of year (as restated)*	91,128,053	80,001,403	17,337,120	15,367,686	108,465,173	95,369,089
Net position, end of year	<u>\$ 107,579,068</u>	<u>\$ 88,914,785</u>	<u>\$ 18,526,429</u>	<u>\$ 19,550,388</u>	<u>\$ 126,105,497</u>	<u>\$ 108,465,173</u>

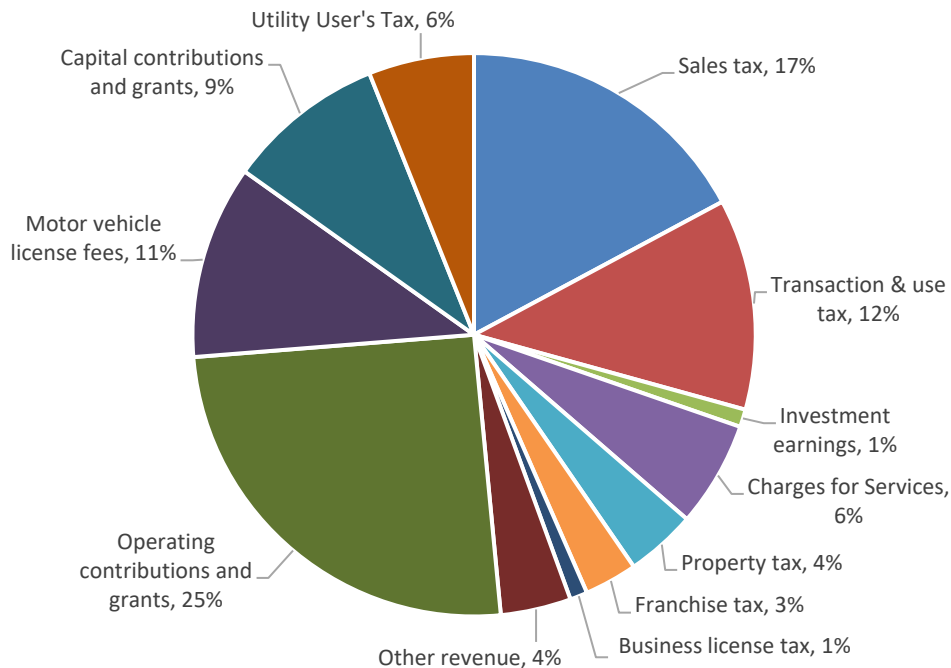
*FY 2023 beginning balance includes POB 2021 allocation to business-type activities.

City of Paramount
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2023

Revenues

- At June 30, 2023, total revenue is \$83,555,230, an increase of 22.9% or \$15,579,745 from prior fiscal year. Charges for services increased by \$2,403,961 mainly due to an overall increase in Permit activities such as plan check fees from the World Energy projects. The increase in capital contributions and grants by approximately \$10,854,872 is primarily due to the recognition of \$9.7 million ARPA grant revenues.
- Sales tax and transaction & use tax revenues increased by 6.8% or \$778,170 and 12.1% or 874,267, respectively, in FY 2022-23. This is mainly due to the increase in the cost of commodities and increase in consumer purchases.
- Utility user's tax increased by 7.4% or \$309,440 as a result of higher utility costs.
- Franchise tax fees increased by 7.2% or \$146,990 mainly due to higher Edison franchise fees
- Property tax increased by 7.4% or \$212,079 due to higher property valuations.
- Investment earnings increased by 1,271.5% or \$735,544 due to proactive investing of idle cash and higher yields.
- Motor vehicle license fee increased by 6.8% or \$515,267 due to higher allocation for the City.
- Other revenue increased by 106.7% or \$1,277,721 mainly due to a one-time receipt of the Monsanto PCB class action settlement in the amount of \$807,228.

Revenues by Source - Governmental Activities
Year Ended June 30, 2023



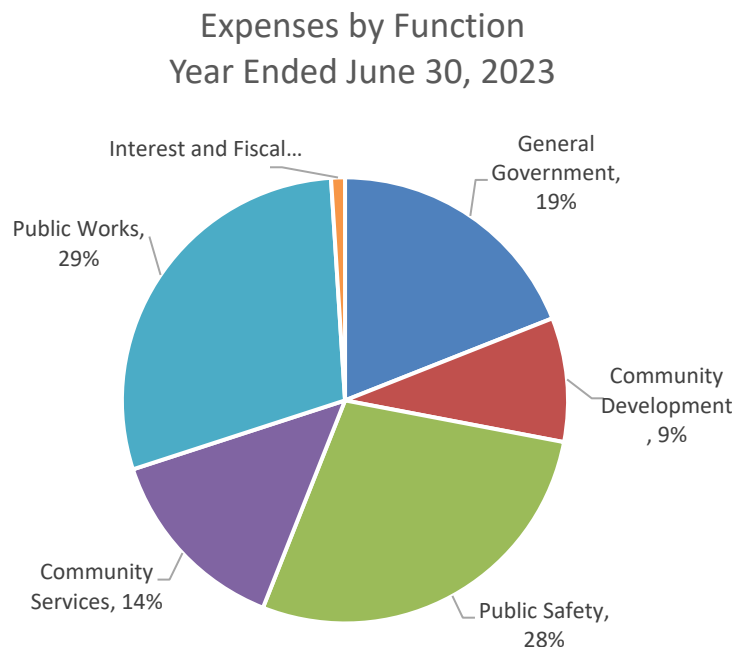
City of Paramount
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2023

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

- The major revenue sources were sales tax, transaction & use tax, motor vehicle license fees, and various operating contributions and grants.
- In the operating contributions and grants category, the City received some significant grant sources including:
 - \$9,794,053 American Rescue Plan Act of 2021 (ARPA)
 - \$2,793,580 After School Education and Safety Grant for the Success Through Academics and Recreation (S.T.A.R.) Program
 - \$1,351,764 State Gas Tax
 - \$1,482,777 Proposition A Transit Tax
 - \$1,211,864 SB1 Road Maintenance & Rehabilitation Account
 - \$1,255,545 Proposition C Transit Tax
 - \$1,042,287 Measure M Transit Tax
 - \$930,153 Measure R Transit Tax
 - \$606,309 Public Art Fee
 - \$663,985 Community Development Block Grant
 - \$681,101 Measure W Safe Clean Water
 - \$232,082 Community Development Block Grant – Coronavirus (CDBG-CV)

Expenses

Total program expenses increased by \$8.5 million for the year, from \$45,983,766 to \$54,487,389 at June 30, 2023. The increase is attributed to many factors including an overall increase in salaries and benefits, high cost of goods and services from the rising inflation impacting the nation, and increased city activities after COVID-19 restrictions were lifted, and one-time costs. For example, increases in public safety of 12.3% or \$1,674,048 resulted from increases in salaries and benefits, efforts to address homelessness, and increased contractual cost for crossing guard services. For Community Services, the lifting of the pandemic restrictions resulted in more event services. Increases in public works are due to increases in professional services.



The top three expense activities were Public Works, 29%, which included the Water Enterprise Fund, Public Safety, 28%, and General Government at 19%.

City of Paramount
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2023

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 June 30, 2023, the City's governmental funds reported combined ending fund balances of \$61,690,096, an increase of \$18,573,957 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. The fund balances are classified as follows to indicate the level of constraint.

- \$459,340 or 1% consists of non-spendable fund balances, which include land held for resale (\$236,544) and prepaids/deposits (\$222,796);
- \$12,695,247 or 20% consists of the restricted fund balances of various grants and assessments (\$12,152,421), Debt Service (\$7,826) and the Paramount Housing Authority (\$535,000);
- \$25,532,925 or 41% consists of General Fund committed fund balances for operation (\$16,965,025), economic uncertainty (\$3,393,005), and infrastructure (\$3,393,005), and \$1,781,890 from various development impact fees;
- \$21,365,038 or 35% consists of the General Fund assigned fund balances for compensated absences (\$821,000), Coronavirus related (\$8,101,318), capital projects (\$8,600,600), self-insurance (\$800,000), special projects (\$527,620), and retiree benefit obligation (\$2,514,500);
- \$1,637,546 or 3% of the ending balance is the unassigned fund balance, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the City of Paramount. At June 30, 2023, the General Fund balance reached \$47,199,250. In May 2023, the City Council adopted the Fund Balance Policy to provide guidance regarding its fund balances. The City committed \$23.8 million of its General Fund balance for operating reserve, economic uncertainty, and infrastructure and facilities emergencies, representing 70% of the FY 2022-23 General Fund adopted operating budget. Additional Details of the fund balance categories can be found in Note 12 of the Notes to Basic Financial Statements.

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 \$1,550,050, a decrease of \$1,689,408 from the prior year. The operating expenses reflect an overall increase due to the high cost of imported water.

City of Paramount
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2023

General Fund Budgetary Highlights

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 26,413,000	\$ 28,956,000	\$ 31,085,952	\$ 2,129,952
Intergovernmental revenues	7,699,700	8,133,250	8,124,278	(8,972)
Other revenues	3,708,650	5,109,250	7,428,377	2,319,127
Total revenues	37,821,350	42,198,500	46,638,607	4,440,107
Expenditures				
Operations	33,882,900	26,905,280	25,366,056	1,539,224
Capital outlay	3,215,200	5,621,900	2,489,530	3,132,370
Debt service	324,350	1,803,920	1,629,977	173,943
Total expenditures	37,422,450	34,331,100	29,485,563	4,845,537
Excess (deficiency) of revenues over (under) expenditures	398,900	7,867,400	17,153,044	9,285,644
Other Financing Sources (Uses)				
Issuance of debt	-	-	232,717	232,717
Total other financing sources (uses)	-	-	232,717	232,717
Net change in fund balances	398,900	7,867,400	17,385,761	9,518,361
Fund balance - July 1	22,676,900	24,348,650	29,813,489	5,464,839
Fund balance - June 30	\$ 23,075,800	\$ 32,216,050	\$ 47,199,250	\$ 14,983,200

Variance with the Final Budget

Overall, total actual revenues came in \$4,440,107 higher than the final estimate mainly due to higher tax revenues of \$2,129,952 and Other Revenues, which came in \$2,319,127 higher than estimated. These include licenses and permits \$662,089, fines and citations \$246,541, charges for various services \$203,178, and other revenues \$1,165,942. On the other hand, actual expenditures were \$4,845,537 lower than the final budget mainly due to delays in capital improvement project and professional services.

Capital Asset and Debt Administration

Capital assets. As of June 30, 2023, the City's investment in capital assets for its governmental and business- type activities totaled \$103,515,104, 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
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2023

City of Paramount - Capital Assets
(Net of Accumulated Depreciation)
June 30, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 14,849,080	\$ 14,849,080	\$ 2,894,476	\$ 2,894,476	\$ 17,743,556	\$ 17,743,556
Construction in progress	9,205,734	8,215,143	10,948,110	9,572,818	20,153,844	17,787,961
Land improvements	5,331,758	6,095,172	-	-	5,331,758	6,095,172
Building and improvements	7,036,874	7,376,518	5,291,384	5,596,794	12,328,258	12,973,312
Machinery and equipment	2,050,671	1,570,795	1,241,755	1,275,213	3,292,426	2,846,008
Infrastructure	37,346,972	35,017,911	6,891,653	7,246,325	44,238,625	42,264,236
Right-of-use leased vehicles	389,220	87,505	37,417	-	426,637	87,505
Total	\$ 76,210,309	\$ 73,212,124	\$ 27,304,795	\$ 26,585,626	\$ 103,515,104	\$ 99,797,750

Additional information on the City's capital assets can be found in Note 5 of the Notes to Basic Financial Statements.

Long-term liabilities. As of June 30, 2023, the City of Paramount had total outstanding liabilities of \$45,710,488. Of this amount, \$14,472,215 is a liability of the business-type activity.

City of Paramount - Outstanding Liabilities
June 30, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Notes payable from direct borrowing and direct placements	\$ -	\$ -	\$ 9,909,040	\$ 10,236,115	\$ 9,909,040	\$ 10,236,115
Financed purchases	44,255	105,601	19,926	38,581	64,181	144,182
Pension Obligation Bonds*	13,936,444	15,130,125	2,058,556	2,234,875	15,995,000	17,365,000
Bond discount*	(163,264)	(174,148)	(24,116)	(25,724)	(187,380)	(199,872)
Lease liability	325,219	92,056	31,198	-	356,417	92,056
Net OPEB liability	6,185,227	5,427,338	903,947	801,451	7,089,174	6,228,789
Net pension liability	10,089,071	10,827,822	1,489,049	1,645,837	11,578,120	12,473,659
Compensated absences	821,321	696,033	84,615	72,386	905,936	768,419
Total	\$ 31,238,273	\$ 32,104,827	\$ 14,472,215	\$ 15,003,520	\$ 45,710,488	\$ 47,108,347

* 2022 restated to reflect allocation of 2021 POB from governmental activities to business-type activities.

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 \$190,363,691, 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

Over the past few years, despite unprecedented challenges of the COVID-19 pandemic, the City has continued to effectively service and support our residents and businesses. With the rebound of the economy and expected increase in revenue, the City has been able to provide a cost-of-living increase for our employees effective July 2023. However, the economy is highly uncertain with inflation at an all-time high rate of over 8% in June 2022.

Like many California cities, increases in retiree pension and health care costs will continue to put an upward pressure on the Budget. In November 2021, the City took advantage of the favorable market rate by issuing the Pension Obligation Bond (POB) to refinance a large portion of the unfunded actuarial liability (UAL) to CalPERS. While the UAL pension liability fluctuated in accordance with CalPERS' investment returns, the POB bond is a debt with a fixed borrowing rate for the term of the bond that will mature in 2038.

City of Paramount
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2023

The City continues to be vigilant in its spending habit and is exploring multiple ways to minimize costs and increase revenues by effectively managing its way of doing business, enhancing collection efforts, and preventing revenue leakage. The City also utilizes grant fundings to pay for projects and one-time-costs and was fortunate to be awarded the \$18.9 million American Rescue Plan Act (ARPA) fund, which provided needed support to our residents, protect essential reserves, rebuild critical services, and plan for facility and infrastructure improvements.

In addition, the City has revised its investment policy and begun to invest more actively than in the past. Where the City normally invested all its idle cash in the Local Agency Investment Fund (LAIF), the City has moved its idle cash to the California Asset Management Program (CAMP), a fully liquid investment pool, to take advantage of its more favorable yield. The City is now diversifying its investment portfolio, taking advantage of short-term earnings, as well as laddering its maturity dates up to five years to ensure that the City will continue to earn a healthy return during an economic downturn.

In May 2023, the City Council also adopted a Fund Balance Policy that will improve operational stability and ensure that the City is better prepared for the financial risk of economic downturn and catastrophic emergencies.

For FY 2023-24, the City adopted a balanced budget. General Fund sources total \$58,618,894, which include \$44,109,550 in estimated revenues and \$14,509,344 from Reserves to pay for one-time expenditures. The adopted expenditure budget totals \$57,353,550, which includes \$41,873,700 for operation and \$15,479,850 for CIPs, leaving an estimated surplus of \$1,265,344 for the fiscal year ending June 30, 2024.

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, California 90723.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Paramount
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 61,121,692	\$ 6,693,224	\$ 67,814,916
Cash and investments with fiscal agent	7,293	-	7,293
Accounts receivable	7,402,627	548,438	7,951,065
Interest receivable	419,666	15,822	435,488
Prepaid items and deposits	222,796	8,568	231,364
Inventories	-	300,684	300,684
Notes receivable, net	596,850	-	596,850
Land held for resale	1,184,042	-	1,184,042
Capital assets			
Nondepreciable assets	24,054,814	13,842,586	37,897,400
Depreciable assets, net of accumulated depreciation	51,766,275	13,424,792	65,191,067
Intangible capital assets, net of accumulated amortization	389,220	37,417	426,637
Total capital assets	76,210,309	27,304,795	103,515,104
Total assets	147,165,275	34,871,531	182,036,806
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	12,397,273	1,829,718	14,226,991
Other postemployments benefits related	1,968,146	287,637	2,255,783
Total deferred outflows of resources	14,365,419	2,117,355	16,482,774
LIABILITIES			
Accounts payable	5,390,776	715,422	6,106,198
Due to other government	243,254	-	243,254
Retention payable	76,182	368,252	444,434
Accrued interest payable	21,744	133,386	155,130
Deposits payable	52,332	278,283	330,615
Long-term liabilities:			
Due within one year	1,596,254	559,263	2,155,517
Due in more than one year	13,367,721	11,519,956	24,887,677
Net pension liabilities	10,089,071	1,489,049	11,578,120
Net other postemployment benefits liabilities	6,185,227	903,947	7,089,174
Total liabilities	37,022,561	15,967,558	52,990,119
DEFERRED INFLOWS OF RESOURCES			
Pension related	14,389,792	2,123,794	16,513,586
Other postemployments benefits related	2,539,273	371,105	2,910,378
Total deferred inflows of resources	16,929,065	2,494,899	19,423,964
NET POSITION			
Net investment in capital assets	75,764,653	16,976,379	92,741,032
Restricted for:			
Community development	1,418,748	-	1,418,748
Public safety	443,478	-	443,478
Community services and recreation	1,106,913	-	1,106,913
Public works	9,528,147	-	9,528,147
Debt service	7,826	-	7,826
Other	211,670	-	211,670
Total restricted	12,716,782	-	12,716,782
Unrestricted	19,097,633	1,550,050	20,647,683
Total net position	\$ 107,579,068	\$ 18,526,429	\$ 126,105,497

See accompanying Notes to the Basic Financial Statements.

City of Paramount
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General government	\$ 10,059,418	\$ 183,320	\$ 35,903	\$ -	\$ 219,223
Community development	4,817,632	3,687,530	1,064,708	-	4,752,238
Public safety	15,311,548	137,960	10,140,148	-	10,278,108
Community services	7,774,667	240,657	4,388,580	606,309	5,235,546
Public works	16,159,020	260,244	2,099,690	5,650,467	8,010,401
Interest and fiscal charges	365,104	-	-	-	-
Total governmental activities	54,487,389	4,509,711	17,729,029	6,256,776	28,495,516
Business-type Activities:					
Water utility	11,427,517	8,355,545	3,438,975	757,063	12,551,583
Total business-type activities	11,427,517	8,355,545	3,438,975	757,063	12,551,583
Total primary government	\$ 65,914,906	\$ 12,865,256	\$ 21,168,004	\$ 7,013,839	\$ 41,047,099

(Continued)

City of Paramount
Statement of Activities (Continued)
For the Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Governmental Activities:			
General government	\$ (9,840,195)	\$ -	\$ (9,840,195)
Community development	(65,394)	-	(65,394)
Public safety	(5,033,440)	-	(5,033,440)
Community services	(2,539,121)	-	(2,539,121)
Public works	(8,148,619)	-	(8,148,619)
Interest and fiscal charges	(365,104)	-	(365,104)
Total governmental activities	(25,991,873)	-	(25,991,873)
Business-type Activities:			
Water utility	-	1,124,066	1,124,066
Total business-type activities	-	1,124,066	1,124,066
Total primary government	(25,991,873)	1,124,066	(24,867,807)
General Revenues:			
Sales tax	12,261,365	-	12,261,365
Transaction and use tax	8,113,036	-	8,113,036
Utility users tax	4,492,823	-	4,492,823
Franchise tax	2,196,469	-	2,196,469
Property tax	3,059,499	-	3,059,499
Business license tax	962,760	-	962,760
Investment earnings	793,392	65,243	858,635
Unrestricted motor vehicle license fee	8,088,374	-	8,088,374
Other revenue	2,475,170	-	2,475,170
Total general revenues and transfers	42,442,888	65,243	42,508,131
Change in Net Position	16,451,015	1,189,309	17,640,324
Net Position			
Beginning of year, as restated (Note 14)	91,128,053	17,337,120	108,465,173
End of year	\$ 107,579,068	\$ 18,526,429	\$ 126,105,497

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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City of Paramount
Balance Sheet
Governmental Funds
June 30, 2023

		Special Revenue Funds			
			American Rescue	Other	Total
	General	Other Grants	Plan Act Fund	Governmental Funds	Governmental Funds
ASSETS					
Cash and investments	\$ 43,045,917	\$ -	\$ 761,022	\$ 13,804,850	\$ 57,611,789
Cash and investments with fiscal agent	7,293	-	-	-	7,293
Accounts receivable	5,021,800	1,644,097	-	736,730	7,402,627
Interest receivable	313,119	2,671	-	84,828	400,618
Due from other funds	1,278,571	-	-	-	1,278,571
Prepaid items	201,261	-	-	21,535	222,796
Notes receivable, net	-	-	-	596,850	596,850
Land held for resale	236,544	-	-	947,498	1,184,042
Total assets	\$ 50,104,505	\$ 1,646,768	\$ 761,022	\$ 16,192,291	\$ 68,704,586
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,606,127	\$ 212,109	\$ 761,022	\$ 1,784,893	\$ 5,364,151
Deposits payable	52,332	-	-	-	52,332
Retentions payable	3,542	-	-	72,640	76,182
Due to other governmental agencies	243,254	-	-	-	243,254
Due to other funds	-	991,181	-	287,390	1,278,571
Total liabilities	2,905,255	1,203,290	761,022	2,144,923	7,014,490
Fund Balances:					
Nonspendable	437,805	-	-	21,535	459,340
Restricted	7,826	443,478	-	12,243,943	12,695,247
Committed	23,751,035	-	-	1,781,890	25,532,925
Assigned	21,365,038	-	-	-	21,365,038
Unassigned	1,637,546	-	-	-	1,637,546
Total fund balances	47,199,250	443,478	-	14,047,368	61,690,096
Total liabilities and fund balances	\$ 50,104,505	\$ 1,646,768	\$ 761,022	\$ 16,192,291	\$ 68,704,586

City of Paramount
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Fund Balances of Governmental Funds	\$ 61,690,096
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, net of \$1,192,893 reported in Internal Service Fund.	75,017,416
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position:	
Long-term liabilities	(14,142,654)
Compensated absences	(821,321)
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds.	(21,744)
Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:	
Deferred outflows related to pensions	12,397,273
Net pension liability	(10,089,071)
Deferred inflows related to pensions	(14,389,792)
Net other postemployment benefits liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:	
Deferred outflows related to OPEB	1,968,146
Net OPEB liability	(6,185,227)
Deferred inflows related to OPEB	(2,539,273)
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.	4,695,219
Net Position of Governmental Activities	<u><u>\$ 107,579,068</u></u>

City of Paramount
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

		Special Revenue Funds			
	General	Other Grants	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 31,085,952	\$ -	\$ -	\$ -	\$ 31,085,952
Licenses and permits	1,734,089	-	-	-	1,734,089
Fines and penalties	1,240,041	-	-	-	1,240,041
Interest and use of property	734,628	8,184	-	205,287	948,099
Intergovernmental revenues	8,124,278	1,560,755	9,794,053	11,762,992	31,242,078
Charges for services	1,244,677	-	-	870,688	2,115,365
Other revenues	2,474,942	-	-	39,074	2,514,016
Total revenues	46,638,607	1,568,939	9,794,053	12,878,041	70,879,640
EXPENDITURES:					
Current:					
General government	7,433,067	-	66,241	328,718	7,828,026
Community development	2,815,116	35,689	736,667	438,629	4,026,101
Public safety	4,884,234	300,003	8,312,896	608,977	14,106,110
Community services	2,889,342	-	-	3,117,355	6,006,697
Public works	7,344,297	162,256	90,229	2,093,256	9,690,038
Capital outlay:					
Streets, sidewalks and signals	1,266,339	822,398	-	4,388,370	6,477,107
Parks	630,875	255,407	588,020	-	1,474,302
Other	592,316	-	-	754,763	1,347,079
Debt service:					
Principal	1,306,644	-	-	42,099	1,348,743
Interest and fiscal charges	323,333	-	-	5,026	328,359
Total expenditures	29,485,563	1,575,753	9,794,053	11,777,193	52,632,562
Excess (deficiency) of revenues over (under) expenditures	17,153,044	(6,814)	-	1,100,848	18,247,078
OTHER FINANCING SOURCES:					
Issuance of debt	232,717	-	-	94,162	326,879
Total other financing sources	232,717	-	-	94,162	326,879
Net change in fund balance	17,385,761	(6,814)	-	1,195,010	18,573,957
FUND BALANCES:					
Beginning of year	29,813,489	450,292	-	12,852,358	43,116,139
End of year	<u>\$ 47,199,250</u>	<u>\$ 443,478</u>	<u>\$ -</u>	<u>\$ 14,047,368</u>	<u>\$ 61,690,096</u>

City of Paramount
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Governmental-Wide Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances - Governmental Funds	\$	18,573,957
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlay as an expenditure in the full amount as current financial resources are used. However, in the Statement of Activities the cost of these assets is allocated over the estimated useful life as depreciation expense.

Capital outlay, net of \$18,627 reported in Internal Service Fund	9,298,488
Depreciation expense, net of \$(41,135) reported in Internal Service Fund	(6,267,146)
Net effect of disposal of capital assets	(10,649)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources of governmental funds but has no effect on net position. 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.

Issuance of long-term debt	(326,879)
Repayment of long-term debt	1,348,743
Amortized bond discount	(10,884)
Interest expense	(25,861)

In the Statement of Activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This represents the change in compensated absences during the year.	(125,288)
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Certain pension 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, net of contribution made after the measurement period.	(7,431,082)
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Certain other postemployment benefits 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, net of contribution made during the measurement period.	1,238,745
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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.	188,871
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Change in Net Position of Governmental Activities	\$	16,451,015
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PROPRIETARY FUND FINANCIAL STATEMENTS

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City of Paramount
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities Water Enterprise Fund	Governmental Activities- Internal Service Fund
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 6,693,224	\$ 3,509,903
Accounts receivable	548,438	-
Interest receivable	15,822	19,048
Prepaid items	8,568	-
Inventories	300,684	-
Total current assets	<u>7,566,736</u>	<u>3,528,951</u>
Noncurrent Assets:		
Capital assets:		
Nondepreciable asset	13,842,586	18,627
Depreciable assets, net of accumulated depreciation	13,424,792	1,174,266
Intangible capital assets, net of accumulated amortization	37,417	-
Total capital assets	<u>27,304,795</u>	<u>1,192,893</u>
Total noncurrent assets	<u>27,304,795</u>	<u>1,192,893</u>
Total assets	<u>34,871,531</u>	<u>4,721,844</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	1,829,718	-
Other postemployment benefits related	287,637	-
Total deferred outflows of resources	<u>2,117,355</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	715,422	26,625
Retentions payable	368,252	-
Interest payable	133,386	-
Deposits payable	278,283	-
Compensated absences, due within one year	14,839	-
Bonds and notes payable, due within one year	537,234	-
Lease payable, due within one year	7,190	-
Total current liabilities	<u>2,054,606</u>	<u>26,625</u>
Noncurrent Liabilities:		
Compensated absences, due in more than one year	69,776	-
Bonds and notes payable, due in more than one year	11,426,172	-
Lease payable, due in more than one year	24,008	-
Net pension liability	1,489,049	-
Net other postemployment benefits liability	903,947	-
Total noncurrent liabilities	<u>13,912,952</u>	<u>-</u>
Total liabilities	<u>15,967,558</u>	<u>26,625</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related	2,123,794	-
Other postemployment benefits related	371,105	-
Total deferred inflows of resources	<u>2,494,899</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	16,976,379	1,192,893
Unrestricted	1,550,050	3,502,326
Total Net Position	<u>\$ 18,526,429</u>	<u>\$ 4,695,219</u>

City of Paramount
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities Water Enterprise Fund	Governmental Activities- Internal Service Fund
OPERATING REVENUES		
Charges for services	\$ 8,312,234	\$ 500,000
Operating grant	3,438,975	-
Other revenue	43,311	-
Total operating revenue	<u>11,794,520</u>	<u>500,000</u>
OPERATING EXPENSES		
Water commission	2,968	-
Water system administration	1,680,520	-
Water production	5,998,526	-
Water distribution	1,473,155	-
Water customer service	370,580	-
Water billing	588,184	-
Other operating expenses	166,185	328,758
Depreciation	787,546	41,135
Total operating expenses	<u>11,067,664</u>	<u>369,893</u>
Operating income	<u>726,856</u>	<u>130,107</u>
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	65,243	58,764
Interest expense	(359,853)	-
Total nonoperating revenues (expenses)	<u>(294,610)</u>	<u>58,764</u>
Income before contributions	<u>432,246</u>	<u>188,871</u>
CONTRIBUTIONS		
Intergovernmental revenue	757,063	-
Total contributions	<u>757,063</u>	<u>-</u>
Change in net position	1,189,309	188,871
NET POSITION		
Beginning of year, as restated (Note 14)	17,337,120	4,506,348
End of year	<u><u>\$ 18,526,429</u></u>	<u><u>\$ 4,695,219</u></u>

City of Paramount
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities Water Enterprise Fund	Governmental Activities- Internal Service Fund
Cash Flows From Operating Activities:		
Receipts from customers and users	\$ 12,748,035	\$ 500,000
Payments to suppliers	(7,951,720)	(302,133)
Payments to employees	(1,860,310)	-
Net cash provided by operating activities	<u>2,936,005</u>	<u>197,867</u>
Cash Flows From Noncapital Financing Activities:		
Principal paid on pension obligation bonds	(176,319)	-
Interest paid on pension obligation bonds	(47,421)	-
Net cash (used in) noncapital financing activities	<u>(223,740)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:		
Acquisition of capital assets	(1,378,631)	(18,627)
Principal paid on capital debt	(354,622)	-
Interest paid on capital debt	(315,443)	-
Capital grant received	757,063	-
Net cash (used in) capital and related financing activities	<u>(1,291,633)</u>	<u>(18,627)</u>
Cash Flows From Investing Activities		
Interest received	49,734	43,182
Net cash provided by investing activities	<u>49,734</u>	<u>43,182</u>
Net change in cash and cash equivalents	1,470,366	222,422
Cash and Cash Equivalents:		
Beginning of year	5,222,858	3,287,481
End of year	<u><u>\$ 6,693,224</u></u>	<u><u>\$ 3,509,903</u></u>
Noncash Item:		
Issuance of lease payable	<u>\$ 40,090</u>	<u>\$ -</u>
Amortization of bond discount	<u>\$ 1,608</u>	<u>\$ -</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income (loss)	\$ 726,856	\$ 130,107
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	787,546	41,135
Changes in assets and liabilities:		
(Increase)/decrease in accounts receivable	675,232	-
(Increase)/decrease in inventory	(63,403)	-
(Increase)/decrease in deferred inflows of resources - pensions	727,928	-
(Increase)/decrease in deferred inflows of resources - OPEB	(92,446)	-
Increase/(decrease) in accounts payable	(363,767)	26,625
Increase/(decrease) in deposits payable	278,283	-
Increase (decrease) in compensated absences	12,229	-
Increase (decrease) in net pension liability	687,598	-
Increase (decrease) in net OPEB liability	(741,890)	-
Increase (decrease) in deferred inflows of resources - pensions	505,104	-
Increase (decrease) in deferred inflows of resources - OPEB	(203,265)	-
Total adjustments	<u>2,209,149</u>	<u>67,760</u>
Net cash provided by operating activities	<u><u>\$ 2,936,005</u></u>	<u><u>\$ 197,867</u></u>

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FIDUCIARY FUND FINANCIAL STATEMENTS

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City of Paramount
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Successor Agency Private-Purpose Trust Fund	Custodial Fund
ASSETS		
Current Assets		
Cash and investments	\$ 295,489	\$ 16,353
Restricted cash and investments	6,784,052	-
Interest receivable	40	-
Notes receivable	75	-
Due from the City of Paramount	19,389	-
Total current assets	<u>7,099,045</u>	<u>16,353</u>
Noncurrent assets		
Building and building improvement	358,066	-
Infrastructure	4,277,466	-
Less: accumulated depreciation	<u>(3,597,536)</u>	<u>-</u>
Total noncurrent assets	<u>1,037,996</u>	<u>-</u>
Total assets	<u>8,137,041</u>	<u>16,353</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	<u>2,292</u>	<u>-</u>
LIABILITIES		
Current liabilities		
Accounts payable	-	16,353
Interest payable	181,423	-
Bonds payable, due within one year	<u>4,820,206</u>	<u>-</u>
Total current liabilities	<u>5,001,629</u>	<u>16,353</u>
Noncurrent liabilities:		
Bonds payable, due in more than one year	15,798,204	-
Deferred pass through payments	<u>930,740</u>	<u>-</u>
Total noncurrent liabilities	<u>16,728,944</u>	<u>-</u>
Total liabilities	<u>21,730,573</u>	<u>16,353</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred gain on refunding	<u>8,547</u>	<u>-</u>
NET POSITION (DEFICIT)		
Restricted for:		
Successor Agency for the Paramount Redevelopment Agency	<u>(13,599,787)</u>	<u>-</u>
Total fiduciary net position	<u><u>\$ (13,599,787)</u></u>	<u><u>\$ -</u></u>

City of Paramount
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Successor Agency Private-Purpose Trust Fund	Custodial Fund
ADDITIONS:		
Redevelopment property taxes trust fund	\$ 5,516,921	\$ -
Interest and use of property	104,268	-
Total additions	<u>5,621,189</u>	<u>-</u>
DEDUCTIONS:		
Administrative expenses	250,000	-
Depreciation	200,091	-
Interest and fiscal agent expenses	666,994	-
Total deductions	<u>1,117,085</u>	<u>-</u>
Change in net position	4,504,104	-
NET POSITION:		
Beginning of year	(18,103,891)	-
End of year	<u>\$ (13,599,787)</u>	<u>\$ -</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Paramount
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For the Year Ended June 30, 2023

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City of Paramount
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City of Paramount
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies

A. Description of the Financial Reporting Entity

The City of Paramount, California (the “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 (“U.S. GAAP”) 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 (the “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 (the “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 Project 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 (the “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 year ended June 30, 2023, there was no financial activity for the Development Authority.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Description of the Financial Reporting Entity (Continued)

- The Paramount Public Financing Authority (the “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 former 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. Basis of Accounting and Measurement Focus

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

Government-Wide Financial Statements

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

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

Certain eliminations have been made as 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. Interfund services provided and used are eliminated in the process of consolidation.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Fund Financial Statements

Separate financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

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.

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, utility user 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.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

The City reports the following major governmental funds:

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

American Rescue Plan Act of 2021 (“ARPA”) Special Revenue Fund – The ARPA Special Revenue Fund is used to fund COVID-19 expenditures or negative economic impacts of COVID-19, revenue replacement for the provision of government services to the extent of the reduction of revenue due to COVID-19 public health emergency, premium pay for essential workers, and investment in water, sewer, and broadband infrastructure. The revenue is comprised of Federal grants passed through the State that are restricted as to their purpose.

Proprietary Fund Financial Statements

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 City reports the following major proprietary fund:

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

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

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.).

Internal Service Fund – The Equipment Replacement Internal Service 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 Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent custodial funds and private purpose trust funds. Both custodial funds and the private purpose trust funds are accounted for on the full accrual basis of accounting where the assets associated with the activity are controlled by the City and the assets are not derived 1) solely from the government's own-source revenues or 2) from government-mandated nonexchange transactions or voluntary nonexchange transactions.

The City reports the following two types of fiduciary funds:

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. The Private-Purpose Trust Funds are not included in the government-wide statements.

Custodial Fund – The Custodial Fund is used to account for assets for the benefit of organizations or other governments that are not part of the City. In addition, the assets are not derived from the City's provision of goods or services to those individuals, organizations, or other governments.. The Custodial Fund is custodial in nature and the fund is accounted for an economic resources focus. The majority of this fund relates to the delinquent trash assessments collected from the County on behalf of CalMet Services Incorporated, which was acquired by Athens Services on April 1, 2022. The Custodial Fund is not included in the government wide financial statements.

C. Cash and Investments and Cash Equivalents

Cash and investments consisted of cash in demand deposit accounts and investments in the U.S. Treasury Notes, the State Treasurer's Local Agency Investment Fund and negotiable certificates of deposit. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash and Investments and Cash Equivalents (Continued)

All cash and investments of proprietary funds are held in the City's investment pool as well. These cash pools have the general characteristics of a demand deposit account, therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for Statement of Cash Flows purposes.

D. 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.

E. Fair Value Measurement

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosure about fair value measurement. Investments, unless otherwise specified at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

F. Prepaid Items and 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. Prepaid items and deposits are reported in both the government-wide and fund financial statements.

G. 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.

H. 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.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Interfund Transactions

In the governmental fund financial statements, activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans). In the government-wide financial statements, these activities have been eliminated.

Transfers between governmental or between proprietary funds are eliminated as part of the reconciliation to the government-wide financial statements.

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, fine art, computer equipment, vehicles, other equipment, and right-to-use assets are reported in the Government-Wide Financial Statements and Proprietary Fund 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 on the next page:

Assets	Years
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
Right-to-use lease assets	lesser of lease term or useful life

K. Deferred Outflows and Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources, when applicable.

Deferred Outflows of Resources represent a consumption of net assets that applies to future periods.

Deferred Inflows of Resources represent an acquisition of net assets that applies to future periods.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Long-Term Liabilities

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

In the governmental fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Arbitrage

In accordance with Section 148 (f)(2) in the Internal Revenue Code of 1986, as amended, arbitrage on tax exempt debt offerings is reviewed every five years and the corresponding liability is accrued accordingly. There was no arbitrage liability as of June 30, 2023.

N. 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.

O. Lease Liabilities

The City recognizes lease liabilities with an initial, individual value of \$5,000 or more with a lease term greater than one year in the government-wide and proprietary fund financial statements. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Lease Liabilities (Continued)

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset or liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

P. Pension

For purposes of measuring the aggregate 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 plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Q. Other Postemployment Benefits

For purposes of measuring the net other postemployment benefits ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, benefit payments are recognized when due and payable in accordance with benefit terms.

The following timeframes are used for OPEB reporting:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

R. 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, 2023, property tax revenue to the City totaled \$3,059,499.

S. Net Position

In the Government-Wide Financial Statements and proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of retention payable and debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets 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 component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the City’s policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

T. Fund Balance

In the Governmental Fund Financial Statements, fund balances are classified as follows:

Nonspendable – Nonspendable fund balances are items not in spendable form (such as prepaid items or inventory) or required to be maintained intact such as an endowment.

Restricted – Restricted fund balances are balances subject to externally enforceable legal restrictions or imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances 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.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

T. Fund Balance (Continued)

On May 9, 2023, the City passed a resolution and committed fund balances as follows:

- Operating reserve at 50% of adopted operating expenditures.
- Economic uncertainty at 10% of adopted operating expenditures. This committed reserve is held to mitigate annual revenue shortfalls due to a fluctuating economy, unforeseen natural disaster, or actions by the state/federal government. This reserve shall be used to support core City services. Access to this reserve shall be triggered by a resolution declaring a state of emergency for the City or when there is a significant decrease of more than 10% in the General Fund revenues.
- Infrastructure and facility emergencies at 10% of adopted operating expenditures. This committed reserve is set aside for a catastrophic emergency that requires the repair or rebuilding of the City's streets, hard-scape, facilities, communication and technology systems, or other City-owned properties. This reserve may be utilized to provide resources to meet emergency expenditures in the case of flood, fire, earthquake, or other disasters.

Assigned – Assigned fund balances are resources 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 – Unassigned fund balance 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.

U. Use of Estimates

The preparation of the basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

	Government-Wide Statement of Net Position		Statement of Fiduciary Net Position	Total
	Governmental Activities	Business-type Activities		
Cash and investments	\$ 61,121,692	\$ 6,693,224	\$ 311,842	\$ 68,126,758
Cash and investment with fiscal agent	7,293	-	6,784,052	6,791,345
Total cash and investments	<u>\$ 61,128,985</u>	<u>\$ 6,693,224</u>	<u>\$ 7,095,894</u>	<u>\$ 74,918,103</u>

Cash and investments as of June 30, 2023 consisted of the following:

Petty cash	\$ 8,275
Deposits with financial institutions	4,661,828
Investments	<u>70,248,000</u>
Total cash and investments	<u>\$ 74,918,103</u>

A. Demand Deposits

The carrying amounts of the City's demand deposits were \$4,661,828 at June 30, 2023. Bank balances at that date were \$5,968,217, the total amount of which was insured or collateralized with accounts held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The City, however, has not waived the collateralization requirements.

B. 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, adopted on June 7, 2022. 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.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

B. Investments Authorized by the California Government Code and the City's Investment Policy (Continued)

Authorized Investment Type	Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	None	None
US government sponsored enterprise securities	5 years	None	None
Local Agency Investment Fund ("LAIF")	Upon Demand	None	\$65 million
Los Angeles County Investment Pool	Upon Demand	None	None
Joint Powers Authority Pool	N/A	None	None
Negotiable certificates of deposit	5 years	30%	None
Time deposit or placement service deposits	5 years	50%	None

C. Investments Authorized by Debt Agreements

Investment of debt proceeds held by the bond trustee is governed by provisions of the debt agreements of the City, 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	Maturity
Federal agency securities	None
Certificates of deposit	None
Bank repurchase agreement	None
Money market fund	None
Investment agreement	None
Local Agency Investment Fund	None

D. Fair Value Measurement

At June 30, 2023, investments are reported at fair value. The following table presents the fair value measurements of investments on a recurring basis and the levels with GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2023.

Investment Type	Value	Fair Value Measurement		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Uncategorized
Investments:				
US Treasury notes	\$ 33,304,063	\$ 33,304,063	\$ -	\$ -
US government sponsored enterprise securities	11,265,992	-	11,265,992	-
Negotiable certificates of deposit	4,698,234	-	4,698,234	-
Money market funds	1,743,300	-	-	1,743,300
LAIF	287,020	-	-	287,020
CAMP	12,158,046	-	-	12,158,046
Investments with fiscal agent:				
Money market funds	6,791,345	-	-	6,791,345
Total investments	<u>\$ 70,248,000</u>	<u>\$ 33,304,063</u>	<u>\$ 15,964,226</u>	<u>\$ 20,979,711</u>

Level 2 values are based on institutional bond quotes and matrix pricing.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

E. 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 10 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 Type	Amount	Investment Maturities (in Years)				
		Less than 1	1 to 2	2 to 3	3 to 4	4 to 5
Investments:						
US Treasury notes	\$ 33,304,063	\$ 16,950,700	\$ 5,986,663	\$ 5,270,795	\$ 4,621,120	\$ 474,785
US government sponsored enterprise securities	11,265,992	2,972,760	2,409,360	701,355	3,692,077	1,490,440
Negotiable certificates of deposit	4,698,234	-	245,280	715,412	-	3,737,542
Money market funds	1,743,300	1,743,300	-	-	-	-
LAIF	287,020	287,020	-	-	-	-
CAMP	12,158,046	12,158,046	-	-	-	-
Investments with Fiscal Agent:						
Money market funds	6,791,345	6,791,345	-	-	-	-
Total investments	<u>\$ 70,248,000</u>	<u>\$ 40,903,171</u>	<u>\$ 8,641,303</u>	<u>\$ 6,687,562</u>	<u>\$ 8,313,197</u>	<u>\$ 5,702,767</u>

F. 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.

Investment Type	Minimum Legal Rating	Total	AAA	Unrated
Investments:				
US Treasury notes	None	\$ 33,304,063	\$ 33,304,063	\$ -
US government sponsored enterprise securities	None	11,265,992	11,265,992	-
Negotiable certificates of deposit	None	4,698,234	-	4,698,234
Money market funds	None	1,743,300	1,743,300	-
LAIF	None	287,020	-	287,020
CAMP	None	12,158,046	12,158,046	-
Investments with Fiscal Agent:				
Money market funds	None	6,791,345	6,791,345	-
Total investments		<u>\$ 70,248,000</u>	<u>\$ 65,262,746</u>	<u>\$ 4,985,254</u>

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

G. 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. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total City's investments for the year ended June 30, 2023 are as follows:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	US government sponsored enterprise securities	\$ 3,932,765
Federal Home Loan Mortgage Corp	US government sponsored enterprise securities	6,173,758

H. 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 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).

I. Investment in State Investment Pool ("LAIF")

The City is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2023, the City had \$287,020 invested in LAIF. The value of the City's investment in the pool is reported in the accompanying financial statements at amounts based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded at the amortized cost.

J. California Asset Management Program

California Asset Management Program ("CAMP") is a California joint powers authority established in 1989 to provide California public agencies with professional investment services. The City invests in CAMP's Cash Reserve Portfolio (the "CAMP Pool") as permitted for all local agencies under California Government Code Section 53601(p). The CAMP Pool is fully liquid and met the criteria as an external investment pool under GASB 79 to be reported at amortized cost.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Interfund Transactions

At June 30, 2023, the City had the following due from/to other funds:

	Due From Other Funds	
Due To Other Funds	General Fund	
Other Grants Special Revenue Fund	\$	991,181
Nonmajor Governmental Funds		287,390
Total	\$	1,278,571

The amounts due to the General Fund from the Other Grants Special Revenue Fund and nonmajor governmental funds are short- term loans to provide cash flow.

Note 4 – Notes Receivable

The following is a summary of notes receivable by fund at June 30, 2023:

Home Partnership Act Special Revenue Fund:		
Home Improvement Loan Program	\$	129,557
Senior Housing Note		948,500
Allowance for notes receivable		(948,500)
Total Home Partnership Act Special Revenue Fund		129,557
Paramount Housing Authority Special Revenue Fund:		
Affordable Home Ownership Program - Clearwater Court		431,603
Home Improvement Loan Program		35,690
Total Paramount Housing Authority Special Revenue Fund		467,293
Total nonmajor governmental funds	\$	596,850
Successor Agency Private Purpose Trust Fund:		
Commercial Rehabilitation Loan Program	\$	75

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

A. 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 \$129,557 at June 30, 2023.

B. 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, 2023. 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.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 4 – Notes Receivable (Continued)

C. Affordable Home Ownership Program – Clearwater Court

During Fiscal Year 1994, the former 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 \$431,603 at June 30, 2023. On June 27, 2012, the former Redevelopment Agency transferred the Affordable Home Ownership Loans to the Paramount Housing Authority.

D. Home Improvement Loan Program

During Fiscal Year 2008, the former 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, 2023.

E. Commercial Rehabilitation Loan Program

During the year ended June 30, 2018, 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, 2023.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 5 – Capital Assets

A. Governmental Activities

The summary of changes in the capital assets for the governmental activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Reclassification	Balance June 30, 2023
<i>Capital assets not being depreciated:</i>					
Land	\$ 14,849,080	\$ -	\$ -	\$ -	\$ 14,849,080
Construction in progress	8,215,143	3,935,929	-	(2,945,338)	9,205,734
Total capital assets not being depreciated	23,064,223	3,935,929	-	(2,945,338)	24,054,814
<i>Capital assets being depreciated:</i>					
Land improvements	24,895,967	-	-	-	24,895,967
Buildings and improvements	20,630,190	140,446	(101,407)	20,331	20,689,560
Other equipment	2,726,144	426,994	(91,337)	51,764	3,113,565
Vehicles	2,704,317	427,549	(173,311)	-	2,958,555
Computer equipment	306,335	18,929	-	-	325,264
Fine arts	1,394,693	-	-	-	1,394,693
Infrastructure	120,520,534	4,040,389	-	2,873,243	127,434,166
Total capital assets being depreciated	173,178,180	5,054,307	(366,055)	2,945,338	180,811,770
<i>Less accumulated depreciation for:</i>					
Land improvements	(18,800,795)	(763,414)	-	-	(19,564,209)
Buildings and improvements	(13,253,672)	(500,421)	101,407	-	(13,652,686)
Other equipment	(2,142,377)	(154,308)	81,862	-	(2,214,823)
Vehicles	(2,223,643)	(209,177)	172,137	-	(2,260,683)
Computer equipment	(238,335)	(31,621)	-	-	(269,956)
Fine arts	(956,339)	(39,605)	-	-	(995,944)
Infrastructure	(85,502,623)	(4,584,571)	-	-	(90,087,194)
Total accumulated depreciation	(123,117,784)	(6,283,117)	355,406	-	(129,045,495)
Total capital assets being depreciated, net	50,060,396	(1,228,810)	(10,649)	2,945,338	51,766,275
<i>Intangible assets, being amortized</i>					
Right-of-use leased vehicles	118,299	326,879	-	-	445,178
Accumulated amortization	(30,794)	(25,164)	-	-	(55,958)
Total intangible assets, being amortized, net	87,505	301,715	-	-	389,220
Total governmental activities	\$ 73,212,124	\$ 3,008,834	\$ (10,649)	\$ -	\$ 76,210,309

Depreciation and amortization expense was charged to the governmental activities as follows:

General government	\$ 292,237
Community development	26,451
Public safety	32,075
Community services and recreation	915,933
Public works	5,000,450
Internal service fund	41,135
Total depreciation and amortization expense	<u>\$ 6,308,281</u>

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 5 – Capital Assets (Continued)

B. Business-Type Activities

The summary of changes in the capital assets for the business-type activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,894,476	\$ -	\$ -	\$ 2,894,476
Construction in progress	9,572,818	1,375,292	-	10,948,110
Total capital assets not being depreciated	12,467,294	1,375,292	-	13,842,586
<i>Capital assets being depreciated:</i>				
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	1,194,096	91,333	-	1,285,429
Tools	23,089	-	-	23,089
Vehicles	610,101	-	-	610,101
Computer equipment	268,242	-	-	268,242
Total capital assets being depreciated	41,527,123	91,333	-	41,618,456
<i>Less accumulated depreciation for:</i>				
Buildings and wells	(5,266,681)	(305,410)	-	(5,572,091)
Mains	(14,368,505)	(354,672)	-	(14,723,177)
Distribution equipment	(5,896,715)	(62,353)	-	(5,959,068)
Other equipment	(1,090,257)	(20,822)	-	(1,111,079)
Tools	(23,089)	-	-	(23,089)
Vehicles	(504,872)	(37,475)	-	(542,347)
Computer equipment	(258,672)	(4,141)	-	(262,813)
Total accumulated depreciation	(27,408,791)	(784,873)	-	(28,193,664)
Total capital assets being depreciated, net	14,118,332	(693,540)	-	13,424,792
<i>Intangible assets, being amortized</i>				
Right-of-use leased vehicles	-	40,090	-	40,090
Accumulated amortization	-	(2,673)	-	(2,673)
Total intangible assets, being amortized, net	-	37,417	-	37,417
Total business-type activities	\$ 26,585,626	\$ 719,169	\$ -	\$ 27,304,795

Depreciation and amortization expense was charged to business-type activities as follows:

Water	<u><u>\$ 787,546</u></u>
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City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 5 – Capital Assets (Continued)

C. Fiduciary Activities

The summary of changes in the capital assets for the fiduciary activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
<i>Capital assets being depreciated:</i>				
Buildings and improvements	\$ 358,066	\$ -	\$ -	\$ 358,066
Infrastructure	4,277,466	-	-	4,277,466
Total capital assets being depreciated	4,635,532	-	-	4,635,532
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(348,804)	(6,174)	-	(354,978)
Infrastructure	(3,048,641)	(193,917)	-	(3,242,558)
Total accumulated depreciation	(3,397,445)	(200,091)	-	(3,597,536)
Total capital assets being depreciated, net	\$ 1,238,087	\$ (200,091)	\$ -	\$ 1,037,996

Depreciation expense in the amount of \$200,091 was charged to the Fiduciary Activities – Successor Agency Private Purpose Trust Fund.

Note 6 – Long-Term Liabilities

A. Governmental Activities

The summary of changes in the long-term liabilities for the governmental activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022 (As Restated)	Additions	Deletions	Balance June 30, 2023	Classification	
					Due within One Year	Due in more than One Year
Compensated absences	\$ 696,033	\$ 592,684	\$ (467,396)	\$ 821,321	\$ 265,527	\$ 555,794
Direct Borrowing:						
Financed purchases	105,601	-	(61,346)	44,255	32,091	12,164
Public Offering:						
Pension Obligation Bonds	15,130,125	-	(1,193,681)	13,936,444	1,228,533	12,707,911
Bond discount	(174,148)	-	10,884	(163,264)	(10,884)	(152,380)
Lease payable	92,056	326,879	(93,716)	325,219	80,987	244,232
Total	\$ 15,849,667	\$ 919,563	\$ (1,805,255)	\$ 14,963,975	\$ 1,596,254	\$ 13,367,721

Compensated Absences

The long-term portion of compensated absences payable has been accrued for the Governmental Activities on the Government-Wide Financial Statements. The General Fund has typically been used to liquidate the liability for the governmental activities.

Financed Purchases

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

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Long-Term Liabilities

A. Governmental Activities (Continued)

Financed Purchases (Continued)

Future annual debt service payments under the financing arrangements at June 30, 2023 are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 32,091	\$ 2,931	\$ 35,022
2025	12,164	815	12,979
Total	<u>\$ 44,255</u>	<u>\$ 3,746</u>	<u>\$ 48,001</u>

Pension Obligation Bonds

On November 4, 2021, the City issued the 2021 Pension Obligation Bonds to pay a portion of the City's unamortized, unfunded accrued actuarial liability to the California Public Employees' Retirement System ("CalPERS") and to pay the costs of issuing the bonds. Interest is paid semiannually on June 1 and December 1 of each year, commencing June 1, 2022, until 2030. Interest rates range between 0.565% to 2.519%. Principal payments range from \$1,370,000 to \$1,565,000 beginning on June 1, 2023. The liability was allocated between the governmental activities and business-type activities.

Future debt service requirements for the governmental activities and business-type activities on the bonds at June 30, 2023, are as follows:

Year ending June 30,	Governmental Activities			Business-Activities Water Enterprise Fund		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,228,533	\$ 314,295	\$ 1,542,828	\$ 181,467	\$ 46,424	\$ 227,891
2025	1,241,603	302,304	1,543,907	183,397	44,653	228,050
2026	1,259,029	285,518	1,544,547	185,971	42,174	228,145
2027	1,276,454	264,718	1,541,172	188,546	39,102	227,648
2028	1,302,594	240,147	1,542,741	192,406	35,472	227,878
2029-2033	5,049,183	774,175	5,823,358	745,817	114,354	860,171
2034-2038	2,579,048	197,026	2,776,074	380,952	29,103	410,055
Total	<u>\$ 13,936,444</u>	<u>\$ 2,378,183</u>	<u>\$ 16,314,627</u>	<u>\$ 2,058,556</u>	<u>\$ 351,282</u>	<u>\$ 2,409,838</u>

Year ending June 30,	Total		
	Principal	Interest	Total
2024	\$ 1,410,000	\$ 360,719	\$ 1,770,719
2025	1,425,000	346,957	1,771,957
2026	1,445,000	327,692	1,772,692
2027	1,465,000	303,820	1,768,820
2028	1,495,000	275,619	1,770,619
2029-2033	5,795,000	888,529	6,683,529
2034-2038	2,960,000	226,129	3,186,129
Total	<u>\$ 15,995,000</u>	<u>\$ 2,729,465</u>	<u>\$ 18,724,465</u>

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Lease Payable

The City has entered into various leases for vehicle uses. The terms of the agreements are 60 months with discount rate of 5.67% based on the average of the interest rates in the financing agreements. Principal and interest to maturity are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 80,987	\$ 17,757	\$ 98,744
2025	85,409	13,335	98,744
2026	90,072	8,672	98,744
2027	68,751	3,752	72,503
Total	<u>\$ 325,219</u>	<u>\$ 43,516</u>	<u>\$ 368,735</u>

B. Business-Type Activities

The summary of changes in the long-term liabilities for the business-type activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022 (As Restated)	Additions	Deletions	Balance June 30, 2023	Classification	
					Due within One Year	Due in more than One Year
Compensated absences	\$ 72,386	\$ 65,277	\$ (53,048)	\$ 84,615	\$ 14,839	\$ 69,776
Direct Borrowing:						
Note payable - IBank	10,236,115	-	(327,075)	9,909,040	337,449	9,571,591
Financed purchases	38,581	-	(18,655)	19,926	19,926	-
Public Offering:						
Pension Obligation Bonds	2,234,875	-	(176,319)	2,058,556	181,467	1,877,089
Bond discount	(25,724)	-	1,608	(24,116)	(1,608)	(22,508)
Lease payable	-	40,090	(8,892)	31,198	7,190	24,008
Total	<u>\$ 12,556,233</u>	<u>\$ 105,367</u>	<u>\$ (582,381)</u>	<u>\$ 12,079,219</u>	<u>\$ 559,263</u>	<u>\$ 11,519,956</u>

Compensated Absences

The long-term portion of compensated absences payable has been accrued for the Business-type Activities on the Government-Wide Financial Statements and Proprietary Fund Financial Statements.

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 for a loan of \$5,500,000 under the Bergeson-Peace Infrastructure and Economic Development Bank Act. The purpose of the loan is to construct a water well and other water treatment facilities. The loan is to be repaid by August 2039, over 30 years at 3.31% annual interest. The City has pledged net system revenues of the Water Fund to the repayment of the note. A net system surplus of \$1,579,645 was reported for the current year. During the year ended June 30, 2023, interest of \$129,394 and principal of \$165,782 were paid leaving an outstanding balance of \$3,826,306.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

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

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, another agreement was made between the IBank and the City for a loan of \$6,700,000 under the Infrastructure State Revolving Fund Program. The purpose of the loan is to construct a water well and other water treatment facilities. The loan is to be repaid by August 2047, over 30 years at 3.03% annual interest. The City has pledged net system revenues of the Water Fund to the repayment of the note. A net system surplus of \$1,579,645 was reported in the current year. During the year ended June 30, 2023, interest of \$186,750 and principal of \$161,293 were paid leaving an outstanding balance of \$6,082,734.

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.

Future debt service requirements on long-term debt at June 30, 2023, are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 337,449	\$ 305,605	\$ 643,054
2025	348,154	294,731	642,885
2026	359,198	283,511	642,709
2027	370,594	271,934	642,528
2028	382,352	259,990	642,342
2029-2033	2,101,632	1,107,057	3,208,689
2034-2038	2,456,996	746,043	3,203,039
2039-2043	1,948,910	369,045	2,317,955
2044-2048	1,603,755	124,384	1,728,139
Total	<u>\$ 9,909,040</u>	<u>\$ 3,762,300</u>	<u>\$ 13,671,340</u>

Financed Purchases

The City has entered into agreements for the purchase of vehicle under financing arrangements. Such financing require annual payments of principal and interest, with an interest rate of 6.90%, and will be fully paid off by the year 2024.

Future annual debt service payments under financed arranging at June 30, 2023 are as follows:

Year ending June 30,	Principal	Interest	Total
2024	<u>\$ 19,926</u>	<u>\$ 1,358</u>	<u>\$ 21,284</u>

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Pension Obligation Bonds

See Note 6A for disclosure.

Lease Payable

The City has entered into a lease for vehicle uses. The terms of the agreement is 60 months with discount rate of 5.67% based on the average of the interest rates in the financing agreements. Principal and interest to maturity are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 7,190	\$ 1,702	\$ 8,892
2025	7,581	1,311	8,892
2026	7,995	897	8,892
2027	8,432	460	8,892
Total	<u>\$ 31,198</u>	<u>\$ 4,370</u>	<u>\$ 35,568</u>

C. Fiduciary Activities

The summary of changes in the long-term liabilities for the fiduciary activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Classification	
					Due within One Year	Due in more than One Year
Public Offering:						
1998 Tax Allocation Refunding Bonds	\$ 11,325,733	\$ 614,032	\$ -	\$ 11,939,765	\$ -	\$ 11,939,765
2010 Tax Allocation Bonds	6,450,000		(1,250,000)	5,200,000	1,315,000	3,885,000
Unamortized discount	(43,789)	-	8,614	(35,175)	(8,614)	(26,561)
2015 Tax Allocation Refunding Bonds	6,800,000		(3,315,000)	3,485,000	3,485,000	-
Unamortized premium	374,638	-	(345,818)	28,820	28,820	-
Direct Borrowing:						
Deferred pass through	930,740	-	-	930,740	-	930,740
Total	<u>\$ 25,837,322</u>	<u>\$ 614,032</u>	<u>\$ (4,902,204)</u>	<u>\$ 21,549,150</u>	<u>\$ 4,820,206</u>	<u>\$ 16,728,944</u>

1998 Tax Allocation Refunding Bonds

In February 1998, the Agency issued \$3,122,050 of Tax Allocation Refunding Bonds to refund the 1993B Compound Interest Tax Allocation Bonds and provide additional funds in furtherance of the Redevelopment Plan. The 1998 Bonds have a maturity value of \$14,050,000 with all interest and principal payable at maturity. The bonds mature August 1, 2026 and are compounded annually at 5.35%. Accordingly, as of June 30, 2023, interest of \$614,032 was added to the outstanding debt.

Future debt service requirement at June 30, 2023, is as follows:

Year ending June 30,	Principal	Accreted Interest	Total
2027	<u>\$ 3,122,050</u>	<u>\$ 8,817,715</u>	<u>\$ 11,939,765</u>

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Long-Term Liabilities (Continued)

C. Fiduciary Activities (Continued)

1998 Tax Allocation Refunding Bonds

At maturity, the bonds will have a value as follows:

Due Date	Principal	Accreted Interest	Total
August 1, 2026	\$ 3,122,050	\$ 10,927,950	\$ 14,050,000

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.

Future debt service requirements at June 30, 2023, are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 1,315,000	\$ 240,391	\$ 1,555,391
2025	1,075,000	178,475	1,253,475
2026	1,125,000	120,725	1,245,725
2027	1,185,000	45,597	1,230,597
2028	500,000	27,500	527,500
Total	\$ 5,200,000	\$ 612,688	\$ 5,812,688

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, 2023, the outstanding balance was \$3,485,000, the unamortized bond premium was \$28,820 and the outstanding balance of the deferred loss and gain on refunding were in the amounts of \$2,292 and \$8,547, respectively.

Future debt service requirements at June 30, 2023, are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 3,485,000	\$ 82,125	\$ 3,567,125

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, 2023, the balance due is \$930,740.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Pension

A. General Information about the Pension Plan

Plan Description

The City contributes to the California Public Employees' Retirement System ("CalPERS"), a cost-sharing multiple-employer defined benefit pension plan for both miscellaneous and safety employees. The safety plan was terminated during measurement period ended June 30, 2022. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the CalPERS annual financial report may be obtained from <https://www.calpers.ca.gov/page/forms-publications>.

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

	<u>Miscellaneous</u>	<u>Misc PEPRA</u>	<u>Safety</u>
Active employees	59	29	-
Transferred and terminated employees	57	9	-
Separated	29	6	-
Retired Employees and Beneficiaries	155	-	1
Total	<u>300</u>	<u>44</u>	<u>1</u>

Benefits Provided

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Classic and PEPRA Safety CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay.

Following are the benefit provisions for each plan:

	<u>Cost-Sharing Rate Plans</u>	
	<u>Miscellaneous Rate</u>	<u>PEPRA</u>
	<u>Plan*</u>	<u>Miscellaneous Rate</u>
		<u>Plan</u>
Hire date	Prior to July 1, 2002	January 1, 2013 and after
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 yrs

* Safety Plan was terminated during the measurement period and plan assets were merged with the City's Miscellaneous Plan as of June 27, 2022.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Pension (Continued)

A. General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The Public agency cost-sharing plans covered by either the Safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2022 (the measurement date), the contribution rates were as follows.

	Cost-sharing Rate Plans	
	Miscellaneous Rate Plan	PEPRA Miscellaneous Rate Plan
Required employee contribution rates	8.000%	7.750%
Required employer contribution rates	13.300%	7.540%

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2021 valuation was rolled forward to determine June 30, 2022 total pension liability based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

¹ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Change of Assumption

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Pension (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points. The expected real rates of return by asset class are as follows:

Asset Class ¹	Assumed Asset Allocation	Real Return ^{1, 2}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	100.0%	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Liquidating Net Pension Liability

The pension liabilities are liquidated principally by all the funds.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Pension (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

The following presents the net pension liability of the plans as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate	Current Discount	Discount Rate
	- 1% (5.90%)	Rate (6.90%)	+ 1% (7.90%)
Miscellaneous	\$ 26,303,132	\$ 11,578,120	\$ (536,910)

Pension Plan Fiduciary Net Position

Detail information about the plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2021). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2022). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2022 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2021-22).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of fair value assets.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the measurement date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the measurement date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the measurement date is the difference between the TPL and FNP calculated in (5). Deferred outflows of resources, deferred inflows of resources, and pension expense are allocated based on the City's share of net pension liability at the end of measurement date.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Pension (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The City's proportionate share of the net pension liability was as follows:

	<u>Miscellaneous</u>
June 30, 2021	0.23064%
June 30, 2022	0.10024%
Change - Increase (Decrease)	<u><u>-0.13040%</u></u>

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocate based on the City's share of net pension liability during measurement period.

The following table shows the City's proportionate share of the risk pool collective net pension liability over the measure period:

	<u>Increase (Decrease)</u>		
<u>Miscellaneous</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Balance at: 6/30/21 (Valuation date)	\$ 100,968,938	\$ 88,495,280	\$ 12,473,658
Balance at: 6/30/22 (Measurement date)	108,019,543	96,441,423	11,578,120
Net Changes during 2021-22	7,050,605	7,946,143	(895,538)

For the year ended June 30, 2023, the City recognized aggregated pension expense in the amount of \$10,048,974.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous</u>	
	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Pension contribution after measurement date	\$ 1,541,647	\$ -
Change of assumptions	1,186,422	-
Difference between expected and actual experience	232,510	(155,727)
Difference between projected and actual earning on pension plan investments	2,120,808	-
Adjustment due to differences in proportions	-	(16,357,859)
Difference between City contributions and proportionate share of contributions	9,145,604	-
Total	<u><u>\$ 14,226,991</u></u>	<u><u>\$ (16,513,586)</u></u>

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Pension (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2021-2022 measurement period is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (the total number of participants: active, inactive, and retired).

The \$1,541,647 reported as deferred outflows of resources related to pensions resulting from the City’s contributions made subsequent to the measurement date will be recognized as a reduction of the collective net pension liability in the year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ending June 30,	Deferred Outflows/(Inflows) of Resources Miscellaneous
2023	\$ (2,052,462)
2024	(1,807,094)
2025	(1,265,846)
2026	1,297,160
2027	-
Thereafter	-
	\$ (3,828,242)

Note 8 – Other Postemployment Benefits (“OPEB”)

A. Information About the OPEB Plan

Plan Description and Benefits Provided

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 website.

Employees Covered by Benefit Term at Measurement Date of June 30, 2022

Active employees	93
Inactive currently receiving benefit	62
Inactive entitled to but not yet receiving benefit payments	11
Total	166

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Other Postemployment Benefits (“OPEB”) (Continued)

A. Information About the OPEB Plan (Continued)

Contributions

The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2023, the City’s cash contributions to the plan including the implied subsidy were \$1,616,000. The general fund, in the governmental activities and the water enterprise funds are the primary funds used to liquidate the OPEB liabilities.

B. Net OPEB Liability

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Contribution policy	Phase-in of full pre-funding: full ADC in 2027/28, 100% paid in 2020/21, 2021/22 and 2022/23
Discount rate	6.25% at June 30, 2022 6.25% at June 30, 2021
Expected long-term rate of return on investments	Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
Global inflation	2.50% per annually
Mortality/retirement/disability/termination rate	CalPERS 2000-2019 Experience Study
Mortality improvement	Mortality projected fully generational with Scale MP-2021
Salary increases	Aggregate - 2.75% per annum Merit - Tables from CalPERS 2000-2019 Experience Study
Healthcare cost trend rates	Non-Medicare - 6.50% for 2023, decreasing to ultimate rate of 3.75% in 2076 and later years Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to ultimate rate of 3.75% in 2076 and later years Medicare (Kaiser) - 4.6% for 2023, decreasing to ultimate rate of 3.75% in 2076 and later years
Healthcare participation for future retirees	50% if currently waived 100% if currently covered

Change in Assumptions

In 2022, there were no changes in assumptions.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.05%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Other Postemployment Benefits (“OPEB”) (Continued)

B. Net OPEB Liability (Continued)

Expected Long-Term Rates of Return

Asset Class Component	Target Allocation CERBT-Strategy 1	Expected Real Rate of Return*
Global Equity	49.00%	4.54%
Fixed Income	23.00%	3.84%
TIPS	5.00%	7.28%
Commodities	3.00%	0.27%
REITs	20.00%	0.50%
	100.0%	

* The long-term expected real rates of return are presented as geometric means.

Liquidating OPEB Liability

The OPEB liabilities are liquidated principally by the General Fund and Water Enterprise Fund.

C. Changes in Net OPEB Liability

The following presents the changes in the net OPEB liability:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2021	\$ 14,400,273	\$ 8,171,484	\$ 6,228,789
Changes during the measurement period:			
Service cost	374,669	-	374,669
Interest	901,174	-	901,174
Benefit changes	-	-	-
Actual vs. expected experience	-	-	-
Assumption changes	-	-	-
Employer contribution	-	1,517,000	(1,517,000)
Net investment income	-	(1,099,472)	1,099,472
Benefit payments	(712,314)	(712,314)	-
Administrative expenses	-	(2,070)	2,070
Net changes during measurement period 2021-22	563,529	(296,856)	860,385
Balances as of June 30, 2022 (Measurement Date)	\$ 14,963,802	\$ 7,874,628	\$ 7,089,174

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) follows:

Net OPEB Liability		
Discount Rate - 1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate + 1% (7.25%)
\$ 8,946,743	\$ 7,089,174	\$ 5,540,797

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Other Postemployment Benefits (“OPEB”) (Continued)

C. Changes in Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates follows:

Net OPEB Liability		
Healthcare		
1% Decrease	Cost Trend Rate	1% Increase
\$ 5,240,800	\$ 7,089,174	\$ 9,349,078

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the measurement period ended June 30, 2022, the City recognized OPEB expense of \$184,040. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
OPEB contribution after measurement date	\$ 1,616,000	\$ -
Changes of assumptions	-	(624,027)
Difference between expected and actual experience	-	(2,286,351)
Difference between projected and actual earning on OPEB plan investments	639,783	-
Total	\$ 2,255,783	\$ (2,910,378)

The \$1,616,000 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability during the year ending June 30, 2024.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as expense as follows:

Measurement Period Ending June 30,	Deferred Inflows of Resources
2023	\$ (574,948)
2024	(579,067)
2025	(610,050)
2026	(124,529)
2027	(382,001)
Thereafter	-
	\$ (2,270,595)

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – 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 Employer Retirement LLC. It is available to all full-time employees and all part-time employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

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

Note 10 – Liability, Workers' Compensation, and Purchased 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. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement ("CJPIA")

The City of is a member of the California Joint Powers Insurance Authority (the "CJPIA"). The CJPIA is composed of 124 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the CJPIA 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 CJPIA 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.

B. Primary Self-Insurance Programs of the CJPIA

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.

Primary 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 \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 10 – Liability, Workers’ Compensation, and Purchased Insurance (Continued)

B. Primary Self-Insurance Programs of the CJPIA (Continued)

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

Primary Workers’ Compensation Program

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

For 2022-23 the CJPIA’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.

C. Purchased Insurance

Pollution Legal Liability Insurance

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

Property Insurance

The City of Paramount participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Paramount property is currently insured according to a schedule of covered property submitted by the City of Paramount to the Authority. City of Paramount property currently has all-risk property insurance protection in the amount of \$61,565,586. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance

The City of Paramount purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Paramount property currently has earthquake protection in the amount of \$2,279,700. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 10 – Liability, Workers’ Compensation, and Purchased Insurance (Continued)

C. Purchased Insurance (Continued)

Crime Insurance

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

Special Event Tenant User Liability Insurance

The City 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 according to a schedule. The City then pays for the insurance. The insurance is facilitated by the CJPIA.

D. 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 2022-23.

Note 11 – Net Investment in Capital Assets

The net investment in capital assets for the governmental activities, and business-type activities are calculated as follows:

	Governmental Activities	Business-type Activities Water Enterprise Fund
Total capital assets, net	\$ 76,210,309	\$ 27,304,795
Retention payable	(76,182)	(368,252)
Capital related debt	(369,474)	(9,960,164)
Net investment in capital assets	<u>\$ 75,764,653</u>	<u>\$ 16,976,379</u>

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Fund Balance

The City's governmental fund balances at June 30, 2023 are presented below:

	General Fund	Other Grant Special Revenue Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Prepaid items	\$ 201,261	\$ -	\$ 21,535	\$ 222,796
Land held for resale	236,544	-	-	236,544
Total nonspendable	437,805	-	21,535	459,340
Restricted:				
Environmental concerns	-	258,586	1,278,981	1,537,567
Public safety	-	169,386	-	169,386
Housing programs	-	-	538,957	538,957
Housing programs - notes receivables	-	-	467,293	467,293
Housing programs - land held for resale	-	-	412,498	412,498
After school program	-	15,506	515,102	530,608
Road maintenance	-	-	1,161,869	1,161,869
Waste reduction	-	-	432,597	432,597
Air quality management	-	-	79,973	79,973
Disability access and education	-	-	56,811	56,811
Public transit	-	-	6,307,243	6,307,243
Sewer maintenance	-	-	245,949	245,949
Public access	-	-	211,670	211,670
Parking Authority - land held for resale	-	-	535,000	535,000
Debt service	7,826	-	-	7,826
Total restricted	7,826	443,478	12,243,943	12,695,247
Committed:				
Operating	16,965,025	-	-	16,965,025
Economic uncertainty	3,393,005	-	-	3,393,005
Infrastructure	3,393,005	-	-	3,393,005
Community cultural services	-	-	660,304	660,304
Storm drains	-	-	538,499	538,499
General plan	-	-	583,087	583,087
Total committed	23,751,035	-	1,781,890	25,532,925
Assigned for:				
Compensated absences	821,000	-	-	821,000
Coronavirus related	8,101,318	-	-	8,101,318
Capital projects	8,600,600	-	-	8,600,600
Self insurance	800,000	-	-	800,000
Special projects	527,620	-	-	527,620
Retiree benefit obligation	2,514,500	-	-	2,514,500
Total assigned	21,365,038	-	-	21,365,038
Unassigned	1,637,546	-	-	1,637,546
Total fund balances	\$ 47,199,250	\$ 443,478	\$ 14,047,368	\$ 61,690,096

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 13 – Individual Fund Disclosure

The following functions report expenditures in excess of appropriations for the year ended June 30, 2023.

	<u>Appropriation</u>	<u>Expenditure</u>	<u>Expenditure in Excess of Appropriation</u>
General Fund			
Public works	\$ 6,828,361	\$ 7,344,297	\$ (515,936)
CDBG Special Revenue Fund			
General government	43,850	52,139	(8,289)
CDBG Coronavirus Special Revenue Fund			
Public safety	102,400	102,413	(13)
AB2766 Subvention Funds Special Revenue Fund			
Capital outlay	362,000	442,967	(80,967)
Proposition A Transit Tax Special Revenue Fund			
General government	67,400	84,920	(17,520)
Community development	18,900	20,221	(1,321)
Proposition C Transit Tax Special Revenue Fund			
General government	74,500	83,014	(8,514)
Measure R Transit Tax Special Revenue Fund			
Public works	12,300	25,938	(13,638)
Measure M Transit Tax Special Revenue Fund			
General government	52,350	57,108	(4,758)
Service Assessments Special Revenue Fund			
General government	3,700	9,126	(5,426)

Note 14 – Prior Period Adjustment

The beginning net position for Governmental Activities and Business-type Activities were restated as follows to report the issuance of pension obligation bonds allocated to Water Enterprise Fund:

	<u>Governmental Activities</u>	<u>Business-type Activities Water Enterprise Fund</u>
Beginning net position, as previously reported	\$ 88,914,785	\$ 19,550,388
Interest payable	4,117	(4,117)
Pension obligation bonds	2,234,875	(2,234,875)
Issuance discount	(25,724)	25,724
Beginning net position, as restated	<u>\$ 91,128,053</u>	<u>\$ 17,337,120</u>

City of Paramount
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 15 - Subsequent Events

On December 19, 2023, the City entered into a lease financing agreement with Banc of America Public Capital Corp for a loan in the amount of \$11,240,355. The purpose of the loan is to finance the cost for the new advanced water meters and related equipment for the Water Enterprise Fund. The annual principal payments are due on December 1, with final payment on December 1, 2043. Semi-annual interest are payable on June 1 and December 1 at annum rate of 4.859%.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

City of Paramount
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Funds
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 26,413,000	\$ 28,956,000	\$ 31,085,952	\$ 2,129,952
Licenses and permits	722,000	1,072,000	1,734,089	662,089
Fines and penalties	743,500	993,500	1,240,041	246,541
Interest and use of property	554,250	693,250	734,628	41,378
Intergovernmental revenues	7,699,700	8,133,250	8,124,278	(8,972)
Charges for services	418,900	1,041,500	1,244,677	203,177
Other revenues	1,270,000	1,309,000	2,474,942	1,165,942
Total revenues	37,821,350	42,198,500	46,638,607	4,440,107
EXPENDITURES:				
Current:				
General government	7,947,250	8,070,446	7,433,067	637,379
Community development	2,851,700	3,011,746	2,815,116	196,630
Public safety	13,261,750	5,733,301	4,884,234	849,067
Community services	3,121,200	3,261,426	2,889,342	372,084
Public works	6,701,000	6,828,361	7,344,297	(515,936)
Capital outlay				
Streets, sidewalks and signals	137,500	1,811,600	1,266,339	545,261
Parks	2,067,700	1,917,250	630,875	1,286,375
Other	1,010,000	1,893,050	592,316	1,300,734
Debt service:				
Principal	322,056	1,480,587	1,306,644	173,943
Interest	2,294	323,333	323,333	-
Total expenditures	37,422,450	34,331,100	29,485,563	4,845,537
Excess (deficiency) of revenues over expenditures	398,900	7,867,400	17,153,044	9,285,644
OTHER FINANCING SOURCES:				
Issuance of debt	-	-	232,717	232,717
Total other financing sources	-	-	232,717	232,717
Net change in fund balances	\$ 398,900	\$ 7,867,400	17,385,761	\$ 9,518,361
FUND BALANCES:				
Beginning of year			29,813,489	
End of year			<u>\$ 47,199,250</u>	

City of Paramount
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule (Continued)
Other Grants Special Revenue Funds
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and use of property	\$ 1,800	\$ 10,000	\$ 8,184	\$ (1,816)
Intergovernmental revenues	13,706,450	14,537,650	1,560,755	(12,976,895)
Total revenues	<u>13,708,250</u>	<u>14,547,650</u>	<u>1,568,939</u>	<u>(12,978,711)</u>
EXPENDITURES:				
Current:				
General government	200,000	200,000	-	200,000
Community development	110,000	110,000	35,689	74,311
Public safety	264,800	411,300	300,003	111,297
Public works	250,300	267,850	162,256	105,594
Capital outlay:				
Streets, sidewalks and signals	9,845,450	10,693,300	822,398	9,870,902
Parks	3,039,200	2,904,200	255,407	2,648,793
Total expenditures	<u>13,709,750</u>	<u>14,586,650</u>	<u>1,575,753</u>	<u>13,010,897</u>
Net change in fund balance	<u>\$ (1,500)</u>	<u>\$ (39,000)</u>	<u>(6,814)</u>	<u>\$ 32,186</u>
FUND BALANCES:				
Beginning of year			<u>450,292</u>	
End of year			<u>\$ 443,478</u>	

City of Paramount
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule (Continued)
American Rescue Plan Act Special Revenue Funds
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and use of property	\$ 30,000	\$ 318,000	\$ -	\$ (318,000)
Intergovernmental revenues	4,031,500	11,718,750	9,794,053	(1,924,697)
Total revenues	<u>4,061,500</u>	<u>12,036,750</u>	<u>9,794,053</u>	<u>(2,242,697)</u>
EXPENDITURES:				
Current:				
General government	10,000	110,000	66,241	43,759
Community development	930,000	1,212,000	736,667	475,333
Public safety	1,000,000	8,524,900	8,312,896	212,004
Public works	100,000	340,300	90,229	250,071
Capital outlay				
Parks	920,000	2,410,350	588,020	1,822,330
Other	200,000	2,522,400	-	2,522,400
Total expenditures	<u>3,160,000</u>	<u>15,119,950</u>	<u>9,794,053</u>	<u>5,325,897</u>
Net change in fund balance	<u>\$ 901,500</u>	<u>\$ (3,083,200)</u>	<u>-</u>	<u>\$ 3,083,200</u>
FUND BALANCES:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Paramount
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2023

Budgetary Information

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

1. An annual budget for 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 June 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, community development, public safety, community service, 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 during the fiscal year or at a midyear 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. There is no adopted budget for Parking Authority Capital Projects 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, 2023, appropriations subject to this limit were below the maximum allowed.

City of Paramount
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2023

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS")

Measurement Date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Plan's proportion of the net pension liability/(asset)	0.10024%	0.23064%	0.22039%	0.23350%	0.22167%
Plan's proportionate share of the net pension liability/(asset)	\$ 11,578,120	\$ 12,473,659	\$ 23,984,002	\$ 23,926,634	\$ 21,361,148
Plan's covered payroll	\$ 7,135,558	\$ 6,860,335	\$ 6,727,793	\$ 6,657,324	\$ 6,387,917
Plan's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	<u>162.26%</u>	<u>181.82%</u>	<u>356.49%</u>	<u>359.40%</u>	<u>334.40%</u>
Plan's fiduciary net position as a percentage of the plan's total pension liability	<u>89.28%</u>	<u>88.30%</u>	<u>77.71%</u>	<u>77.73%</u>	<u>75.26%</u>

¹Historical information is presented after GASB 68 was implemented for measurement period 2013-14. Additional years of information will be displayed as it becomes available.

City of Paramount
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of the Net Pension Liability (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS")

Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014 ¹
Plan's proportion of the net pension liability/(asset)	0.23087%	0.23126%	0.23388%	0.19059%
Plan's proportionate share of the net pension liability/(asset)	\$ 22,896,454	\$ 20,010,860	\$ 16,053,473	\$ 11,859,567
Plan's covered payroll	\$ 6,190,935	\$ 6,206,549	\$ 6,029,967	\$ 6,334,225
Plan's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	<u>369.84%</u>	<u>322.42%</u>	<u>266.23%</u>	<u>187.23%</u>
Plan's fiduciary net position as a percentage of the plan's total pension liability	<u>73.31%</u>	<u>74.06%</u>	<u>78.40%</u>	<u>79.82%</u>

City of Paramount
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2023

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS")

Fiscal year	2022-23	2021-22	2020-21	2019-20	2018-19
Actuarially Determined Contribution	\$ 1,541,647	\$ 17,772,296	\$ 2,644,674	\$ 2,386,867	\$ 2,094,439
Contribution in Relation to the Actuarially Determined Contribution	(1,541,647)	(17,772,296)	(3,241,174)	(2,886,867)	(2,094,439)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ (596,500)	\$ (500,000)	\$ -
Covered Payroll ¹	\$ 7,331,786	\$ 7,135,558	\$ 6,860,335	\$ 6,727,793	\$ 6,657,324
Contributions as a Percentage of Covered Payroll	21.027%	249.067%	47.245%	42.910%	31.461%

¹ Includes one year's payroll growth using 2.75 percent payroll assumption from fiscal year 2022 to 2023.

Notes to Schedule:

Change in Benefit Terms: There were no changes in benefit terms.

Changes of Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In 2021, 2020 and 2019, there were no changes in assumptions. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

N/A - Not applicable

City of Paramount
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS")

Fiscal year	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially Determined Contribution	\$ 1,764,757	\$ 1,552,328	\$ 1,402,641	\$ 1,225,048	\$ 1,105,990
Contribution in Relation to the Actuarially Determined Contribution	(2,644,757)	(1,552,328)	(1,402,641)	(1,225,048)	(1,105,990)
Contribution Deficiency (Excess)	<u>\$ (880,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 6,387,917</u>	<u>\$ 6,190,935</u>	<u>\$ 6,206,549</u>	<u>\$ 6,029,967</u>	<u>\$ 6,227,773</u>
Contributions as a Percentage of Covered Payroll	<u>41.402%</u>	<u>25.074%</u>	<u>22.599%</u>	<u>20.316%</u>	<u>17.759%</u>

City of Paramount
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
For the Year Ended June 30, 2023

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Measurement period	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability					
Service cost	\$ 374,669	\$ 449,094	\$ 443,371	\$ 463,518	\$ 450,017
Interest	901,174	1,099,400	1,057,467	1,116,530	1,045,580
Differences between expected and actual experience	-	(2,087,489)	-	(1,821,464)	-
Changes of assumption	-	(586,548)	(287,656)	(97,284)	-
Benefit payments	(712,314)	(625,003)	(570,330)	(462,020)	(453,910)
Net change in total OPEB liability	563,529	(1,750,546)	642,852	(800,720)	1,041,687
Total OPEB liability, beginning	14,400,273	16,150,819	15,507,967	16,308,687	15,267,000
Total OPEB liability, ending (a)	\$ 14,963,802	\$ 14,400,273	\$ 16,150,819	\$ 15,507,967	\$ 16,308,687
OPEB fiduciary net position					
Contributions - employer	\$ 1,517,000	\$ 1,472,000	\$ 1,219,000	\$ 1,102,000	\$ 1,013,000
Net investment income	(1,099,472)	1,579,124	178,197	251,956	258,903
Benefit payments, including refunds of employee contributions	(712,314)	(625,003)	(570,330)	(462,020)	(453,910)
Administrative expenses	(2,070)	(2,177)	(2,411)	(866)	(5,979)
Net change in plan fiduciary net position	(296,856)	2,423,944	824,456	891,070	812,014
Plan fiduciary net position, beginning	8,171,484	5,747,540	4,923,084	4,032,014	3,220,000
Plan fiduciary net position, ending (b)	\$ 7,874,628	\$ 8,171,484	\$ 5,747,540	\$ 4,923,084	\$ 4,032,014
Plan net OPEB liability - ending (a) - (b)	\$ 7,089,174	\$ 6,228,789	\$ 10,403,279	\$ 10,584,883	\$ 12,276,673
Plan's fiduciary net position as a percentage of the total OPEB liability	52.62%	56.75%	35.59%	31.75%	24.72%
Covered-employee payroll	\$ 7,082,429	\$ 6,548,566	\$ 6,727,793	\$ 7,069,939	\$ 6,679,479
Total OPEB liability as a percentage of covered-employee payroll	211.28%	95.12%	154.63%	149.72%	183.80%

¹ Historical information is presented after GASB 75 was implemented for measurement period 2016-2017. Additional years of information will be displayed as it becomes available.

City of Paramount
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Measurement period	June 30, 2017 ¹
Total OPEB liability	
Service cost	\$ 437,000
Interest	978,000
Differences between expected and actual experience	-
Changes of assumption	-
Benefit payments	(432,000)
Net change in total OPEB liability	983,000
Total OPEB liability, beginning	14,284,000
Total OPEB liability, ending (a)	<u>\$ 15,267,000</u>
OPEB fiduciary net position	
Contributions - employer	\$ 903,000
Net investment income	262,000
Benefit payments, including refunds of employee contributions	(432,000)
Administrative expenses	(2,000)
Net change in plan fiduciary net position	731,000
Plan fiduciary net position, beginning	2,489,000
Plan fiduciary net position, ending (b)	<u>\$ 3,220,000</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$ 12,047,000</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	<u>21.09%</u>
Covered-employee payroll	<u>\$ 6,473,000</u>
Total OPEB liability as a percentage of covered- employee payroll	<u>186.11%</u>

City of Paramount
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits
For the Year Ended June 30, 2023

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Fiscal year end	2022-23	2021-22	2020-21	2019-20	2018-19
Actuarially determined contribution ²	\$ 1,183,000	\$ 1,517,000	\$ 1,472,000	\$ 1,613,000	\$ 1,565,000
Contribution in relation to the actuarially determined contribution	(1,616,000)	(1,517,000)	(1,472,000)	(1,219,000)	(1,102,000)
Contribution deficiency/(excess)	<u>\$ (433,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 394,000</u>	<u>\$ 463,000</u>
Covered-employee payroll	<u>\$ 7,678,609</u>	<u>\$ 7,082,429</u>	<u>\$ 6,548,566</u>	<u>\$ 6,727,793</u>	<u>\$ 7,069,939</u>
Contributions as a percentage of covered-employee payroll	<u>21.05%</u>	<u>21.42%</u>	<u>22.48%</u>	<u>18.12%</u>	<u>15.59%</u>

¹ Historical information is presented after GASB 75 was implemented for measurement period 2016-17. Additional years of information will be displayed as it becomes available.

Actuarial Methods and Assumptions for 2022/23 Actuarially Determined Contribution:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry age normal, level % of pay
Amortization Method	Level % of pay
Amortization Period	10.7-year average period for 2022/23
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.25%
General Inflation	2.50%
Medical Trend	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076
Mortality	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021

City of Paramount
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Fiscal year end	2017-18	2016-17 ¹
Actuarially determined contribution ²	\$ 1,462,000	\$ 1,389,000
Contribution in relation to the actuarially determined contribution	(1,013,000)	(903,000)
Contribution deficiency/(excess)	<u>\$ 449,000</u>	<u>\$ 486,000</u>
Covered-employee payroll	<u>\$ 6,679,479</u>	<u>\$ 6,473,000</u>
Contributions as a percentage of covered-employee payroll	<u>15.17%</u>	<u>13.95%</u>

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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City of Paramount Nonmajor Governmental Funds

Special Revenue Funds:

Community Development Block Grant (CDBG) Fund - To account for restricted revenues received under for 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 Coronavirus Fund (CDBG-CV) - 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.

After School Education and Safety Fund - To account for 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 revenue 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 require by this bill.

SB1 Road Maintenance & Rehabilitation Account (RMRA) - To account for restricted revenues received through the State of California to be used for road and street maintenance and rehabilitation.

Proposition A Transit Tax Fund - To account for restricted revenues received through the Los Angeles County Metropolitan Transportation Authority to be used to provide transportation services.

Proposition C Transit Tax Fund - To account for restricted revenues received through the Los Angeles County Metropolitan Transportation Authority to be used to provide transportation services.

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.

City of Paramount
Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued):

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

Public Art Fees Fund - To account for fees committed for the acquisition and maintenance of public art.

Public Access Fees Fund - To account for fees restricted for the construction of public access facilities.

Storm Drain Fees Fund - To account for fees committed to be used for a storm drain master plan.

General Plan Fees Fund - To account for fees committed to be used for a general plan update master plan.

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

Capital Projects Fund:

Paramount Parking Authorty Fund - To account for acquisition and development of parking facilities in the City.

City of Paramount
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				
	Community Development Block Grant	HOME Partnership Act	Paramount Housing Authority	CDBG Coronavirus (CARES Act)	After School Education & Safety
ASSETS					
Cash and investments	\$ -	\$ -	\$ 399,000	\$ -	\$ 557,123
Restricted cash and investments	-	-	-	-	-
Accounts receivable	59,458	53,237	10,400	232,082	-
Interest receivable	-	-	-	-	3,526
Prepaid items	-	-	-	-	-
Notes receivable, net	-	129,557	467,293	-	-
Land held for resale	-	-	412,498	-	-
Total assets	\$ 59,458	\$ 182,794	\$ 1,289,191	\$ 232,082	\$ 560,649
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	-	20,677	-	42,257	45,547
Retention payable	-	-	-	-	-
Due to other funds	59,458	32,560	-	189,825	-
Total liabilities	59,458	53,237	-	232,082	45,547
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	129,557	1,289,191	-	515,102
Committed	-	-	-	-	-
Total fund balances	-	129,557	1,289,191	-	515,102
Total liabilities and fund balances	\$ 59,458	\$ 182,794	\$ 1,289,191	\$ 232,082	\$ 560,649

(Continued)

City of Paramount
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				
	State Gas Tax	Traffic Safety	Waste Reduction Fees	AB2766 Subvention	Disability Access and Education
ASSETS					
Cash and investments	\$ 609,972	\$ -	\$ 426,325	\$ 62,078	\$ 55,856
Restricted cash and investments	-	-	-	-	-
Accounts receivable	117,573	5,547	6,549	17,502	601
Interest receivable	3,860	-	2,698	393	354
Prepaid items	-	-	-	-	-
Notes receivable, net	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	\$ 731,405	\$ 5,547	\$ 435,572	\$ 79,973	\$ 56,811
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	57,806	-	2,975	-	-
Retention payable	-	-	-	-	-
Due to other funds	-	5,547	-	-	-
Total liabilities	57,806	5,547	2,975	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	673,599	-	432,597	79,973	56,811
Committed	-	-	-	-	-
Total fund balances	673,599	-	432,597	79,973	56,811
Total liabilities and fund balances	\$ 731,405	\$ 5,547	\$ 435,572	\$ 79,973	\$ 56,811

(Continued)

City of Paramount
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				
	SBI Road Maint & Rehab (RMRA)	Proposition A Transit Tax	Proposition C Transit Tax	Measure R Transit Tax	Measure M Transit Tax
ASSETS					
Cash and investments	\$ 1,297,155	\$ 1,914,771	\$ 1,581,276	\$ 2,019,247	\$ 1,355,496
Restricted cash and investments	-	-	-	-	-
Accounts receivable	209,156	20	14,387	-	-
Interest receivable	8,209	12,118	10,007	12,779	8,578
Prepaid items	-	21,535	-	-	-
Notes receivable, net	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	\$ 1,514,520	\$ 1,948,444	\$ 1,605,670	\$ 2,032,026	\$ 1,364,074
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 1,026,250	\$ 165,980	\$ 290,359	\$ 84,095	\$ 8,362
Retention payable	-	-	14,078	57,058	1,504
Due to other funds	-	-	-	-	-
Total liabilities	1,026,250	165,980	304,437	141,153	9,866
Fund Balances:					
Nonspendable	-	21,535	-	-	-
Restricted	488,270	1,760,929	1,301,233	1,890,873	1,354,208
Committed	-	-	-	-	-
Total fund balances	488,270	1,782,464	1,301,233	1,890,873	1,354,208
Total liabilities and fund balances	\$ 1,514,520	\$ 1,948,444	\$ 1,605,670	\$ 2,032,026	\$ 1,364,074

(Continued)

City of Paramount
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				
	Measure W Safe Clean Water	Sewer Reconstruction Fees	Public Art Fees	Public Access Fees	Storm Drain Fees
ASSETS					
Cash and investments	\$ 1,300,092	\$ 244,403	\$ 656,152	\$ 200,185	\$ 535,112
Restricted cash and investments	-	-	-	-	-
Accounts receivable	-	-	-	10,218	-
Interest receivable	8,228	1,546	4,152	1,267	3,387
Prepaid items	-	-	-	-	-
Notes receivable, net	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	\$ 1,308,320	\$ 245,949	\$ 660,304	\$ 211,670	\$ 538,499
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	29,339	-	-	-	-
Retention payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	29,339	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	1,278,981	245,949	-	211,670	-
Committed	-	-	660,304	-	538,499
Total fund balances	1,278,981	245,949	660,304	211,670	538,499
Total liabilities and fund balances	\$ 1,308,320	\$ 245,949	\$ 660,304	\$ 211,670	\$ 538,499

(Continued)

City of Paramount
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds		Total	Capital	Total
	General	Service	Special	Projects Fund	Nonmajor
	Plan	Assessments	Revenue	Paramount	Governmental
	Fees		Fund	Parking	Funds
				Authority	
ASSETS					
Cash and investments	\$ 588,805	\$ 1,802	\$ 13,804,850	\$ -	\$ 13,804,850
Restricted cash and investments	-	-	-	-	-
Accounts receivable	-	-	736,730	-	736,730
Interest receivable	3,726	-	84,828	-	84,828
Prepaid items	-	-	21,535	-	21,535
Notes receivable, net	-	-	596,850	-	596,850
Land held for resale	-	-	412,498	535,000	947,498
Total assets	\$ 592,531	\$ 1,802	\$ 15,657,291	\$ 535,000	\$ 16,192,291
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 9,444	\$ 1,802	\$ 1,784,893	\$ -	\$ 1,784,893
Retention payable	-	-	72,640	-	72,640
Due to other funds	-	-	287,390	-	287,390
Total liabilities	9,444	1,802	2,144,923	-	2,144,923
Fund Balances:					
Nonspendable	-	-	21,535	-	21,535
Restricted	-	-	11,708,943	535,000	12,243,943
Committed	583,087	-	1,781,890	-	1,781,890
Total fund balances	583,087	-	13,512,368	535,000	14,047,368
Total liabilities and fund balances	\$ 592,531	\$ 1,802	\$ 15,657,291	\$ 535,000	\$ 16,192,291

(Concluded)

City of Paramount
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds				
	Community Development Block Grant	HOME Partnership Act	Paramount Housing Authority	CDBG Coronavirus (CARES Act)	After School Education & Safety
REVENUES:					
Interest and use of property	\$ -	\$ -	\$ -	\$ -	\$ 4,729
Intergovernmental revenues	663,985	159,042	-	232,082	2,788,851
Charges for services	-	-	-	-	-
Other revenue	-	-	9,600	-	-
Total revenues	<u>663,985</u>	<u>159,042</u>	<u>9,600</u>	<u>232,082</u>	<u>2,793,580</u>
EXPENDITURES:					
Current:					
General government	52,139	22,705	-	-	-
Community development	90,230	129,007	813	129,669	-
Public safety	408,480	-	-	102,413	-
Community services	-	-	-	-	2,393,543
Public works	113,136	-	-	-	-
Capital outlay:					
Streets, sidewalks and signals	-	-	-	-	-
Other	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>663,985</u>	<u>151,712</u>	<u>813</u>	<u>232,082</u>	<u>2,393,543</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>7,330</u>	<u>8,787</u>	<u>-</u>	<u>400,037</u>
OTHER FINANCING SOURCES:					
Issuance of debt	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	7,330	8,787	-	400,037
FUND BALANCES:					
Beginning of year	-	122,227	1,280,404	-	115,065
End of year	<u>\$ -</u>	<u>\$ 129,557</u>	<u>\$ 1,289,191</u>	<u>\$ -</u>	<u>\$ 515,102</u>

(Continued)

City of Paramount
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds				
	State Gas Tax	Traffic Safety	Waste Reduction Fees	AB2766 Subvention	Disability Access and Education
REVENUES:					
Interest and use of property	\$ 9,445	\$ -	\$ 8,095	\$ 3,181	\$ 938
Intergovernmental revenues	1,342,319	82,693	-	69,272	-
Charges for services	-	-	77,113	-	7,394
Other revenue	-	-	-	-	-
Total revenues	<u>1,351,764</u>	<u>82,693</u>	<u>85,208</u>	<u>72,453</u>	<u>8,332</u>
EXPENDITURES:					
Current:					
General government	-	-	-	5,757	-
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Community services	-	82,693	-	-	-
Public works	1,133,322	-	110,308	108	-
Capital outlay:					
Streets, sidewalks and signals	-	-	-	-	-
Other	-	-	-	442,967	-
Debt Service:					
Principal	-	-	-	42,099	-
Interest and fiscal charges	-	-	-	5,026	-
Total expenditures	<u>1,133,322</u>	<u>82,693</u>	<u>110,308</u>	<u>495,957</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>218,442</u>	<u>-</u>	<u>(25,100)</u>	<u>(423,504)</u>	<u>8,332</u>
OTHER FINANCING SOURCES:					
Issuance of debt	-	-	-	94,162	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,162</u>	<u>-</u>
Net change in fund balances	218,442	-	(25,100)	(329,342)	8,332
FUND BALANCES:					
Beginning of year	455,157	-	457,697	409,315	48,479
End of year	<u>\$ 673,599</u>	<u>\$ -</u>	<u>\$ 432,597</u>	<u>\$ 79,973</u>	<u>\$ 56,811</u>

(Continued)

City of Paramount
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds				
	SBI Road Maint & Rehab (RMRA)	Proposition A Transit Tax	Proposition C Transit Tax	Measure R Transit Tax	Measure M Transit Tax
REVENUES:					
Interest and use of property	\$ 18,257	\$ 30,092	\$ 22,578	\$ 27,794	\$ 21,525
Intergovernmental revenues	1,193,607	1,450,915	1,203,493	902,359	1,020,762
Charges for services	-	1,770	-	-	-
Other revenue	-	-	29,474	-	-
Total revenues	<u>1,211,864</u>	<u>1,482,777</u>	<u>1,255,545</u>	<u>930,153</u>	<u>1,042,287</u>
EXPENDITURES:					
Current:					
General government	-	84,920	83,014	7,261	57,108
Community development	-	20,221	-	-	-
Public safety	-	98,084	-	-	-
Community services	-	641,119	-	-	-
Public works	-	46,394	116,541	25,938	19,596
Capital outlay:					
Streets, sidewalks and signals	2,278,174	-	1,213,558	223,053	560,248
Other	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>2,278,174</u>	<u>890,738</u>	<u>1,413,113</u>	<u>256,252</u>	<u>636,952</u>
Excess (deficiency) of revenues over expenditures	<u>(1,066,310)</u>	<u>592,039</u>	<u>(157,568)</u>	<u>673,901</u>	<u>405,335</u>
OTHER FINANCING SOURCES:					
Issuance of debt	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,066,310)	592,039	(157,568)	673,901	405,335
FUND BALANCES:					
Beginning of year	1,554,580	1,190,425	1,458,801	1,216,972	948,873
End of year	<u>\$ 488,270</u>	<u>\$ 1,782,464</u>	<u>\$ 1,301,233</u>	<u>\$ 1,890,873</u>	<u>\$ 1,354,208</u>

(Continued)

City of Paramount
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds				
	Measure W Safe Clean Water	Sewer Reconstruction Fees	Public Art Fees	Public Access Fees	Storm Drain Fees
REVENUES:					
Interest and use of property	\$ 27,489	\$ 4,413	\$ 4,219	\$ 3,236	\$ 8,843
Intergovernmental revenues	653,612	-	-	-	-
Charges for services	-	1,274	602,090	43,855	71,894
Other revenue	-	-	-	-	-
Total revenues	681,101	5,687	606,309	47,091	80,737
EXPENDITURES:					
Current:					
General government	-	-	2,331	4,357	-
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Community services	-	-	-	-	-
Public works	522,896	-	-	-	-
Capital outlay:					
Streets, sidewalks and signals	113,337	-	-	-	-
Other	271,416	-	40,380	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	907,649	-	42,711	4,357	-
Excess (deficiency) of revenues over expenditures	(226,548)	5,687	563,598	42,734	80,737
OTHER FINANCING SOURCES:					
Issuance of debt	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Net change in fund balances	(226,548)	5,687	563,598	42,734	80,737
FUND BALANCES:					
Beginning of year	1,505,529	240,262	96,706	168,936	457,762
End of year	<u>\$ 1,278,981</u>	<u>\$ 245,949</u>	<u>\$ 660,304</u>	<u>\$ 211,670</u>	<u>\$ 538,499</u>

(Continued)

City of Paramount
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds		Total	Capital	Total
	General	Service	Special	Projects Fund	Nonmajor
	Plan	Assessments	Revenue	Paramount	Governmental
	Fees		Fund	Parking	Funds
				Authority	
REVENUES:					
Interest and use of property	\$ 10,453	\$ -	\$ 205,287	\$ -	\$ 205,287
Intergovernmental revenues	-	-	11,762,992	-	11,762,992
Charges for services	51,155	14,143	870,688	-	870,688
Other revenue	-	-	39,074	-	39,074
Total revenues	61,608	14,143	12,878,041	-	12,878,041
EXPENDITURES:					
Current:					
General government	-	9,126	328,718	-	328,718
Community development	68,689	-	438,629	-	438,629
Public safety	-	-	608,977	-	608,977
Community services	-	-	3,117,355	-	3,117,355
Public works	-	5,017	2,093,256	-	2,093,256
Capital outlay:					
Streets, sidewalks and signals	-	-	4,388,370	-	4,388,370
Other	-	-	754,763	-	754,763
Debt Service:					
Principal	-	-	42,099	-	42,099
Interest and fiscal charges	-	-	5,026	-	5,026
Total expenditures	68,689	14,143	11,777,193	-	11,777,193
Excess (deficiency) of revenues over expenditures	(7,081)	-	1,100,848	-	1,100,848
OTHER FINANCING SOURCES:					
Issuance of debt	-	-	94,162	-	94,162
Total other financing sources	-	-	94,162	-	94,162
Net change in fund balances	(7,081)	-	1,195,010	-	1,195,010
FUND BALANCES:					
Beginning of year	590,168	-	12,317,358	535,000	12,852,358
End of year	\$ 583,087	\$ -	\$ 13,512,368	\$ 535,000	\$ 14,047,368

(Concluded)

City of Paramount
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental revenues	\$ 899,250	\$ 899,250	\$ 663,985	\$ (235,265)
Total revenues	<u>899,250</u>	<u>899,250</u>	<u>663,985</u>	<u>(235,265)</u>
EXPENDITURES:				
Current:				
General government	124,850	43,850	52,139	(8,289)
Community development	246,800	327,800	90,230	237,570
Public safety	410,950	410,950	408,480	2,470
Public works	116,650	116,650	113,136	3,514
Total expenditures	<u>899,250</u>	<u>899,250</u>	<u>663,985</u>	<u>235,265</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
HOME Partnership Act Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental revenues	\$ 403,650	\$ 403,650	\$ 159,042	\$ (244,608)
Total revenues	<u>403,650</u>	<u>403,650</u>	<u>159,042</u>	<u>(244,608)</u>
EXPENDITURES:				
Current:				
General government	23,650	23,650	22,705	945
Community development	<u>380,000</u>	<u>380,000</u>	<u>129,007</u>	<u>250,993</u>
Total expenditures	<u>403,650</u>	<u>403,650</u>	<u>151,712</u>	<u>251,938</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>7,330</u>	<u>\$ 7,330</u>
FUND BALANCE:				
Beginning of year			<u>122,227</u>	
End of year			<u>\$ 129,557</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Paramount Housing Authority Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Other revenues	\$ 9,600	\$ 9,600	\$ 9,600	\$ -
Total revenues	<u>9,600</u>	<u>9,600</u>	<u>9,600</u>	<u>-</u>
EXPENDITURES:				
Current:				
Community development	<u>2,000</u>	<u>2,000</u>	<u>813</u>	<u>1,187</u>
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>813</u>	<u>1,187</u>
Net change in fund balance	<u>\$ 7,600</u>	<u>\$ 7,600</u>	<u>8,787</u>	<u>\$ 1,187</u>
FUND BALANCE:				
Beginning of year			<u>1,280,404</u>	
End of year			<u>\$ 1,289,191</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Community Development Block Grant Coronavirus Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental revenues	\$ -	\$ 232,100	\$ 232,082	\$ (18)
Total revenues	-	232,100	232,082	(18)
EXPENDITURES:				
Current:				
Community development	-	129,700	129,669	31
Public safety	97,300	102,400	102,413	(13)
Total expenditures	97,300	232,100	232,082	18
Net change in fund balance	\$ (97,300)	\$ -	-	\$ -
FUND BALANCE:				
Beginning of year			-	
End of year			\$ -	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
After School Education and Safety Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Interest and use of property	\$ 1,650	\$ 2,700	\$ 4,729	\$ 2,029
Intergovernmental revenues	2,425,700	2,425,700	2,788,851	363,151
Total revenues	<u>2,427,350</u>	<u>2,428,400</u>	<u>2,793,580</u>	<u>365,180</u>
EXPENDITURES:				
Current:				
Community services	2,425,700	2,425,700	2,393,543	32,157
Total expenditures	<u>2,425,700</u>	<u>2,425,700</u>	<u>2,393,543</u>	<u>32,157</u>
Net change in fund balance	<u>\$ 1,650</u>	<u>\$ 2,700</u>	400,037	<u>\$ 397,337</u>
FUND BALANCE:				
Beginning of year			115,065	
End of year			<u>\$ 515,102</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
State Gas Tax Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Interest and use of property	\$ 3,600	\$ 11,000	\$ 9,445	\$ (1,555)
Intergovernmental revenues	1,512,550	1,363,400	1,342,319	(21,081)
Total revenues	<u>1,516,150</u>	<u>1,374,400</u>	<u>1,351,764</u>	<u>(22,636)</u>
EXPENDITURES:				
Current:				
Public works	1,263,900	1,367,000	1,133,322	233,678
Total expenditures	<u>1,263,900</u>	<u>1,367,000</u>	<u>1,133,322</u>	<u>233,678</u>
Net change in fund balance	<u>\$ 252,250</u>	<u>\$ 7,400</u>	218,442	<u>\$ 211,042</u>
FUND BALANCE:				
Beginning of year			455,157	
End of year			<u>\$ 673,599</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Traffic Safety Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental revenues	\$ 100,000	\$ 100,000	\$ 82,693	\$ (17,307)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>82,693</u>	<u>(17,307)</u>
EXPENDITURES:				
Current:				
Community services	<u>100,000</u>	<u>100,000</u>	<u>82,693</u>	<u>17,307</u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>82,693</u>	<u>17,307</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Waste Reduction Fees Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Interest and use of property	\$ 3,000	\$ 11,000	\$ 8,095	\$ (2,905)
Charges for services	79,000	79,000	77,113	(1,887)
Total revenues	<u>82,000</u>	<u>90,000</u>	<u>85,208</u>	<u>(4,792)</u>
EXPENDITURES:				
Current:				
Public works	120,050	120,050	110,308	9,742
Total expenditures	<u>120,050</u>	<u>120,050</u>	<u>110,308</u>	<u>9,742</u>
Net change in fund balance	<u>\$ (38,050)</u>	<u>\$ (30,050)</u>	<u>(25,100)</u>	<u>\$ 4,950</u>
FUND BALANCE:				
Beginning of year			457,697	
End of year			<u>\$ 432,597</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
AB2766 Subvention Funds Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Interst and use of property	\$ 4,000	\$ 8,000	\$ 3,181	\$ (4,819)
Intergovernmental revenues	70,000	70,000	69,272	(728)
Total revenues	74,000	78,000	72,453	(5,547)
EXPENDITURES:				
Current:				
General government	13,900	13,900	5,757	8,143
Public works	13,900	18,000	108	17,892
Capital outlay:				
Other	50,000	362,000	442,967	(80,967)
Debt service:				
Principal	-	42,099	42,099	-
Interest	-	6,951	5,026	1,925
Total expenditures	77,800	442,950	495,957	(53,007)
Excess (deficiency) of revenues over expenditures	(3,800)	(364,950)	(423,504)	(58,554)
OTHER FINANCING SOURCES:				
Issuance of debt	-	-	94,162	94,162
Net change in fund balance	\$ (3,800)	\$ (364,950)	(329,342)	\$ 35,608
FUND BALANCE:				
Beginning of year			409,315	
End of year			\$ 79,973	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Disability Access and Education Fees Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Interest and use of property	\$ 400	\$ 1,000	\$ 938	\$ (62)
Charges for services	8,500	8,500	7,394	(1,106)
Total revenues	<u>8,900</u>	<u>9,500</u>	<u>8,332</u>	<u>(1,168)</u>
Net change in fund balance	<u>\$ 8,900</u>	<u>\$ 9,500</u>	8,332	<u>\$ (1,168)</u>
FUND BALANCE:				
Beginning of year			48,479	
End of year			<u>\$ 56,811</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
SB1 Road Maintenance & Rehabilitation Account Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Interest and use of property	\$ 7,500	\$ 22,700	\$ 18,257	\$ (4,443)
Intergovernmental revenues	1,222,350	1,159,950	1,193,607	33,657
Total revenues	<u>1,229,850</u>	<u>1,182,650</u>	<u>1,211,864</u>	<u>29,214</u>
EXPENDITURES:				
Capital outlay:				
Streets, sidewalks and signals	245,000	2,585,699	2,278,174	307,525
Total expenditures	<u>245,000</u>	<u>2,585,699</u>	<u>2,278,174</u>	<u>307,525</u>
Net change in fund balance	<u>\$ 984,850</u>	<u>\$ (1,403,049)</u>	<u>(1,066,310)</u>	<u>\$ 336,739</u>
FUND BALANCE:				
Beginning of year			1,554,580	
End of year			<u>\$ 488,270</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Proposition A Transit Tax Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Interest and use of property	\$ 10,800	\$ 37,800	\$ 30,092	\$ (7,708)
Intergovernmental revenues	1,345,000	1,345,000	1,450,915	105,915
Charges for services	1,500	1,500	1,770	270
Total revenues	1,357,300	1,384,300	1,482,777	98,477
EXPENDITURES:				
Current:				
General government	67,400	67,400	84,920	(17,520)
Community development	18,900	18,900	20,221	(1,321)
Public safety	115,600	115,600	98,084	17,516
Community services	543,950	656,200	641,119	15,081
Public works	52,050	52,050	46,394	5,656
Capital outlay				
Streets, sidewalks and signals	940,000	990,000	-	990,000
Total expenditures	1,737,900	1,900,150	890,738	1,009,412
Net change in fund balance	\$ (380,600)	\$ (515,850)	592,039	\$ 1,107,889
FUND BALANCE:				
Beginning of year			1,190,425	
End of year			<u>\$ 1,782,464</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Proposition C Transit Tax Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Interest and use of property	\$ 6,600	\$ 27,300	\$ 22,578	\$ (4,722)
Intergovernmental revenues	1,110,000	1,110,000	1,203,493	93,493
Other revenues	-	-	29,474	29,474
Total revenues	<u>1,116,600</u>	<u>1,137,300</u>	<u>1,255,545</u>	<u>118,245</u>
EXPENDITURES:				
Current:				
General government	74,500	74,500	83,014	(8,514)
Public works	144,550	144,550	116,541	28,009
Capital outlay:				
Streets, sidewalks and signals	1,089,000	1,789,000	1,213,558	575,442
Total expenditures	<u>1,308,050</u>	<u>2,008,050</u>	<u>1,413,113</u>	<u>594,937</u>
Net change in fund balance	<u>\$ (191,450)</u>	<u>\$ (870,750)</u>	<u>(157,568)</u>	<u>\$ 713,182</u>
FUND BALANCE:				
Beginning of year			1,458,801	
End of year			<u>\$ 1,301,233</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Measure R Transit Tax Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Interest and use of property	\$ 7,500	\$ 33,000	\$ 27,794	\$ (5,206)
Intergovernmental revenues	830,000	830,000	902,359	72,359
Total revenues	<u>837,500</u>	<u>863,000</u>	<u>930,153</u>	<u>67,153</u>
EXPENDITURES:				
Current:				
General government	52,350	52,350	7,261	45,089
Public works	12,300	12,300	25,938	(13,638)
Capital outlay:				
Streets, sidewalks and signals	900,000	981,900	223,053	758,847
Total expenditures	<u>964,650</u>	<u>1,046,550</u>	<u>256,252</u>	<u>790,298</u>
Net change in fund balance	<u>\$ (127,150)</u>	<u>\$ (183,550)</u>	673,901	<u>\$ 857,451</u>
FUND BALANCE:				
Beginning of year			1,216,972	
End of year			<u>\$ 1,890,873</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Measure M Transit Tax Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Interest and use of property	\$ 7,200	\$ 26,000	\$ 21,525	\$ (4,475)
Intergovernmental revenues	945,000	945,000	1,020,762	75,762
Total revenues	<u>952,200</u>	<u>971,000</u>	<u>1,042,287</u>	<u>71,287</u>
EXPENDITURES:				
Current:				
General government	52,350	52,350	57,108	(4,758)
Public works	27,050	27,050	19,596	7,454
Capital outlay:				
Streets, sidewalks and signals	222,000	876,191	560,248	315,943
Total expenditures	<u>301,400</u>	<u>955,591</u>	<u>636,952</u>	<u>318,639</u>
Net change in fund balance	<u>\$ 650,800</u>	<u>\$ 15,409</u>	405,335	<u>\$ 389,926</u>
FUND BALANCE:				
Beginning of year			948,873	
End of year			<u>\$ 1,354,208</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Measure W Safe Clean Water Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Interest and use of property	\$ 4,400	\$ 31,000	\$ 27,489	\$ (3,511)
Intergovernmental revenues	642,300	653,600	653,612	12
Total revenues	<u>646,700</u>	<u>684,600</u>	<u>681,101</u>	<u>(3,499)</u>
EXPENDITURES:				
Current:				
Public works	699,000	599,000	522,896	76,104
Capital outlay:				
Streets, sidewalks and signals	-	113,250	113,337	(87)
Other	447,000	561,900	271,416	290,484
Total expenditures	<u>1,146,000</u>	<u>1,274,150</u>	<u>907,649</u>	<u>366,501</u>
Net change in fund balance	<u>(499,300)</u>	<u>(589,550)</u>	<u>(226,548)</u>	<u>363,002</u>
FUND BALANCE:				
Beginning of year			1,505,529	
End of year			<u>\$ 1,278,981</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Sewer Reconstruction Fees Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Interest and use of property	\$ 1,800	\$ 5,000	\$ 4,413	\$ (587)
Charges for services	1,500	1,500	1,274	(226)
Total revenues	<u>3,300</u>	<u>6,500</u>	<u>5,687</u>	<u>(813)</u>
Net change in fund balance	<u>\$ 3,300</u>	<u>\$ 6,500</u>	<u>\$ 5,687</u>	<u>\$ (813)</u>
FUND BALANCE:				
Beginning of year			<u>240,262</u>	
End of year			<u>\$ 245,949</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Public Art Fees Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Interest and use of property	\$ 1,200	\$ 3,500	\$ 4,219	\$ 719
Charges for services	30,000	200,000	602,090	402,090
Total revenues	<u>31,200</u>	<u>203,500</u>	<u>606,309</u>	<u>402,809</u>
EXPENDITURES:				
Current:				
General government	7,000	2,500	2,331	169
Capital outlay:				
Other	45,000	45,000	40,380	4,620
Total expenditures	<u>52,000</u>	<u>47,500</u>	<u>42,711</u>	<u>4,789</u>
Net change in fund balance	<u>\$ (20,800)</u>	<u>\$ 156,000</u>	563,598	<u>\$ 407,598</u>
FUND BALANCE:				
Beginning of year			96,706	
End of year			<u>\$ 660,304</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Public Access Fees Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Interest and use of property	\$ 1,050	\$ 4,000	\$ 3,236	\$ (764)
Charges for services	35,000	35,000	43,855	8,855
Total revenues	<u>36,050</u>	<u>39,000</u>	<u>47,091</u>	<u>8,091</u>
EXPENDITURES:				
Current:				
General government	5,000	5,000	4,357	643
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>4,357</u>	<u>643</u>
Net change in fund balance	<u>\$ 31,050</u>	<u>\$ 34,000</u>	<u>\$ 42,734</u>	<u>\$ 8,734</u>
FUND BALANCE:				
Beginning of year			168,936	
End of year			<u>\$ 211,670</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Storm Drain Fees Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Interest and use of property	\$ 3,300	\$ 11,000	\$ 8,843	\$ (2,157)
Charges for services	30,500	30,500	71,894	41,394
Total revenues	<u>33,800</u>	<u>41,500</u>	<u>80,737</u>	<u>39,237</u>
 Net change in fund balance	 <u>\$ 33,800</u>	 <u>\$ 41,500</u>	 <u>\$ 80,737</u>	 <u>\$ 39,237</u>
 FUND BALANCE:				
Beginning of year			<u>457,762</u>	
End of year			<u>\$ 538,499</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Plan Fees Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Interest and use of property	\$ 5,100	\$ 14,000	\$ 10,453	\$ (3,547)
Charges for services	31,500	31,500	51,155	19,655
Total revenues	<u>36,600</u>	<u>45,500</u>	<u>61,608</u>	<u>16,108</u>
EXPENDITURES:				
Current:				
Community development	415,000	437,250	68,689	368,561
Total expenditures	<u>415,000</u>	<u>437,250</u>	<u>68,689</u>	<u>368,561</u>
Net change in fund balance	<u>\$ (378,400)</u>	<u>\$ (391,750)</u>	<u>(7,081)</u>	<u>\$ 384,669</u>
FUND BALANCE:				
Beginning of year			590,168	
End of year			<u>\$ 583,087</u>	

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Service Assessments Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Charges for services	\$ 14,150	\$ 14,150	\$ 14,143	\$ (7)
Total revenues	<u>14,150</u>	<u>14,150</u>	<u>14,143</u>	<u>(7)</u>
EXPENDITURES:				
Current:				
General government	3,700	3,700	9,126	(5,426)
Public works	10,450	10,450	5,017	5,433
Total expenditures	<u>14,150</u>	<u>14,150</u>	<u>14,143</u>	<u>7</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

STATISTICAL SECTION
(Unaudited)

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City of Paramount
Statistical Section Overview
(Unaudited)

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These schedules contain trend information to help the reader understand how the government's financial performance and well being have changed over time.	140 - 149
Revenue Capacity	
These schedules contain information to help the reader assess one of the government's most significant local revenue sources - property tax.	150 - 154
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.	155 - 160
Demographic and Economic Information	
This schedule offers demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	161 - 162
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.	163 - 167

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

	Fiscal Year				
	2014	2015*	2016	2017	2018
Governmental activities:					
Net investment in capital assets	\$ 82,967,732	\$ 79,511,962	\$ 79,690,688	\$ 79,225,417	\$ 76,381,563
Restricted	6,373,039	6,647,656	4,309,004	4,181,878	5,874,235
Unrestricted	15,872,421	2,027,521	8,844	(2,208,468)	(6,436,004)
Total governmental activities net position	<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>
Business-type activities:					
Net investment in capital assets	\$ 16,918,341	\$ 16,981,731	\$ 17,905,387	\$ 17,328,598	\$ 9,979,726
Restricted	-	-	-	-	-
Unrestricted	2,489,718	894,214	709,203	1,517,233	7,573,532
Total business-type activities net position	<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>
Primary government:					
Net investment in capital assets	\$ 99,886,073	\$ 96,493,693	\$ 97,596,075	\$ 96,554,015	\$ 86,361,289
Restricted	6,373,039	6,647,656	4,309,004	4,181,878	5,874,235
Unrestricted	18,362,139	2,921,735	718,047	(691,235)	1,137,528
Total primary government net position	<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>

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

Source:
City of Paramount audited financial statements

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Governmental activities:					
Net investment in capital assets	\$ 75,437,457	\$ 72,665,264	\$ 70,923,502	\$ 73,014,467	\$ 75,764,653
Restricted	5,553,952	6,161,908	11,040,989	10,792,349	12,716,782
Unrestricted	(5,371,456)	(5,601,349)	(1,963,088)	5,107,970	19,097,633
Total governmental activities net position	<u>\$ 75,619,953</u>	<u>\$ 73,225,823</u>	<u>\$ 80,001,403</u>	<u>\$ 88,914,786</u>	<u>\$107,579,068</u>
Business-type activities:					
Net investment in capital assets	\$ 16,275,296	\$ 16,132,664	\$ 12,428,094	\$ 16,310,930	\$ 16,976,379
Restricted	-	-	-	-	-
Unrestricted	1,556,622	1,257,073	2,939,592	3,239,458	1,550,050
Total business-type activities net position	<u>17,831,918</u>	<u>17,389,737</u>	<u>15,367,686</u>	<u>19,550,388</u>	<u>18,526,429</u>
Primary government:					
Net investment in capital assets	\$ 91,712,753	\$ 88,797,928	\$ 83,351,596	\$ 89,325,397	\$ 92,741,032
Restricted	5,553,952	6,161,908	11,040,989	10,792,349	12,716,782
Unrestricted	(3,814,834)	(4,344,276)	976,504	8,347,428	20,647,683
Total primary government net position	<u>\$ 93,451,871</u>	<u>\$ 90,615,560</u>	<u>\$ 95,369,089</u>	<u>\$108,465,174</u>	<u>\$126,105,497</u>

Source:
City of Paramount audited financial statements

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Expenses:					
Governmental activities:					
General government	\$ 6,202,608	\$ 6,409,474	\$ 6,846,940	\$ 7,308,976	\$ 7,184,690
Community development	2,148,884	2,172,414	5,007,589	2,039,989	2,461,135
Public safety	10,284,334	10,662,749	11,218,541	11,139,959	11,888,055
Community services and recreation	5,804,838	6,074,382	5,830,850	6,330,295	6,368,824
Public works	9,994,449	10,015,353	10,571,784	10,620,526	10,611,799
Interest on long-term debt	-	-	-	-	-
Total governmental activities expenses	34,435,113	35,334,372	39,475,704	37,439,745	38,514,503
Business-type activities:					
Water	7,481,502	7,392,150	7,685,532	7,677,359	8,581,886
Total business-type activities expenses	7,481,502	7,392,150	7,685,532	7,677,359	8,581,886
Total primary government expenses	41,916,615	42,726,522	47,161,236	45,117,104	47,096,389
Program revenues:					
Governmental activities:					
Charges for services:					
General government	168,882	291,859	199,877	167,554	185,444
Community development	404,963	347,387	508,124	381,084	486,252
Public safety	134,285	125,707	119,425	130,937	108,650
Community services and recreation	266,170	257,191	264,633	282,814	213,050
Public works	595,654	528,391	759,040	675,278	826,430
Operating grants and contributions	8,240,015	8,035,786	7,541,476	7,409,586	8,574,899
Capital grants and contributions	2,508,509	1,564,891	2,419,414	2,840,656	3,226,132
Total governmental activities program revenues	12,318,478	11,151,212	11,811,989	11,887,909	13,620,857
Business-type activities:					
Charges for services:					
Water	7,815,043	7,040,916	6,972,036	7,812,294	7,946,567
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	106,368
Total business-type activities program revenues	7,815,043	7,040,916	6,972,036	7,812,294	8,052,935
Total primary government program revenues	20,133,521	18,192,128	18,784,025	19,700,203	21,673,792

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Net revenues (expenses):					
Governmental activities	\$ (22,116,635)	\$ (24,183,160)	\$ (27,663,715)	\$ (25,551,836)	\$ (24,893,646)
Business-type activities	333,541	(351,234)	(713,496)	134,935	(528,951)
Total net revenues (expenses)	(21,783,094)	(24,534,394)	(28,377,211)	(25,416,901)	(25,422,597)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Sales tax	5,770,919	5,568,430	6,129,480	7,278,424	7,712,771
In-Lieu Sales Tax	1,951,154	1,916,619	1,293,617	-	-
Transaction & Use Tax	-	-	-	-	-
Utility Users tax	2,185,548	2,289,871	3,981,658	3,679,314	3,757,405
Franchise Tax	1,650,478	1,706,318	1,635,366	1,637,474	1,784,998
Property Tax	1,882,437	2,041,764	2,052,016	2,099,550	2,306,211
Business License	1,015,413	990,573	977,307	962,675	947,111
Investment earnings	37,375	40,885	64,064	97,769	202,802
Motor Vehicle license fees, unrestricted	5,179,714	5,346,425	5,468,904	5,779,305	6,068,259
Other revenues	264,751	518,840	386,535	303,949	647,385
Extraordinary item-Redevelopment Agency	5,666,285	-	1,496,165	903,667	484,475
Transfers	-	-	-	-	-
Total governmental activities	25,604,074	20,419,725	23,485,112	22,742,127	23,911,417
Business-type activities:					
Investment income	4,461	9,144	13,483	24,536	56,884
Other revenues	88,688	117,285	54,673	48,722	56,697
Extraordinary item-Redevelopment Agency	-	528,516	1,383,986	23,048	-
Transfers	-	-	-	-	-
Total business-type activities	93,149	654,945	1,452,142	96,306	113,581
Total primary government	25,697,223	21,074,670	24,937,254	22,838,433	24,024,998
Changes in net position					
Governmental activities	3,487,439	(3,763,435)	(4,178,603)	(2,809,709)	(982,229)
Business-type activities	426,690	303,711	738,646	231,241	(415,370)
Total primary government	\$ 3,914,129	\$ (3,459,724)	\$ (3,439,957)	\$ (2,578,468)	\$ (1,397,599)

Source:

City of Paramount audited financial statements

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Expenses:					
Governmental activities:					
General government	\$ 7,088,630	\$ 7,357,400	\$ 7,348,010	\$ 8,888,563	\$ 10,059,418
Community development	1,926,054	2,405,848	3,142,509	3,166,168	4,817,632
Public safety	11,862,334	12,179,427	12,749,502	13,637,499	15,311,548
Community services and recreation	6,413,969	6,121,450	5,864,047	6,592,797	7,774,667
Public works	10,440,155	12,053,263	12,475,482	13,309,135	16,159,020
Interest on long-term debt	-	-	-	389,603	365,104
Total governmental activities expenses	<u>37,731,142</u>	<u>40,117,388</u>	<u>41,579,550</u>	<u>45,983,765</u>	<u>54,487,389</u>
Business-type activities:					
Water	<u>7,793,957</u>	<u>8,178,235</u>	<u>9,861,949</u>	<u>8,895,635</u>	<u>11,427,517</u>
Total business-type activities expenses	<u>7,793,957</u>	<u>8,178,235</u>	<u>9,861,949</u>	<u>8,895,635</u>	<u>11,427,517</u>
Total primary government expenses	<u>45,525,099</u>	<u>48,295,623</u>	<u>51,441,499</u>	<u>54,879,400</u>	<u>65,914,906</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	191,359	222,426	193,393	210,847	183,320
Community development	381,846	229,201	603,104	741,976	3,687,530
Public safety	138,403	107,691	84,128	69,127	137,960
Community services and recreation	215,788	96,963	60,415	134,785	240,657
Public works	772,886	614,480	790,144	5,549,354	260,244
Operating grants and contributions	7,971,987	8,100,026	9,449,889	10,313,132	17,729,029
Capital grants and contributions	<u>3,252,151</u>	<u>3,524,293</u>	<u>4,577,817</u>	<u>4,917,424</u>	<u>6,256,776</u>
Total governmental activities program revenues	<u>12,924,420</u>	<u>12,895,080</u>	<u>15,758,890</u>	<u>21,936,645</u>	<u>28,495,516</u>
Business-type activities:					
Charges for services:					
Water	<u>7,750,500</u>	<u>7,589,241</u>	<u>7,796,180</u>	<u>8,414,322</u>	<u>8,355,545</u>
Operating grants and contributions	-	-	-	-	3,438,975
Capital grants and contributions	<u>166,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>757,063</u>
Total business-type activities program revenues	<u>7,917,189</u>	<u>7,589,241</u>	<u>7,796,180</u>	<u>8,414,322</u>	<u>12,551,583</u>
Total primary government program revenues	<u>20,841,609</u>	<u>20,484,321</u>	<u>23,555,070</u>	<u>30,350,967</u>	<u>41,047,099</u>

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Net revenues (expenses):					
Governmental activities	(24,806,722)	(27,222,308)	(25,820,660)	(24,047,120)	(25,991,873)
Business-type activities	123,232	(588,994)	(2,065,769)	(481,313)	1,124,066
Total net revenues (expenses)	(24,683,490)	(27,811,302)	(27,886,429)	(24,528,433)	(24,867,807)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Sales tax	8,449,883	8,265,394	9,459,141	11,483,195	12,261,365
In-Lieu Sales Tax	-	-	-	-	-
Transaction & Use Tax	-	-	5,585,397	7,238,769	8,113,036
Utility Users tax	3,735,391	3,484,876	3,261,854	4,183,383	4,492,823
Franchise Tax	1,818,389	1,885,967	1,904,943	2,049,479	2,196,469
Property Tax	2,341,486	2,563,106	2,763,914	2,847,420	3,059,499
Business License	988,043	893,150	893,927	988,969	962,760
Investment earnings	362,253	320,851	116,104	57,848	793,392
Motor Vehicle license fees, unrestricted	6,355,849	6,915,240	7,362,208	7,573,107	8,088,374
Other revenues	555,587	505,206	1,248,752	1,197,449	2,475,170
Extraordinary item-Redevelopment Agency	-	-	-	-	-
Transfers	-	(5,612)	-	(4,659,116)	-
Total governmental activities	24,606,881	24,828,178	32,596,240	32,960,503	42,442,888
Business-type activities:					
Investment income	100,630	90,318	17,668	1,349	65,243
Other revenues	54,798	50,883	26,050	3,550	-
Extraordinary item-Redevelopment Agency	-	-	-	-	-
Transfers	-	5,612	-	4,659,116	-
Total business-type activities	155,428	146,813	43,718	4,664,015	65,243
Total primary government	24,762,309	24,974,991	32,639,958	37,624,518	42,508,131
Changes in net position					
Governmental activities	(199,841)	(2,394,130)	6,775,580	8,913,383	16,451,015
Business-type activities	278,660	(442,181)	(2,022,051)	4,182,702	1,189,309
Total primary government	\$ 78,819	\$ (2,836,311)	\$ 4,753,529	\$ 13,096,085	\$ 17,640,324

Source:

City of Paramount audited financial statements

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

	Fiscal Year				
	2014	2015	2016	2017	2018
General fund:					
Nonspendable	\$ 3,510,869	\$ 3,605,980	\$ 355,213	\$ 273,028	\$ 276,969
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	3,213,827	3,563,827	3,563,827	2,620,286	3,675,028
Unassigned	11,618,168	11,809,618	12,121,484	12,557,530	12,647,525
Total general fund	18,342,864	18,979,425	16,040,524	15,450,844	16,599,522
All other governmental funds:					
Nonspendable	535,000	535,000	535,000	-	-
Restricted	4,764,186	4,974,082	4,309,004	4,909,124	6,448,479
Committed	1,073,853	1,138,574	1,130,117	1,130,425	1,406,939
Total all other governmental funds	\$ 6,373,039	\$ 6,647,656	\$ 5,974,121	\$ 6,039,549	\$ 7,855,418

Source:
City of Paramount audited financial statements

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

	Fiscal Year				
	2019	2020	2021	2022	2023
General fund:					
Nonspendable	\$ 558,425	\$ 299,648	\$ 372,030	\$ 419,767	\$ 437,805
Restricted	-	-	-	-	7,826
Committed	-	-	-	-	23,751,035
Assigned	4,613,579	5,419,180	8,316,428	10,202,216	21,365,038
Unassigned	12,776,116	12,798,092	14,690,303	19,185,452	1,637,546
Total general fund	17,948,120	18,516,920	23,378,761	29,807,435	47,199,250
All other governmental funds:					
Nonspendable	-	-	-	-	21,535
Restricted	6,245,337	7,237,049	9,645,978	12,164,069	12,687,421
Committed	1,412,888	1,394,450	1,395,011	1,144,636	1,781,890
Total all other governmental funds	\$ 7,658,225	\$ 8,631,499	\$ 11,040,989	\$ 13,308,705	\$ 14,490,846

Source:
City of Paramount audited financial statements

City of Paramount
Table 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Revenues:					
Taxes	\$ 14,455,949	\$ 14,513,575	\$ 16,069,444	\$ 15,657,437	\$ 16,508,496
Licenses and permits	658,584	640,375	788,472	717,919	814,146
Fines & Penalties	702,539	680,755	727,000	738,338	921,744
Interest & use of property	97,981	149,617	152,768	161,069	293,406
Intergovernmental revenues	12,854,869	13,162,209	13,628,376	14,146,748	15,780,459
Charges for services	867,591	820,285	985,224	866,124	949,527
Other	1,328,269	2,898,830	1,461,768	1,438,161	1,771,286
Total revenues	30,965,782	32,865,646	33,813,052	33,725,796	37,039,064
Expenditures					
Current:					
General government	5,108,701	5,621,050	5,533,812	5,737,211	6,117,349
Community development	2,040,185	2,155,118	4,908,494	1,640,630	1,962,771
Public safety	10,238,432	10,672,716	11,080,181	10,744,979	11,629,250
Community services & recreation	4,635,635	4,667,924	4,861,967	4,950,485	5,219,398
Public works	5,751,998	5,807,592	6,173,761	6,892,265	6,674,196
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital Outlay					
Water	-	-	-	-	106,368
Streets, sidewalks and signals	1,369,624	1,921,144	3,758,222	3,093,146	2,223,530
Parks	468,524	788,748	566,101	1,165,442	245,589
Other	156,017	320,176	542,950	205,254	408,034
Total expenditures	29,769,116	31,954,468	37,425,488	34,429,412	34,586,485
Excess (deficiency) of revenues over (under) expenditures	1,196,666	911,178	(3,612,436)	(703,616)	2,452,579
Other financing sources (uses):					
Transfers in	-	-	-	-	35,249
Transfers out	(170,000)	-	-	-	(135,249)
Issuance of bonds	-	-	-	-	-
Capital Lease	-	-	-	-	127,493
Total other financing sources (uses)	(170,000)	-	-	-	27,493
Extraordinary and special items:					
Extraordinary item-RDA	3,453,544	-	-	-	484,475
Total extraordinary and special items	3,453,544	-	-	-	484,475
Net change in fund balances	\$ 4,480,210	\$ 911,178	\$ (3,612,436)	\$ (703,616)	\$ 2,964,547
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%

Source:

City of Paramount audited financial statements

City of Paramount
Table 4
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2019	2020	2021	2022	2023
Revenues:					
Taxes	\$ 17,333,192	\$ 17,092,493	\$ 23,869,176	\$ 28,791,215	\$ 31,085,952
Licenses and permits	802,010	620,630	765,869	831,664	1,734,089
Fines & Penalties	835,477	820,853	825,192	985,543	1,240,041
Interest & use of property	493,133	437,853	181,255	182,850	948,099
Intergovernmental revenues	15,546,234	16,553,788	19,447,825	25,340,508	31,242,078
Charges for services	840,076	590,600	905,546	1,150,541	2,115,365
Other	1,663,979	1,593,822	2,331,030	2,056,802	2,514,016
Total revenues	37,514,101	37,710,039	48,325,893	59,339,123	70,879,640
Expenditures					
Current:					
General government	5,910,580	6,679,602	7,150,058	24,430,744	7,828,026
Community development	1,613,310	1,955,450	3,144,315	2,616,052	4,026,101
Public safety	11,677,073	11,876,632	12,721,146	13,056,996	14,106,110
Community services & recreation	5,162,728	5,032,344	4,996,113	5,166,445	6,006,697
Public works	6,872,059	7,316,460	7,691,666	7,937,654	9,690,038
Debt service:					
Principal retirement	-	-	-	26,239	1,348,743
Interest and fiscal charges	-	-	-	381,263	328,359
Capital Outlay					
Water	166,689	5,612	-	-	-
Streets, sidewalks and signals	4,077,088	2,872,345	3,185,722	4,208,347	6,477,107
Parks	285,050	230,656	739,645	2,543,074	1,474,302
Other	517,709	296,411	483,137	1,691,886	1,347,079
Total expenditures	36,282,286	36,265,512	40,111,802	62,058,700	52,632,562
Excess (deficiency) of revenues over (under) expenditures	1,231,815	1,444,527	8,214,091	(2,719,577)	18,247,078
Other financing sources (uses):					
Transfers in	312,985	-	-	-	-
Transfers out	(543,485)	-	(1,000,000)	(5,859,116)	-
Issuance of bonds	-	-	-	17,156,788	326,879
Capital Lease	150,090	97,547	57,240	118,295	-
Total other financing sources (uses)	(80,410)	97,547	(942,760)	11,415,967	326,879
Extraordinary and special items:					
Extraordinary item-RDA	-	-	-	-	-
Total extraordinary and special items	-	-	-	-	-
Net change in fund balances	\$ 1,151,405	\$ 1,542,074	\$ 7,271,331	\$ 8,696,390	\$ 18,573,957
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.8%	3.9%

Source:

City of Paramount audited financial statements

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

	Calendar Year				
	2013	2014	2015	2016	2017
Apparel Stores	\$ 23,100	\$ 22,999	\$ 22,718	\$ 22,954	\$ 19,971
Food Stores	25,097	24,989	25,551	22,141	20,589
Eating and Drinking Places	47,485	51,696	57,716	62,348	69,583
Building Materials	63,384	64,578	85,481	99,688	108,049
Auto Dealers and Supplies	14,941	13,531	15,294	16,959	17,004
Service Stations	100,545	98,520	81,019	67,146	72,252
Other Retail Stores	101,401	101,268	101,743	107,051	97,628
All Other Outlets	387,318	391,536	331,778	325,153	352,689
Total	<u>\$ 763,271</u>	<u>\$ 769,117</u>	<u>\$ 721,300</u>	<u>\$ 723,440</u>	<u>\$ 757,765</u>
Sales and Use Tax rate	<u>8.75%</u>	<u>8.75%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.50%</u>

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

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

	Calendar Year				
	2018	2019	2020	2021	2022
Apparel Stores	\$ 20,746	\$ 20,803	\$ 18,176	\$ 25,989	\$ 26,320
Food Stores	21,936	22,665	25,257	23,682	24,624
Eating and Drinking Places	75,944	79,620	72,511	89,660	96,246
Building Materials	103,876	114,502	123,355	132,835	136,772
Auto Dealers and Supplies	16,212	12,373	17,916	18,721	19,356
Service Stations	83,100	88,083	63,259	107,373	142,325
Other Retail Stores	102,865	101,220	105,717	125,870	124,386
All Other Outlets	380,354	412,964	434,861	503,012	644,036
Total	<u>\$ 805,033</u>	<u>\$ 852,230</u>	<u>\$ 861,052</u>	<u>\$ 1,027,142</u>	<u>\$ 1,214,065</u>
Sales and Use Tax rate	<u>9.50%</u>	<u>9.50%</u>	<u>10.25%</u>	<u>10.25%</u>	<u>10.25%</u>

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

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City of Paramount
Table 6
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	Local Rate Levied by State		State of California	Total Sales Tax Rate
				County Transportation	City Operations		
2013	0.00%	0.50%	1.00%	0.25%	0.75%	6.50%	9.00%
2014	0.00%	0.50%	1.00%	0.25%	0.75%	6.50%	9.00%
2015	0.00%	0.50%	1.00%	0.25%	0.75%	6.50%	9.00%
2016	0.00%	0.50%	1.00%	0.25%	0.75%	6.50%	9.00%
2017	0.00%	0.50%	1.00%	0.50%	0.25%	7.25%	9.50%
2018	0.00%	0.50%	1.00%	0.50%	0.25%	7.25%	9.50%
2019	0.00%	0.50%	1.00%	0.50%	0.25%	7.25%	9.50%
2020	0.75%	0.50%	1.00%	0.50%	0.25%	7.25%	10.25%
2021	0.75%	0.50%	1.00%	0.50%	0.25%	7.25%	10.25%
2022	0.75%	0.50%	1.00%	0.50%	0.25%	7.25%	10.25%

Notes:

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

Sources:

California State Board of Equalization
The HdL Companies

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

2022		2013	
Air Products Manufacturing	Drugs/Chemicals	Arco AM PM	Service Stations
Alt Air Fuels	Petroleum Product/Equipment	Arco AM PM	Service Stations
ANC Vehicle Wash Systems of AZ	Light Industrial/Printers	Arco AM PM	Service Stations
Arco AM PM	Service Stations	Chao Petroleum	Service Stations
Arco AM PM	Service Stations	Chemco	Drugs/Chemicals
Border Tire	Automotive Supply Stores	Chevron	Service Stations
Chemco	Drugs/Chemicals	Chevron	Service Stations
Circle K	Service Stations	Circle K	Service Stations
Cort Furniture Rental	Home Furnishings	Cort Furniture Rental	Home Furnishings
Del Amo Motorsports of LA	Boats/Motorcycles	Drees Wood Products	Contractors
Desmet Ballestra North America	Drugs/Chemicals	Ener Tech Metals	Heavy Industrial
Drees Wood Products	Contractors	Falcon Fuels	Petroleum Prod/Equipment
Falcon Fuels	Petroleum Product/Equipment	GCR Tire Center	Automotive Supply Stores
HD Supply	Building Materials	Hardy Roofing Materials	Contractors
Home Depot	Building Materials	HD Supply	Building Materials
JD Fuel Paramount	Service Stations	Home Depot	Building Materials
Pacific Gypsum Supply	Contractors	Jankovich Company	Petroleum Prod/Equipment
Petro Bras	Service Stations	Lindsay Lumber	Building Materials
Premium Windows	Contractors	Mid Cities Motorsports	Boats/Motorcycles
Ross	Family Apparel	Northgate Market	Grocery Stores
Sams Roofing Material	Building Materials	Petro Bras	Service Stations
SS Fuel	Service Stations	Rapid Gas	Service Stations
The Jankovich Company	Petroleum Product/Equipment	Ross	Family Apparel
United Oil	Service Stations	Sams Roofing Material	Building Materials
Walmart Supercenter	Discount Department Stores	Walmart Supercenter	Discount Dept Stores
Percent of Fiscal Year Total		64.19%	
Period: January 2022 thru December 2022		January 2013 thru December 2013	

Notes:

Firms listed alphabetically

Sources:

State of California Board of Equalization
The HdL Companies

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

Year Ended June 30	Governmental Activities			Business-type Activities			Total Business-type Activities	Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Pension Obligation Bonds	Leases	Total Governmental Activities	Loan and Notes Payable	Pension Obligation Bonds	Leases				
2014	\$ -	\$ -	\$ -	\$5,629,520	\$ -	\$ -	\$ 5,629,520	\$ 5,629,520	0.71%	102.21
2015	\$ -	-	-	5,287,159	-	-	5,287,159	5,287,159	0.68%	93.74
2016	\$ -	-	-	4,939,285	-	-	4,939,285	4,939,285	0.59%	88.32
2017	\$ -	138,482	138,482	4,774,580	-	90,145	4,864,725	5,003,207	0.59%	89.34
2018	\$ -	203,363	203,363	11,303,775	-	101,313	11,405,088	11,608,451	1.27%	209.17
2019	\$ -	261,439	261,439	11,158,240	-	61,981	11,220,221	11,481,660	1.21%	207.02
2020	\$ -	247,167	247,167	10,860,411	-	93,274	10,953,685	11,200,852	1.14%	202.91
2021	\$ -	190,464	190,464	10,553,135	-	66,724	10,619,859	10,810,323	1.01%	206.00
2022	\$15,130,125	197,657	15,327,782	10,236,115	2,234,875	38,581	12,509,571	27,837,353	2.45%	533.51
2023	\$13,936,444	369,474	14,305,918	9,909,040	2,058,556	51,124	12,018,720	26,324,638	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.

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt		Percent of Assessed Value	Per Capita
	Tax Allocation Bonds	Total		
2014	\$ -	\$ -	0.00%	\$ -
2015	-	-	0.00%	-
2016	-	-	0.00%	-
2017	-	-	0.00%	-
2018	-	-	0.00%	-
2019	-	-	0.00%	-
2020	-	-	0.00%	-
2021	-	-	0.00%	-
2022	-	-	0.00%	-
2023	-	-	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.

City of Paramount
Table 10
Direct and Overlapping Governmental Activities Debt
as of June 30, 2023

City Assessed Valuation		\$ 3,038,810,586	
Redevelopment Agency Incremental Valuation		<u>2,037,554,497</u>	
Total Assessed Valuation		<u><u>\$ 5,076,365,083</u></u>	
	Percentage Applicable (2)	Outstanding Debt 6/30/22	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Metropolitan Water District (1)	0.140%	\$ 19,215,000	\$ 26,901
Cerritos Community College District Debt Service	0.005%	445,232,887	22,262
Compton Community College District Debt Service	18.907%	104,371,964	19,733,607
Compton Unified School District Debt Service	0.642%	225,715,148	1,449,091
Downey Unified School District Debt Service	0.020%	371,698,240	74,340
Paramount Unified School District Debt Service	65.898%	<u>180,935,682</u>	<u>119,232,996</u>
Total overlapping debt repaid with property taxes		<u>1,347,168,921</u>	<u>140,539,197</u>
Overlapping Other Debt:			
Example County Capital Leases			
Example County Board of Education Certificates of Participation			
Example Unified School District Certificates of Participation			
Example County Water District Certificates of Participation			
Example Recreation and Park District Certificates of Participation			
Total overlapping other debt		<u>-</u>	<u>-</u>
Total overlapping debt		<u>\$ 1,347,168,921</u>	140,539,197
City direct debt			<u>15,995,000</u>
Total direct and overlapping debt			<u>\$ 156,534,197</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.

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Assessed valuation	\$ 3,257,456,687	\$ 3,363,331,783	\$ 3,441,673,952	\$ 3,635,948,857	\$ 3,815,902,453
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	814,364,172	840,832,946	860,418,488	908,987,214	953,975,613
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	122,154,626	126,124,942	129,062,773	136,348,082	143,096,342
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	<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>
Total debt applicable to the limit as a percentage of debt limit	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 2022/2023 Combined Tax Rolls
HdL Coren & Cone

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Assessed valuation	\$ 3,999,245,043	\$ 4,341,952,634	\$ 4,626,441,163	\$ 4,745,115,375	\$ 5,076,365,083
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	999,811,261	1,085,488,159	1,156,610,291	1,186,278,844	1,269,091,271
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	149,971,689	162,823,224	173,491,544	177,941,827	190,363,691
Total net debt applicable to limit:	-	-	-	-	-
Legal debt margin	<u>\$ 149,971,689</u>	<u>\$ 162,823,224</u>	<u>\$ 173,491,544</u>	<u>\$ 177,941,827</u>	<u>\$ 190,363,691</u>
Total debt applicable to the limit as a percentage of debt limit	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 2022/2023 Combined Tax Rolls
HdL Coren & Cone

City of Paramount
Table 12
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	
2014	7,903,731	6,352,232	1,551,499	327,133	4.74	\$ -	\$ -	\$ -	-
2015	7,158,201	6,345,799	812,402	327,066	2.48	-	-	-	-
2016	7,026,709	6,629,599	397,110	326,996	1.21	-	-	-	-
2017	7,861,016	6,599,223	1,261,793	326,923	3.86	-	-	-	-
2018	8,003,264	7,453,498	549,766	327,018	1.68	-	-	-	-
2019	7,805,298	6,783,159	1,022,139	431,415	2.37	-	-	-	-
2020	7,640,124	7,130,558	509,566	643,685	0.79	-	-	-	-
2021	7,822,230	8,740,930	(918,700)	643,535	(1.43)	-	-	-	-
2022	8,417,872	9,558,381	(1,140,509)	643,380	(1.77)	-	-	-	-
2023	8,355,545	9,203,871	(848,326)	643,220	(1.32)	-	-	-	-

Notes:

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

Water revenue does not include interest.

Operating expenses do not include interest or depreciation expenses.

On February 1, 2012, redevelopment agencies in the State of California were eliminated and the assets and liabilities of the Paramount Redevelopment Agency were transferred to a private-purpose trust fund. The FY2012 data for the tax allocation bonds represents the final 7 months of activity for the redevelopment agency. Though the coverage is less than 100%, the debt service payment was made using available fund balance.

Source:

City of Paramount

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

Calendar Year Ended December 31	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2013	55,051	\$774,898	\$14,076	11.3%
2014	55,076	\$788,468	\$14,316	9.6%
2015	56,400	\$776,609	\$13,769	7.9%
2016	55,923	\$830,147	\$14,844	6.2%
2017	56,000	\$849,607	\$15,171	4.8%
2018	55,497	\$913,372	\$16,458	5.1%
2019	55,461	\$952,036	\$17,165	4.8%
2020	55,200	\$985,228	\$17,848	14.2%
2021	52,477	\$1,068,985	\$20,370	10.4%
2022	52,178	\$1,135,758	\$21,766	5.3%

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

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

Employer	2023		2014	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Paramount Unified School District	2,071	17.7%	1,780	12.0%
Skillset Group, LLC	401	3.4%		0.0%
Weber Metals	289	2.5%	481	3.2%
Kindred Hospital / Promise Hospital	396	3.4%	565	3.8%
Wal-Mart Store # 2110	343	2.9%	259	1.7%
Ralphs Grocery #403	362	3.1%	421	2.8%
City of Paramount	317	2.7%	381	2.6%
Ittella International, Inc.	250	2.1%		0.0%
The Home Depot #1037	200	1.7%	186	1.3%
Ittella International	175	1.5%		0.0%
Carlton Forge Works		0.0%	321	2.2%
Golden State Engineering, Inc.		0.0%	230	1.5%
Paramount Meadows			188	1.3%
Total	4,804	41.0%	4,812	32.4%

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

City of Paramount
Table 15
Full-Time Equivalent City Employees by Function
Current Year and Nine Years Ago

Full-time and Part-time Employees as of June 30										
<u>Function</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Government	25.0	26.7	25.7	25.8	26.2	27.7	28.7	29.1	26.3	27.4
Community Development	8.5	8.6	8.8	9.0	9.7	9.9	9.9	9.0	10.2	10.7
Public Safety	24.9	24.1	27.7	25.2	26.4	23.6	24.6	24.4	22.2	25.0
Community Services and Recreation	81.1	81.1	84.8	88.0	78.0	72.1	69.5	68.4	59.8	57.0
Public Works	44.4	45.6	47.9	44.5	42.8	43.3	43.3	46.5	50.6	51.0
Total	<u>183.9</u>	<u>186.1</u>	<u>194.9</u>	<u>192.5</u>	<u>183.1</u>	<u>176.6</u>	<u>176.0</u>	<u>177.4</u>	<u>169.1</u>	<u>171.1</u>

Note:

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

Source:

City of Paramount

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Community Development					
Permits	1,292	1,260	1,438	1,245	1,315
Inspections	8,059	8,336	9,408	11,617	13,460
Public Safety:					
Arrests	1,689	1,670	1,523	1,389	1,264
Parking Citations Issued	12,239	11,187	14,348	13,524	17,723
Community Services and Recreation:					
Number of Recreation Classes	20	24	29	38	47
Number of Facility Rentals	591	621	683	722	724
Public Works:					
Street Resurfacing (miles)	0.77	1.18	1.25	0.14	0.61
Water:					
Average Daily Consumption (thousands of gallons)	5,923	5,710	5,250	5,704	5,872

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.

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Community Development					
Permits	1,207	907	1,135	1,052	780
Inspections	13,051	9,308	7,904	5,007	3,245
Public Safety:					
Arrests	1,286	1,318	1,285	1,080	901
Parking Citations Issued	15,541	13,238	15,294	18,976	21,856
Community Services and Recreation:					
Number of Recreation Classes	33	25	18	27	28
Number of Facility Rentals	580	453	57	147	312
Public Works:					
Street Resurfacing (miles)	5.98	0.53	3.72	2.24	5.43
Water:					
Average Daily Consumption (thousands of gallons)	4,846	4,530	4,794	4,742	4,500

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.

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Community Services and Recreation:					
Parks	10	10	11	11	11
Community Centers	5	5	5	5	5
Public Works:					
Streets (miles)	73	73	73	73	73
Streetlights	3,087	3,087	3,087	3,099	3,099
Traffic Signals	55	55	55	56	56
Water:					
Water Mains (miles)	127	127	127	127	127
Number of Service Connections	7,351	7,356	7,378	7,398	7,414
Average Daily Consumption (gallons)	5,922,666	5,709,551	5,249,976	5,703,739	5,871,834
Plant Capacity (gallons per minute)	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.

City of Paramount
Table 17
Capital Assets Statistics by Function (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2019	2020	2021	2022	2023
Community Services and Recreation:					
Parks	11	11	11	11	11
Community Centers	5	5	5	5	5
Public Works:					
Streets (miles)	73	73	73	73	73
Streetlights	3,099	3,099	3,100	3,099	3,099
Traffic Signals	56	56	56	56	56
Water:					
Water Mains (miles)	127	127	127	127	127
Number of Service Connections	7,429	7,374	7,381	7,506	7,129
Average Daily Consumption (gallons)	4,845,868	4,929,535	4,794,883	4,741,943	4,499,760
Plant Capacity (gallons per minute)	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.

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