



City of Paramount, CA
**Comprehensive Annual
Financial Report**

July 1, 2017 to June 30, 2018
Fiscal Year 2018

Comprehensive Annual Financial Report

CITY OF PARAMOUNT, CA
FISCAL YEAR ENDED
JUNE 30, 2018

PARAMOUNT CITY COUNCIL

DIANE J. MARTINEZ, MAYOR
TOM HANSEN, VICE MAYOR
LAURIE GUILLEN, COUNCILMEMBER
DARYL HOFMEYER, COUNCILMEMBER
PEGGY LEMONS, COUNCILMEMBER

JOHN MORENO, CITY MANAGER

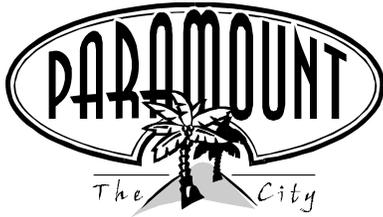
Prepared by the Finance Department

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DIANE J. MARTINEZ
Mayor

TOM HANSEN
Vice Mayor

Laurie Guillen
Councilmember

DARYL HOFMEYER
Councilmember

PEGGY LEMONS
Councilmember

December 11, 2018

Honorable City Council and Residents of the City of Paramount

INTRODUCTION It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Paramount for the fiscal year ended June 30, 2018. The responsibility for the accuracy of the presented data and the completeness and fairness of the presentation rests with the City's management. The report includes the combined transactions and financial position of all funds of the City of Paramount, including its blended component units for which the City Council is also the governing body:

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

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

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

INTRODUCTION
(cont.)

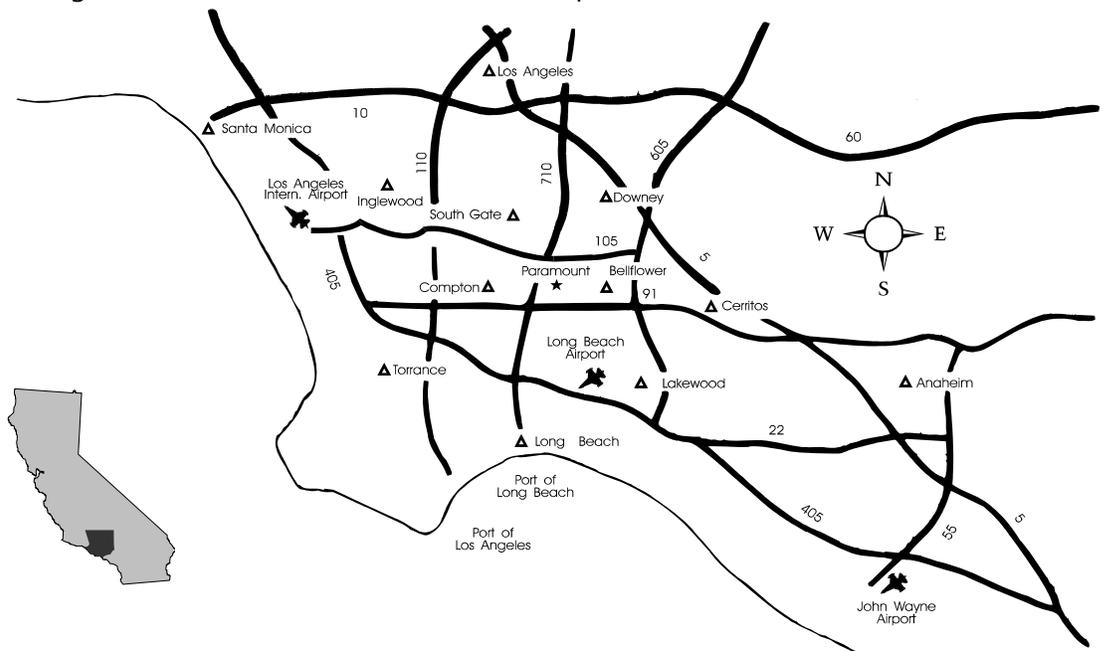
To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and fairly presents the financial position and results of operations of the City of Paramount and its related organizations. We have an established internal control structure designed to ensure accurate financial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

**PROFILE OF THE
CITY OF
PARAMOUNT**

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

Today a modern city, Paramount provides a broad range of municipal services. Approximately five square miles in size and surrounded by five major freeways, Paramount has over 55,000 residents and over 3,000 businesses.

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



**ADOPTION OF
GASB STATE-
MENTS**

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

**BUDGETARY
POLICY &
CONTROL**

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

**CASH
MANAGEMENT
POLICIES &
PRACTICES**

Under the direction of the City's Finance Department, cash temporarily idle during the year was invested in the Local Agency Investment Fund (LAIF). The average yield on investments for the fiscal year was 1.420% for the entire portfolio.

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

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

**RISK
MANAGEMENT**

The City participates in the California Joint Powers Insurance Authority (CJPIA). The purpose of this organization is to reduce the cost of liability insurance coverage by having the member cities act as self-insurers among themselves. Note 12 of the Notes to Basic Financial Statements (Pages 48-50) describes in depth the premium and liability coverage of the members.

**ACCOMPLISH-
MENTS &
OUTLOOK**

The City was financially sound in Fiscal Year (FY) 2018, posting a modest operational surplus of approximately \$91,576. The City continues to face financial challenges due to the unwinding of redevelopment and continues to achieve savings through a past restructuring of the organization.

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

The City prides itself on providing high-quality local services for its residents. Additionally, the City is committed to transparent, responsible budgetary and financial practices; this strategy has allowed for the continued provision of critical services. Unfortunately, the effort to maintain the high level of services for our residents remains challenging due to the increase in costs for providing such services coupled with the slow pace of economic recovery and on-going loss of property tax revenue that we previously received from the former Paramount Redevelopment Agency for capital projects and other critical infrastructure needs. To make up for part of this loss, Measure P was overwhelmingly passed by Paramount voters in March 2015. This increased the Users Utility Tax (UUT) to 5.5%, which provides a source of local funding that Sacramento cannot touch and ensures that taxpayer dollars are used effectively for City programs and services. The additional income from the UUT, however, is inconsistent and variable year to year. Consequently, this dollar stream has not been able to completely cover the rise in operational costs, nor has it come close to recovering the losses that resulted from the elimination of the Redevelopment Agency. Nonetheless, the City works intensely and steadily to attract new retail establishments to increase its tax base and improve quality of life, with a recent string of recent successes including a number of eatery openings.

Since late October of 2016, the City has also faced challenges related to air quality in an industrial neighborhood as detected by the South Coast Air Quality Management District (SCAQMD). It has been a learning process for the City to deal with this in terms of its understanding of the issues and its legal responsibilities, and has involved partnerships with other regulatory agencies, full transparency with community members, and unforeseen expenses. SCAQMD named Paramount a winner of the Model Community Achievement Award during its 2018 Clean Air Awards. The City was honored for its collaborations and its unprecedented amount of time, energy, and resources dedicated to dealing with these issues over the last two years.

Capital Improvements

During FY 2018, we continued our maintenance and renovation of city parks and facilities. At Paramount Park, a new picnic shelter structure has been installed along with new lighting and other upgrades at the Community Center. In addition, roofing at Spane Park has been replaced. As we do every year, we completed the construction of numerous street improvement projects, including street and sidewalk repairs or installations and the continued resurfacing of neighborhood streets. At the Paramount Pond, our popular public downtown plaza, we did the prep work for resurfacing the decorative ice-like overlay.

Complementing our public improvements, in FY 2018 we continued our successful private property assistance programs that have helped transform the look of the City and promote neighborhood pride. The transformation of the downtown along Paramount Blvd. continued with the arrival of two new restaurants at Clearwater

Crossing that completed the dining plaza and capped the entire renovation project. Also, to bring city government closer to the people, we remodeled the City Council Chambers and installed a new audio/video system that enables all City Council meetings to be live-streamed on the internet and broadcast on cable television. These upgrades were paid in full with PEG funds, money the City receives through its cable television contract.

New Developments/Continuing Programs

Looking forward, for FY 2019, we have budgeted \$5,897,250 in street and sidewalk improvements, including the design of the widening of Garfield Avenue through the heavily traveled industrial center of town, and complete more miles of arterial street resurfacing; \$6,800,000 in water improvements includes plans to complete the design and construction of a new water well, \$279,000 in park improvements, and about \$161,000 on a variety of special projects including finishing the Pond project. In terms of private property assistance programs, we have budgeted \$322,500 toward rehabilitation programs.

In FY 2019, we will also continue the Success through Academics and Recreation (S.T.A.R.) Program that began in January 2007. The program is funded by an After School Education and Safety Grant from the State of California. It provides after-school academic assistance and recreational activities for students in grades kindergarten through eighth. Not only does it help students with homework and physical fitness, but the program also works in concert with the Paramount Education Partnership to strengthen the overall educational resources available to Paramount residents. S.T.A.R. has become one of the single largest operating programs for the City.

Water Operations

As mentioned above, the City of Paramount prides itself on providing a high level of service at a reasonable cost. The City's water operations are no exception. We are constantly initiating efforts to keep our water production facilities and distribution lines in sound condition. Just as importantly, we are able to provide this without placing a financial burden on our customers. In FY 2016, we started the design and drilling of a new water well located at Garfield and Jackson. We were able to secure a \$6.7M loan from California Infrastructure and Economic Development Bank (IBank) to complete the rest of the well construction. This project is especially vital in California where the reliance on imported water is becoming more and more expensive. Once built, the new well will help us come closer to being self-sufficient in this important area.

We proactively maintain and improve our water system while keeping our water rates among the lowest in the area. In FY 2018, for single-family residential service, our typical bimonthly bill of \$106.96 was lower than 11 of 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 comprehensive annual financial report for the fiscal year ended June 30, 2017. The City has received 35 Certificate of Achievement Awards from the GFOA since 1982. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principals and applicable legal requirements.

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

**ACKNOWLEDGE-
MENTS**

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

CITY OF PARAMOUNT



John Moreno, City Manager



Karina Lam Liu, Finance Director

Roster of Officials

City of Paramount, CA
on June 30, 2018

CITY COUNCIL

Diane J. Martinez, Mayor
Tom Hansen, Vice Mayor
Laurie Guillen, Councilmember
Daryl Hofmeyer, Councilmember
Peggy Lemons, Councilmember

Parks & Recreation Commission

Maria Angel, Chairman
Frank Barraza, Vice Chairman,
Alexander Garcia, Commissioner
Charles Garcia, Commissioner
Margaret Mondragon, Commissioner

Planning Commission

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

Public Safety Commission

Todd Bousema, Chairman
Moses Huerta, Vice Chairman
Vilma Cuellar-Stallings, Commissioner
Biviano Favela, Commissioner
Brenda Olmos, Commissioner

Public Works Commission

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

Senior Services Commission

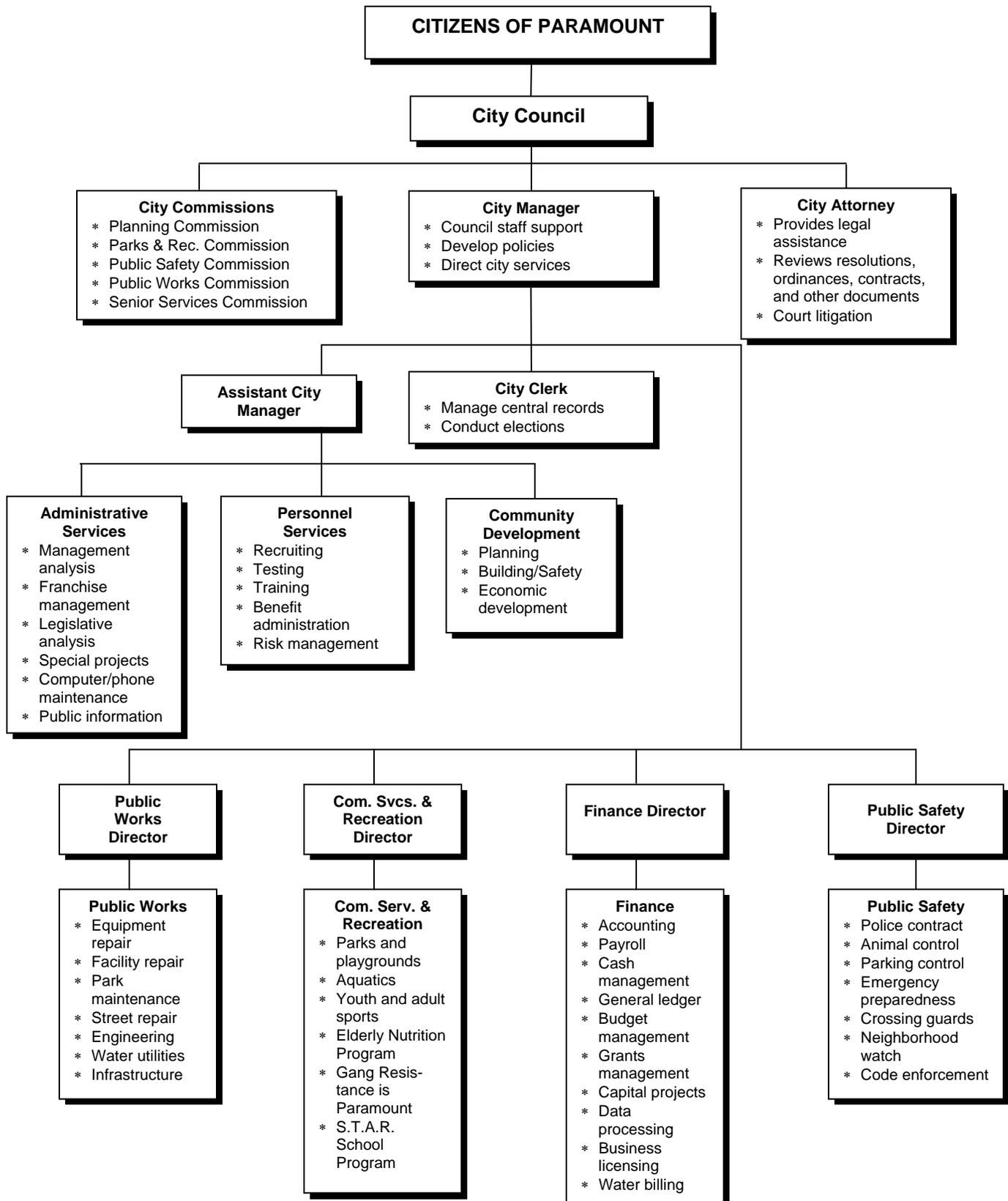
Virginia Chavez, Chairman
James Stevens, Vice Chairman
Maria Espinoza, Commissioner
Cleone Hatwan, Commissioner
Claudia Quinones, Commissioner

City Officials

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

Organizational Chart

City of Paramount, CA
on June 30, 2018

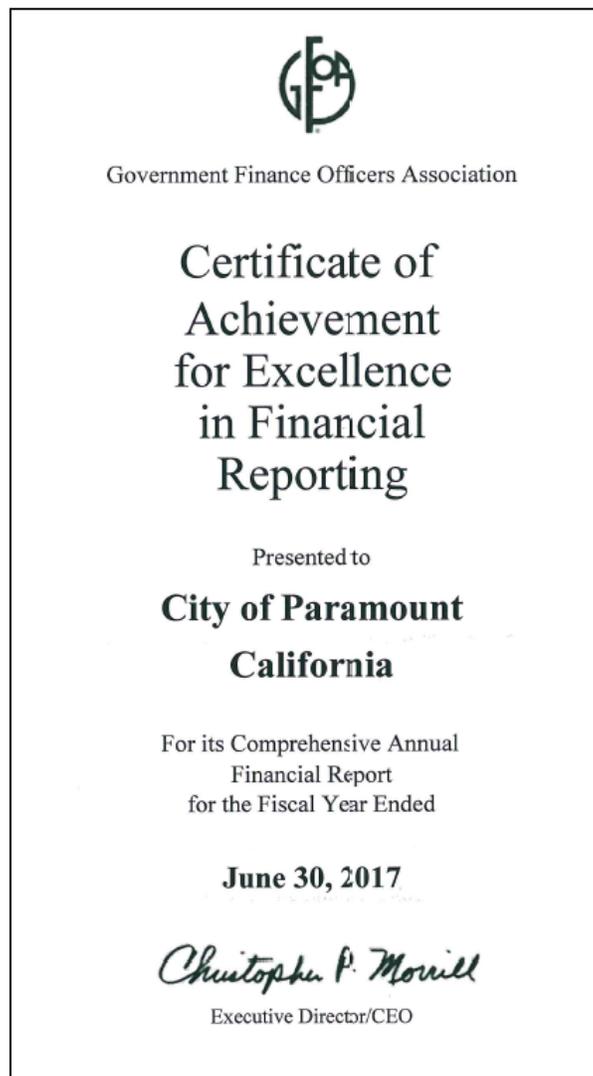


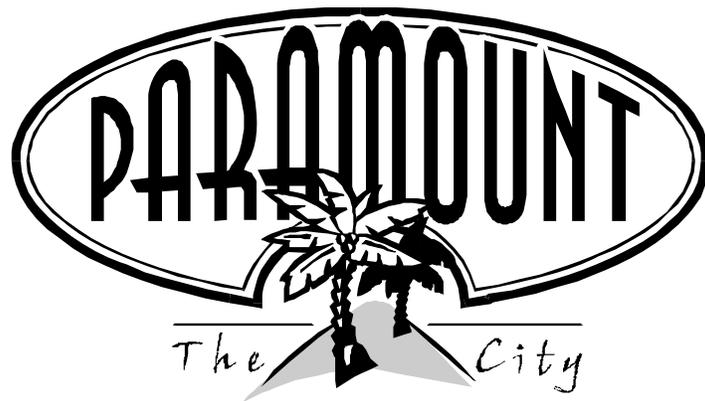
Award for Financial Reporting

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Paramount for our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017.

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

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







VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the City Council
Of the City of Paramount
Paramount, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Paramount (City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the other grants special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective July 1, 2017. This resulted in a restatement of beginning net position as disclosed in Note 17 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, the schedule of the City's proportionate share of the net pension liability and the schedule of the City's pension plan contributions on page 54, the schedule of the City's changes in net OPEB liability and related rates, and the schedule of the City's OPEB contributions on page 55, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods 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.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Rancho Cucamonga, California
December 5, 2018

City of Paramount
Management's Discussion and Analysis
June 30, 2018

As management of the City of Paramount, California (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii through vii of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of FY 2018 by \$93,373,052 (net position). This amount decreased by \$1,397,599 from last year mainly due to the implementation of GASB 75.
- As of June 30, 2018, the City's governmental funds reported combined fund balances of \$24,454,940. Of this amount, \$276,969 or approximately 1% of the total fund balances is non-spendable, \$6,448,479 or approximately 26% is restricted, \$1,406,939 or approximately 6% is committed, \$3,675,028 or approximately 15% is assigned and \$12,647,525 or approximately 52% is unassigned and available for spending at the City's discretion.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$12,647,525, or about 49% of the total General Fund expenditures.
- On February 1, 2012, the Paramount Redevelopment Agency (PRA), along with all local redevelopment agencies in California, was dissolved pursuant to Assembly Bill 1X 26. As a result, the City assumed the role of Successor Agency to wind down the affairs of the PRA including payment of approved obligations. The balances of the Successor Agency are reported in a private-purpose trust fund (fiduciary fund) and are excluded from the government-wide statements. Detailed information can be found in Notes 15 of the Notes to Basic Financial Statements.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 12 and 13 of this report.

The City implements Governmental Accounting Standards Board (GASB) pronouncements as mandated. New accounting pronouncements can be found on pages 25 through 27 of this report.

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

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

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

The City maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund and Other Grants fund, which are considered to be major funds. Data from the other 20 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining and individual fund financial statements and schedules.

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

The governmental fund financial statements can be found on pages 14 through 19 of this report.

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

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

The proprietary fund financial statements can be found on pages 20 through 22 of this report.

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

The fiduciary fund financial statements can be found on pages 23 through 24.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 25 through 52 of this report.

Required Supplementary Information. This section provides schedules on the City's net pension liability and related contributions for the City's pension program – Miscellaneous Plan of the California Public Employees Retirement System and funding progress for the other post-employment benefit plan which can be found on pages 54 through 55.

Supplementary information. The combining financial statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Individual fund financial schedules for non-major governmental funds and statements of changes in assets and liabilities for agency funds are located in this section as well. Combining and individual fund statements and schedules can be found on pages 60 through 90 of this report.

Government-wide Financial Analysis

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

City of Paramount - Summary of Net Position
June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 27,341,263	\$ 24,394,149	\$ 12,179,332	\$ 4,872,322	\$ 39,520,595	\$ 29,266,471
Capital assets, net	76,584,926	79,363,899	21,384,814	22,103,178	97,969,740	101,467,077
Total assets	103,926,189	103,758,048	33,564,146	26,975,500	137,490,335	130,733,548
Deferred outflows of resources	7,137,252	4,043,433	957,142	548,046	8,094,394	4,591,479
Current liabilities	2,074,349	2,200,517	1,110,444	810,222	3,184,793	3,010,739
Long-term liabilities	31,664,998	23,625,673	15,659,713	7,765,209	47,324,711	31,390,882
Total liabilities	33,739,347	25,826,190	16,770,157	8,575,431	50,509,504	34,401,621
Deferred inflows of resources	1,504,300	776,464	197,873	102,284	1,702,173	878,748
Net position						
Net investment in capital assets	76,381,563	79,225,417	9,979,726	17,238,453	86,361,289	96,463,870
Restricted	5,874,235	4,181,878	-	-	5,874,235	4,181,878
Unrestricted	(6,436,004)	(2,208,468)	7,573,532	1,607,378	1,137,528	(601,090)
Total net position	\$ 75,819,794	\$ 81,198,827	\$ 17,553,258	\$ 18,845,831	\$ 93,373,052	\$ 100,044,658

The City's total assets increased from \$130,733,548 to \$137,490,335 in the fiscal year and the City's total liabilities increased from \$34,401,621 to \$50,509,504. Pension and Other Post-Employment Benefits (OPEB) related deferred outflows of resources increased from \$4,591,479 to \$8,094,394 and deferred inflows of resources increased from \$878,748 to \$1,702,173. As a whole, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$93,373,052 at June 30, 2018, a decrease of \$6,671,606 from the prior year, primarily due to GASB 75 OPEB Obligation implementation, and the recognition

City of Paramount
Management's Discussion and Analysis
June 30, 2018

of the net OPEB and pension liabilities in the amounts of \$12,047,000 and \$22,896,454 respectively, deferred outflows/inflows net of \$6,392,221 and a change in net position of \$1,397,599.

Governmental activities. The following condensed summary of activities of the City's governmental activities for the year ended June 30, 2018 shows total net position equal to \$75,819,794 or \$982,229 less than the prior year. The decrease is primarily the result of the GASB 75 OPEB obligation implementation.

Business-type activities. Business type activities' net position decreased from \$17,968,628 to \$17,553,258. Total revenue increased \$280,964 and there was also an increase in expenses totaling \$27,324.

City of Paramount - Summary of Changes in Net Position
Year Ended June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues						
Charges for services	\$ 1,819,826	\$ 1,637,667	\$ 7,946,567	\$ 7,812,294	\$ 9,766,393	\$ 9,449,961
Operating contributions and grants	8,574,899	7,409,586	-	-	8,574,899	7,409,586
Capital contributions and grants	3,226,132	2,840,656	106,368	-	3,332,500	2,840,656
General revenues						
Sales tax	7,712,771	7,278,424	-	-	7,712,771	7,278,424
Utility user's tax	3,757,405	3,679,314	-	-	3,757,405	3,679,314
Property tax	2,306,211	2,099,550	-	-	2,306,211	2,099,550
Other taxes	2,732,109	2,600,149	-	-	2,732,109	2,600,149
Investment earnings	202,802	97,769	56,884	24,536	259,686	122,305
Motor vehicle license fee	6,068,259	5,779,305	-	-	6,068,259	5,779,305
Other revenue	647,385	303,949	56,697	48,722	704,082	352,671
Total revenues	<u>37,047,799</u>	<u>33,726,369</u>	<u>8,166,516</u>	<u>7,885,552</u>	<u>45,214,315</u>	<u>41,611,921</u>
Program Expenses						
General government	7,184,690	7,308,976	-	-	7,184,690	7,308,976
Community development	2,461,135	2,039,989	-	-	2,461,135	2,039,989
Public safety	11,888,055	11,139,959	-	-	11,888,055	11,139,959
Community services & recreation	6,368,824	6,330,295	-	-	6,368,824	6,330,295
Public works	10,611,799	10,620,526	-	-	10,611,799	10,620,526
Water	-	-	8,581,886	8,554,562	8,581,886	8,554,562
Total expenses	<u>38,514,503</u>	<u>37,439,745</u>	<u>8,581,886</u>	<u>8,554,562</u>	<u>47,096,389</u>	<u>45,994,307</u>
Excess (deficiency) before contributions, special and extraordinary items & transfers	(1,466,704)	(3,713,376)	(415,370)	(669,010)	(1,882,074)	(4,382,386)
Special item-Redevelopment Agency	484,475	903,667	-	23,048	484,475	926,715
Change in net position	<u>(982,229)</u>	<u>(2,809,709)</u>	<u>(415,370)</u>	<u>(645,962)</u>	<u>(1,397,599)</u>	<u>(3,455,671)</u>
Net position, beginning of year (as restated)	76,802,023	84,008,536	17,968,628	18,614,590	94,770,651	102,623,126
Net position, end of year	<u>\$ 75,819,794</u>	<u>\$ 81,198,827</u>	<u>\$ 17,553,258</u>	<u>\$ 17,968,628</u>	<u>\$ 93,373,052</u>	<u>\$ 99,167,455</u>

*FY 2018 beginning balances includes GASB 75 implementation

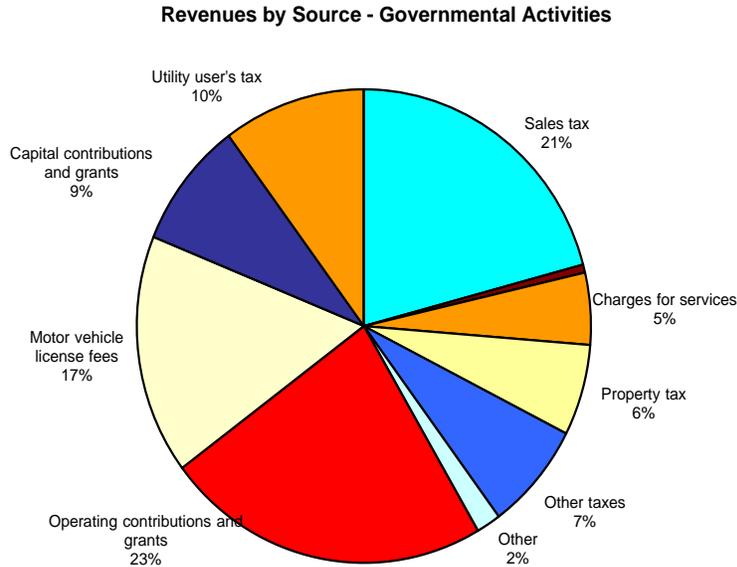
Revenues

- The increase in charges for services in the amount of \$316,432 is mainly due to new development activities in the City and increase in water sales.
- The increase in operating contributions and grants of \$1,165,313 is primarily due to the receipt of Surface Transportation Program Local (STPL) funding of \$634,663 and SB1 Road Maintenance Rehabilitation Account (RMRA) of \$327,684.
- Sales tax revenues increased a total of \$434,347 in FY 2018 mainly related to the higher fuel prices.

Expenses

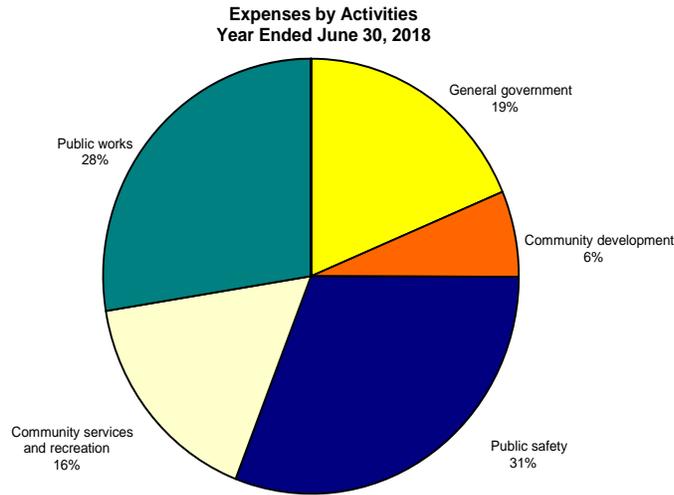
- The decrease in general government of \$124,286 is mainly the result of various expenditures related to air quality issues in the City in FY 2017.
- The increase in community development of \$421,146 is mainly related to rehabilitations projects completed in FY 2018.
- The increase in public safety of \$748,096 is mainly related to savings in personnel savings and the Sheriff services in FY 2017.

- The increase in community services and recreation of \$38,529 is mainly due to the increase in funding of ASES grant with corresponding increase in expenditures.
- The decrease in public works of \$8,727 is mainly related to personnel savings.
- The increase in water expenses of \$27,324 is mainly related to increase in operational cost.



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

- The major revenue sources were sales tax, motor vehicle license fees, and various operating contributions and grants.
- In the operating contributions and grants category, the City received a few significant grant sources including:
 - \$2,072,070 After School Education and Safety Grant for the Success Through Academics and Recreation (S.T.A.R.) Program
 - \$1,052,044 Proposition A Transit Tax
 - \$967,083 Community Development Block Grant
 - \$869,729 Proposition C Transit Tax
 - \$653,600 Measure-R Transit Tax
 - \$602,983 I-710 Early Action Grant



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

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,454,940, an increase of \$2,964,547 in comparison with the prior year. The increase was primarily related to accumulation of various grant funds that will be expended in future years. Approximately 51% of the ending balance, \$12,647,525, is unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is classified as follows to indicate the level of constraint. Approximately 1% or \$276,969 consists of non-spendable fund balances for land held for resale (\$236,544) and prepaids/deposits (\$40,425); approximately 26% or \$6,448,479 consists of the restricted fund balances of various grants and fees (\$5,155,354) and the Paramount Housing Authority (\$1,293,125); approximately 6% or \$1,406,939 consists of committed fund balances for Public Art (\$399,206), Storm Drain (\$366,767 and General Plan (\$640,966); and approximately 15% or \$3,675,028 consists of assigned fund balances for Capital Projects (\$1,500,287), PERS reserve (\$1,300,000), Bond Proceeds & Settlements (\$594,741) Paramount Education Partnership reserve (\$250,000) and self-insurance (\$30,000).

The General Fund is the chief operating fund of the City of Paramount. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$12,647,525, while total fund balance reached \$16,599,522. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents about 49% of total General Fund expenditures, while total fund balance represents 64% of that same amount.

The total fund balance of the City's General Fund increased by \$1,148,678 during the current year, mainly related to increase in assigned fund balances including the unspent bond proceeds transferred from the Successor Agency of \$433,634 and other areas such as Capital Improvement Project Reserve of \$460,000.

The Other Grants Fund has a fund balance of \$596,239 or \$322,958 more than prior year. During FY 2018, we received the Road Maintenance Rehabilitation Account fund allocation of \$327,684.

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 \$7,573,532 or \$5,966,154 more than the prior year. The increase is mainly the reflection of the \$6.7 million loan taken to finance the construction of Water Well # 16.

General Fund Budgetary Highlights

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

**City of Paramount - General Fund Budgetary Summary
Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes	\$ 15,980,600	\$ 16,406,950	\$ 16,508,496	\$ 101,546
Intergovernmental revenues	5,951,000	6,068,200	6,068,259	59
Other revenues	3,541,650	4,044,200	4,124,830	80,630
Total revenues	<u>25,473,250</u>	<u>26,519,350</u>	<u>26,701,585</u>	<u>182,235</u>
Expenditures				
Operations	25,298,000	26,427,350	25,311,941	1,115,409
Capital outlay	488,350	945,400	717,685	227,715
Total expenditures	<u>25,786,350</u>	<u>27,372,750</u>	<u>26,029,626</u>	<u>1,343,124</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(313,100)</u>	<u>(853,400)</u>	<u>671,959</u>	<u>1,525,359</u>
Other Financing Sources (Uses)				
Capital lease	127,500	127,500	127,493	(7)
Transfers to other funds	-	(135,250)	(135,249)	1
Total other financing sources (uses)	<u>127,500</u>	<u>(7,750)</u>	<u>(7,756)</u>	<u>(6)</u>
Extraordinary and special items				
Special item (Note 14)	\$ -	-	484,475	484,475
Total extraordinary and special items	<u>-</u>	<u>-</u>	<u>484,475</u>	<u>484,475</u>
Net change in fund balances	<u>(185,600)</u>	<u>(861,150)</u>	<u>1,148,678</u>	<u>2,009,828</u>
Fund balance - July 1	15,450,850	15,450,850	15,450,844	(6)
Fund balance - June 30	<u>\$ 15,265,250</u>	<u>\$ 14,589,700</u>	<u>\$ 16,599,522</u>	<u>\$ 2,009,822</u>

Changes between the Original Budget and the Final Budget

On the revenue side, there was an increase of \$1,046,100 between the original budget and the final amended budget. The main portion of the increase was related to higher revenue projection for sales tax (\$270,000), other revenue (\$299,950), fines and citations (\$130,100), licenses and permits (\$103,300). On the other hand, there was an increase of \$1,129,350 in appropriations for operations and \$457,050 in capital improvement. In both cases, the change represents adjustments made across all operating departments and capital improvement projects during the midyear and final budget reviews.

Variance with the Final Budget

Overall, actual revenues came in \$182,235 higher than the final amended amounts. On the expenditure side, there was an overall decrease totaling \$1,343,124 which mainly represents cost savings across all of the operating departments and delayed projects.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounted to \$97,969,740 (net of accumulated depreciation). This investment includes land, buildings and improvements, machinery and equipment, park facilities, construction in progress, water mains, water distribution equipment, and infrastructure.

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

**City of Paramount - Capital Assets
(Net of Accumulated Depreciation)
June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 14,849,080	\$ 14,849,080	\$ 2,270,763	\$ 2,270,763	\$ 17,119,843	\$ 17,119,843
Construction in progress	2,831,305	2,403,533	2,045,418	1,939,050	4,876,723	4,342,583
Land improvements	9,572,751	10,519,599	-	-	9,572,751	10,519,599
Building and improvements	7,976,054	8,034,591	6,818,409	7,126,148	14,794,463	15,160,739
Machinery and equipment	1,203,977	1,131,638	258,176	350,506	1,462,153	1,482,144
Infrastructure	40,151,759	42,425,458	9,992,048	10,416,711	50,143,807	52,842,169
Total	\$ 76,584,926	\$ 79,363,899	\$ 21,384,814	\$ 22,103,178	\$ 97,969,740	\$ 101,467,077

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

Long-term debt. At the end of the current fiscal year, the City of Paramount had total debt outstanding of \$47,324,711. Of this amount, \$15,659,713 is a liability of the Business-Type Activity.

**City of Paramount - Outstanding Debt
June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Notes payable	\$ -	\$ -	\$ 11,303,775	\$ 4,774,580	\$ 11,303,775	\$ 4,774,580
Capital leases	203,363	138,482	101,313	90,145	304,676	228,627
Net OPEB liability	10,609,461	5,195,449	1,437,539	422,545	12,047,000	5,617,994
Net pension liability	20,138,679	17,587,136	2,757,775	2,423,724	22,896,454	20,010,860
Employee leave payable	713,495	704,606	59,311	54,215	772,806	758,821
Total	\$ 31,664,998	\$ 23,625,673	\$ 15,659,713	\$ 7,765,209	\$ 47,324,711	\$ 31,390,882

The City's total debt had a net increase of \$15,933,829 during the current fiscal year, largely due to the increase in net pension liability, net OPEB liability and the \$6.7M infrastructure loan for Water Well # 16.

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 \$143,096,342 based on the assessed value of all real and personal property of the City, all of which is excess because the City has no outstanding general obligation debt.

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

Economic Factors and Next Year's Budget

The City prides itself on providing high-quality local services for its residents. Additionally, the City is committed to transparent, responsible budgetary and financial practices; this strategy has allowed for the continued provision of critical services. Unfortunately, the effort to maintain the high level of services for our residents remains challenging due to the increase in costs for providing such services coupled with the slow pace of economic recovery and on-going loss of property tax revenue that we previously received for the former Paramount Redevelopment Agency for capital projects and other critical infrastructure needs. To make up for part of this loss, Measure P was overwhelmingly passed by Paramount voters in March 2015 and has provided a reliable source of local funding that Sacramento cannot touch. This also ensures that taxpayer dollars are used effectively for City programs and services. In addition, the City has worked steadily to attract new retail establishments to increase its tax base and improve quality of life, with a recent string of successes including a number of eatery openings.

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

Request for Information

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

City of Paramount
Statement of Net Position
June 30, 2018

	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and investments	\$ 21,546,541	\$ 11,389,658	\$ 32,936,199
Receivables:			
Accounts	4,310,510	552,101	4,862,611
Interest	93,338	19,558	112,896
Notes	578,905	-	578,905
Prepaid expenses and deposits	40,425	7,253	47,678
Inventories	-	210,762	210,762
Land held for resale	771,544	-	771,544
Capital assets			
Not being depreciated:			
Land and water rights	14,849,080	2,270,763	17,119,843
Construction in progress	2,831,305	2,045,418	4,876,723
Being depreciated, net of accumulated depreciation:			
Property and equipment	1,056,184	110,506	1,166,690
Buildings and land improvements	17,172,958	6,818,409	23,991,367
Water mains	-	8,665,015	8,665,015
Water distribution equipment	-	1,327,033	1,327,033
Vehicles	523,640	147,670	671,310
Infrastructure	40,151,759	-	40,151,759
Total assets	<u>103,926,189</u>	<u>33,564,146</u>	<u>137,490,335</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows-pensions	6,245,103	836,291	7,081,394
Deferred outflows-OPEB	892,149	120,851	1,013,000
Total deferred outflows of resources	<u>7,137,252</u>	<u>957,142</u>	<u>8,094,394</u>
LIABILITIES			
Accounts payable	1,960,427	763,596	2,724,023
Due to other governmental agencies	36,117	-	36,117
Accrued interest payable	-	80,482	80,482
Deposits payable	77,805	266,366	344,171
Long term liabilities:			
Due within one year	132,634	189,561	322,195
Due in more than one year	784,224	11,274,838	12,059,062
Net OPEB liability	10,609,461	1,437,539	12,047,000
Net pension liability	20,138,679	2,757,775	22,896,454
Total liabilities	<u>33,739,347</u>	<u>16,770,157</u>	<u>50,509,504</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows-pensions	1,438,248	188,925	1,627,173
Deferred inflows-OPEB	66,052	8,948	75,000
Total deferred inflows of resources	<u>1,504,300</u>	<u>197,873</u>	<u>1,702,173</u>
NET POSITION			
Net investment in capital assets	76,381,563	9,979,726	86,361,289
Restricted for:			
Community development	2,712,491	-	2,712,491
Public safety	101,758	-	101,758
Community services & recreation	471,791	-	471,791
Public works	2,588,195	-	2,588,195
Unrestricted	(6,436,004)	7,573,532	1,137,528
Total net position	<u>\$ 75,819,794</u>	<u>\$ 17,553,258</u>	<u>\$ 93,373,052</u>

See accompanying notes to basic financial statements.

City of Paramount
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General government	\$ 7,184,690	\$ 185,444	\$ 1,709,370	\$ -	\$ (5,289,876)	\$ -	\$ (5,289,876)
Community development	2,461,135	486,252	473,230	-	(1,501,653)	-	(1,501,653)
Public safety	11,888,055	108,650	1,711,813	-	(10,067,592)	-	(10,067,592)
Community services and recreation	6,368,824	213,050	2,977,620	2,558	(3,175,596)	-	(3,175,596)
Public works	10,611,799	826,430	1,702,866	3,223,574	(4,858,929)	-	(4,858,929)
Total governmental activities	38,514,503	1,819,826	8,574,899	3,226,132	(24,893,646)	-	(24,893,646)
BUSINESS-TYPE ACTIVITIES:							
Water	8,581,886	7,946,567	-	106,368	-	(528,951)	(528,951)
Total primary government	\$ 47,096,389	\$ 9,766,393	\$ 8,574,899	\$ 3,332,500	(24,893,646)	(528,951)	(25,422,597)
GENERAL REVENUES:							
Taxes:							
					7,712,771	-	7,712,771
					3,757,405	-	3,757,405
					1,784,998	-	1,784,998
					2,306,211	-	2,306,211
					947,111	-	947,111
					202,802	56,884	259,686
					6,068,259	-	6,068,259
					647,385	56,697	704,082
					23,426,942	113,581	23,540,523
					484,475	-	484,475
					(982,229)	(415,370)	(1,397,599)
					76,802,023	17,968,628	94,770,651
					\$ 75,819,794	\$ 17,553,258	\$ 93,373,052

See accompanying notes to basic financial statements.

City of Paramount
Balance Sheet
Governmental Funds
June 30, 2018

	<u>Special Revenue</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Other Grants</u>	<u>Other Governmental Funds</u>	
ASSETS				
Cash and investments	\$ 14,336,433	\$ -	\$ 6,401,013	\$ 20,737,446
Accounts receivable	1,995,393	1,608,812	706,305	4,310,510
Interest receivable	65,834	1,275	23,350	90,459
Due from other funds	1,413,782	-	-	1,413,782
Prepaid expenditures and deposits	40,425	-	-	40,425
Notes receivable	-	-	578,905	578,905
Land held for resale	236,544	-	535,000	771,544
Total assets	<u>\$ 18,088,411</u>	<u>\$ 1,610,087</u>	<u>\$ 8,244,573</u>	<u>\$ 27,943,071</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,392,832	\$ 35,346	\$ 532,249	\$ 1,960,427
Deposits payable	59,940	-	17,865	77,805
Due to other governmental agencies	36,117	-	-	36,117
Due to other funds	-	978,502	435,280	1,413,782
Total liabilities	<u>1,488,889</u>	<u>1,013,848</u>	<u>985,394</u>	<u>3,488,131</u>
Fund balances:				
Nonspendable	276,969	-	-	276,969
Restricted	-	596,239	5,852,240	6,448,479
Committed	-	-	1,406,939	1,406,939
Assigned	3,675,028	-	-	3,675,028
Unassigned	12,647,525	-	-	12,647,525
Total fund balances	<u>16,599,522</u>	<u>596,239</u>	<u>7,259,179</u>	<u>24,454,940</u>
Total liabilities and fund balances	<u>\$ 18,088,411</u>	<u>\$ 1,610,087</u>	<u>\$ 8,244,573</u>	<u>\$ 27,943,071</u>

See accompanying notes to basic financial statements.

City of Paramount
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2018

Fund Balances of Governmental Funds (page 14)	\$	24,454,940
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets of governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		75,014,862
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Capital leases		(203,363)
Compensated absences		(713,495)
Net OPEB liability		(10,609,461)
Net pension liability		(20,138,679)
Deferred outflows related to pensions		6,245,103
Deferred outflows related to OPEB		892,149
Deferred inflows related to pensions		(1,438,248)
Deferred inflows related to OPEB		(66,052)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the Statement of Net Position		2,382,038
Net Position of Governmental Activities	\$	75,819,794

See accompanying notes to basic financial statements.

City of Paramount
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	<u>Special Revenue</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Other Grants</u>	<u>Other Governmental Funds</u>	
REVENUES				
Taxes	\$ 16,508,496	\$ -	\$ -	\$ 16,508,496
Licenses and permits	814,146	-	-	814,146
Fines and penalties	921,744	-	-	921,744
Interest and use of property	225,633	2,780	64,993	293,406
Intergovernmental revenues	6,068,259	1,932,570	7,779,630	15,780,459
Charges for services	452,936	-	496,591	949,527
Other revenues	1,710,371	-	60,915	1,771,286
Total revenues	<u>26,701,585</u>	<u>1,935,350</u>	<u>8,402,129</u>	<u>37,039,064</u>
EXPENDITURES				
Current:				
General government	5,754,027	9,823	353,499	6,117,349
Community development	1,472,852	13,073	476,846	1,962,771
Public safety	10,839,181	168,392	621,677	11,629,250
Community services and recreation	2,369,811	-	2,849,587	5,219,398
Public works	4,876,070	156,515	1,641,611	6,674,196
Capital outlay:				
Water	106,368	-	-	106,368
Streets, sidewalks and signals	222,311	1,262,031	739,188	2,223,530
Parks	243,031	2,558	-	245,589
Other	145,975	-	262,059	408,034
Total expenditures	<u>26,029,626</u>	<u>1,612,392</u>	<u>6,944,467</u>	<u>34,586,485</u>
Excess (deficiency) of revenues over (under) expenditures	<u>671,959</u>	<u>322,958</u>	<u>1,457,662</u>	<u>2,452,579</u>
OTHER FINANCING SOURCES (USES)				
Capital lease	127,493	-	-	127,493
Transfers in	-	-	35,249	35,249
Transfers out	(135,249)	-	-	(135,249)
Total other financing sources and uses	<u>(7,756)</u>	<u>-</u>	<u>35,249</u>	<u>27,493</u>
SPECIAL ITEMS				
Special item	484,475	-	-	484,475
Net change in fund balances	1,148,678	322,958	1,492,911	2,964,547
Fund balances - July 1	15,450,844	273,281	5,766,268	21,490,393
Fund balances - June 30	<u>\$ 16,599,522</u>	<u>\$ 596,239</u>	<u>\$ 7,259,179</u>	<u>\$ 24,454,940</u>

See accompanying notes to basic financial statements.

City of Paramount
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 2,964,547

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

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

Cost of assets capitalized, net of disposals	2,809,316
Depreciation expense	(5,478,025)

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

Capital lease issued	(127,493)
Capital lease principal payment	62,612

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(8,889)

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

Net change in OPEB liability	(221,937)
Net change in deferred outflows of resources related to OPEB	96,877
Net change in deferred inflows of resources related to OPEB	(66,052)

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

Net change in pension liability	(2,551,543)
Net change in deferred outflows of resources related to pensions	2,201,670
Net change in deferred inflows of resources related to pensions	(661,784)

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.

(1,528)

Change in Net Position of Governmental Activities	\$ (982,229)
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See accompanying notes to basic financial statements.

City of Paramount
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 15,980,600	\$ 16,406,950	\$ 16,508,496	\$ 101,546
Licenses and permits	696,500	799,800	814,146	14,346
Fines and penalties	689,000	819,100	921,744	102,644
Interest and use of property	111,000	151,000	225,633	74,633
Intergovernmental revenues	5,951,000	6,068,200	6,068,259	59
Charges for services	493,200	419,800	452,936	33,136
Other revenues	1,551,950	1,854,500	1,710,371	(144,129)
Total revenues	<u>25,473,250</u>	<u>26,519,350</u>	<u>26,701,585</u>	<u>182,235</u>
EXPENDITURES				
Current:				
General government	5,621,800	6,012,100	5,754,027	258,073
Community development	1,674,650	1,879,500	1,472,852	406,648
Public safety	10,907,150	11,065,050	10,839,181	225,869
Community services and recreation	2,482,000	2,512,250	2,369,811	142,439
Public works	4,612,400	4,958,450	4,876,070	82,380
Capital Outlay:				
Water	-	275,000	106,368	168,632
Streets, sidewalks and signals	263,350	223,350	222,311	1,039
Parks	132,000	279,000	243,031	35,969
Other	93,000	168,050	145,975	22,075
Total expenditures	<u>25,786,350</u>	<u>27,372,750</u>	<u>26,029,626</u>	<u>1,343,124</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(313,100)</u>	<u>(853,400)</u>	<u>671,959</u>	<u>1,525,359</u>
OTHER FINANCING SOURCES (USES)				
Capital lease	127,500	127,500	127,493	(7)
Transfers to other funds	-	(135,250)	(135,249)	1
Total other financing sources (uses)	<u>127,500</u>	<u>(7,750)</u>	<u>(7,756)</u>	<u>(6)</u>
SPECIAL ITEMS				
Special Item (see note 14)	-	-	484,475	484,475
Net change in fund balance	(185,600)	(861,150)	1,148,678	2,009,828
Fund balance - July 1	15,450,850	15,450,850	15,450,844	(6)
Fund balance - June 30	<u>\$ 15,265,250</u>	<u>\$ 14,589,700</u>	<u>\$ 16,599,522</u>	<u>\$ 2,009,822</u>

See accompanying notes to the basic financial statements.

City of Paramount
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Other Grants
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ 1,000	\$ 1,000	\$ 2,780	\$ 1,780
Intergovernmental revenues	1,782,350	2,063,950	1,932,570	(131,380)
Total revenues	<u>1,783,350</u>	<u>2,064,950</u>	<u>1,935,350</u>	<u>(129,600)</u>
EXPENDITURES				
Current:				
General government	-	-	9,823	(9,823)
Community development	-	15,000	13,073	1,927
Public safety	130,800	181,200	168,392	12,808
Public works	99,050	128,450	156,515	(28,065)
Capital Outlay:				
Streets, sidewalks and signals	1,418,950	1,456,650	1,262,031	194,619
Parks	225,000	2,650	2,558	92
Total expenditures	<u>1,873,800</u>	<u>1,783,950</u>	<u>1,612,392</u>	<u>171,558</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(90,450)</u>	<u>281,000</u>	<u>322,958</u>	<u>41,958</u>
Net change in fund balance	(90,450)	281,000	322,958	41,958
Fund balance - July 1	<u>273,300</u>	<u>273,300</u>	<u>273,281</u>	<u>(19)</u>
Fund balance - June 30	<u>\$ 182,850</u>	<u>\$ 554,300</u>	<u>\$ 596,239</u>	<u>\$ 41,939</u>

See accompanying notes to the basic financial statements.

City of Paramount
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities- Water Enterprise Fund	Governmental Activities- Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,389,658	\$ 809,095
Accounts receivable	552,101	-
Interest receivable	19,558	2,879
Prepaid items	7,253	-
Inventory	210,762	-
Total current assets	12,179,332	811,974
Noncurrent assets:		
Capital assets:		
Construction in progress	2,045,418	-
Land and water rights	2,270,763	-
Land improvements	-	36,272
Buildings and well improvements	10,863,475	2,256,065
Water mains	21,614,830	-
Water distribution equipment	6,953,290	-
Other water equipment	1,768,834	-
Furniture, machinery and equipment	455,274	760,763
Vehicles	540,524	653,350
Less accumulated depreciation	(25,127,594)	(2,136,386)
Total noncurrent assets	21,384,814	1,570,064
Total assets	33,564,146	2,382,038
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows-OPEB	120,851	-
Deferred outflows-pensions	836,291	-
Total deferred outflows of resources	957,142	-
LIABILITIES		
Current liabilities:		
Accounts payable	763,596	-
Deposits payable	266,366	-
Interest payable	80,482	-
Current portion of employee leave payable	4,694	-
Current portion of lease payable	39,332	-
Current portion of notes payable	145,535	-
Total current liabilities	1,300,005	-
Noncurrent liabilities:		
Employee leave payable-long term portion	54,617	-
Capital lease-long term portion	61,981	-
Net OPEB obligation	1,437,539	-
Net pension liability	2,757,775	-
Notes payable-long term portion	11,158,240	-
Total noncurrent liabilities	15,470,152	-
Total liabilities	16,770,157	-
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows-OPEB	8,948	-
Deferred inflows-pensions	188,925	-
Total deferred inflows of resources	197,873	-
NET POSITION		
Net investment in capital assets	9,979,726	1,570,064
Unrestricted	7,573,532	811,974
Total net position	\$ 17,553,258	\$ 2,382,038

See accompanying notes to the basic financial statements.

City of Paramount
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-type Activities- Water Enterprise Fund	Governmental Activities- Internal Service Fund
OPERATING REVENUES		
Charges for services	\$ 7,946,567	\$ -
Other revenues	56,697	-
Total operating revenues	<u>8,003,264</u>	<u>-</u>
OPERATING EXPENSES		
Water commission	2,173	-
Water system administration	1,195,144	-
Water production	4,090,496	-
Water distribution	1,416,812	-
Water customer service	275,844	-
Water billing	385,491	-
Equipment maintenance	-	-
Other operating expenses	87,538	-
Depreciation	889,460	110,263
Total operating expenses	<u>8,342,958</u>	<u>110,263</u>
Operating income/(loss)	<u>(339,694)</u>	<u>(110,263)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	56,884	8,735
Interest expense	(238,928)	-
Total nonoperating revenue (expense)	<u>(182,044)</u>	<u>8,735</u>
Income/(loss) before transfers	<u>(521,738)</u>	<u>(101,528)</u>
Transfers in	-	100,000
Capital contribution from General Fund	106,368	-
Change in net position	(415,370)	(1,528)
Total net position - July 1, as restated	17,968,628	2,383,566
Total net position - June 30	<u>\$ 17,553,258</u>	<u>\$ 2,382,038</u>

See accompanying notes to the basic financial statements.

City of Paramount
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-type Activities- Water Enterprise Fund	Governmental Activities- Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 7,963,211	\$ 1,576
Payments to suppliers	(6,161,825)	-
Payments to employees	(899,944)	-
Other receipts	56,697	-
Net cash provided (used) in operating activities	958,139	1,576
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers In	-	100,000
Net cash provided (used) in capital and related financing activities	-	100,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital debt proceeds	6,700,000	-
Acquisition of capital assets	(64,728)	-
Principal paid on capital debt	(159,637)	-
Interest paid on capital debt	(223,883)	-
Net cash provided (used) in capital and related financing activities	6,251,752	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	45,681	5,856
Increase/(decrease) in cash and cash equivalents	7,255,572	107,432
Cash and cash equivalents, July 1	4,134,086	701,663
Cash and cash equivalents, June 30	\$ 11,389,658	\$ 809,095
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES		
Operating income (loss)	\$ (339,694)	\$ (110,263)
Adjustments to reconcile operating income (loss) to net cash provided (used) in operating activities:		
Depreciation expense	889,460	110,263
Increase in prepaid expense and deposits	3,543	-
Increase in inventory	(60,422)	-
(Increase)/decrease in accounts receivable	16,644	1,576
Increase/(decrease) in accounts payable and accrued liabilities	280,032	-
Increase in deposits payable	5,145	-
Increase in employee leave payable	5,096	-
Increase in net pension liability, deferred outflows, deferred inflows	132,447	-
Increase in OPEB liability, deferred outflows, deferred inflows	25,888	-
Net cash provided (used) in operating activities	\$ 958,139	\$ 1,576

See accompanying notes to the basic financial statements.

City of Paramount
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Successor Agency for the Paramount Redevelopment Agency	City Agency Fund
ASSETS		
Current assets:		
Cash and investments	\$ 5,165,846	\$ 99,844
Restricted cash and investments	1,610,412	-
Interest receivable	1,672	-
Notes receivable	75	-
Prepaid insurance	27,500	-
Total current assets	6,805,505	99,844
Noncurrent assets:		
Capital assets:		
Buildings and building improvements	358,067	-
Infrastructure	4,277,466	-
Less accumulated depreciation	(2,580,624)	-
Total noncurrent assets	2,054,909	-
Total assets	8,860,414	\$ 99,844
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	112,289	-
LIABILITIES		
Current liabilities		
Deposits payable	-	99,844
Interest payable	620,028	-
Bond debt-current portion	4,072,204	-
Total current liabilities	4,692,232	99,844
Noncurrent liabilities:		
Bond debt-long term portion	36,182,022	-
Deferred pass through payments	930,740	-
Total noncurrent liabilities	37,112,762	-
Total liabilities	41,804,994	\$ 99,844
DEFERRED INFLOWS OF RESOURCES		
Deferred amount on refunding	521,360	
NET POSITION (DEFICIT)		
Held in trust for other governments	\$ (33,353,651)	

See accompanying notes to the basic financial statements.

City of Paramount
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2018

	Successor Agency for the Paramount Redevelopment Agency
Additions:	
Taxes	\$ 5,906,881
Interest and use of property	25,957
Total additions	5,932,838
Deductions:	
Program expenses	500,000
Administrative expenses	250,000
Depreciation	246,825
Interest and fiscal agent expenses of the former redevelopment agency	1,582,332
Total deductions	2,579,157
Special Items:	
Special item	(484,475)
Change in net position	2,869,206
Net position - July 1	(36,222,857)
Net position - June 30	\$ (33,353,651)

See accompanying notes to the basic financial statements.

City of Paramount, CA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

(1) Summary of Significant Accounting Policies and Reporting Entity

A. Reporting Entity

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

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

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

- The Paramount Housing Authority (Housing Authority) was established in December of 1984 pursuant to Section 34200 et seq., of the Health and Safety Code of the State of California. The Housing Authority is governed by a board composed of City Council members. The City's management has the operational responsibility for the component unit. The primary purpose of the Housing Authority is to help provide affordable housing assistance to low and moderate income persons. Financial activity for this entity is included in a Special Revenue Fund of the accompanying basic financial statements. There is no separate financial report issued with respect to the Housing Authority.
- The Paramount Parking Authority (Parking Authority) was established in June of 1982 in accordance with the Parking Law of 1949 commencing with Section 32500 of the State of California Streets and Highway Code. The Parking Authority is governed by a board composed of City Council members. Additionally, the Parking Authority provides services entirely to the City. The primary purpose of the Parking Authority is to fund and develop parking facilities in the Central Business District and throughout the City. Financial activity for this entity is included in a Capital Projects Fund of the accompanying basic financial statements. There is no separate financial report issued with respect to the Parking Authority.
- The Paramount Industrial Development Authority (Development Authority) was established in February of 1982 in accordance with the California Industrial Development Financing Act, Title 10, commencing with Section 91500 of the State of California Government Code. The Development Authority is governed by a board composed of City Council members. The City's management has the operational responsibility for the component unit. The primary purpose of the Industrial Development Authority is to increase opportunities for useful employment and contribute to the economic growth of the community by providing an alternative method to finance industrial development. During the 2016 fiscal year, there was no financial activity for this entity.
- The Paramount Public Financing Authority (Financing Authority) was established in July of 1991 pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the State of California Government Code. The Financing Authority is governed by a board composed of City Council members. Additionally, the Financing Authority provides services entirely to the City. The primary purpose of the Financing Authority is to purchase bonds issued by the Redevelopment Agency for financing and refinancing public capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits, as determined by the Redevelopment Agency. On February 1, 2012 all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities.

B. New Accounting Pronouncements

Implemented during 2017-18

GASB Statement No. 75

In June 2015, GASB issued Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by

state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. This Statement has been implemented in the City's financial statements.

Effective in Future Accounting Periods

GASB Statement No. 83

In November 2016, GASB issued Statement No. 83 - *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of Statement 83 are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The City has not yet determined the impact of this Statement.

GASB Statement No. 84

In January 2017, GASB issued Statement No. 84 - *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of Statement 84 are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The City has not yet determined the impact of this Statement.

GASB Statement No. 87

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

GASB Statement No. 88

In April 2018, GASB issued Statement No. 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of Statement 88 are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The City has not yet determined the impact of this Statement.

GASB Statement No. 89

In June 2018, GASB issued Statement No. 89 - *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements in Statement 89 are effective for fiscal years beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The City has not yet determined the impact of this Statement.

GASB Statement No. 90

In August 2018, GASB issued Statement No. 90 - *Majority Equity Interests-An amendment of GASB No. 14 & GASB No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of Statement 90 are effective for reporting periods beginning after December 15, 2018. Earlier application is

encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The City has not yet determined the impact of this Statement.

C. Basis of Accounting

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

Government-Wide Financial Statements

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

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

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 and its related pronouncements with regards to inter-fund activities, payables, and receivables. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Governmental Fund Financial Statements

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

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

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

The City reports the following major governmental funds:

General Fund

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

Other Grants Fund

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

Proprietary Funds

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

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

The Water Enterprise Fund, which is the City's only major proprietary fund, is used to account for the activities of the City-owned water utility which provides service to approximately 7,600 accounts.

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

D. Description of Funds

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Fund

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

Internal Service Fund

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

FIDUCIARY FUND TYPE:

City Agency Fund

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

Private-Purpose Trust Funds

The Private-Purpose Trust Funds are used to account for assets held by the City in a trustee capacity to pay enforceable obligations of the former Paramount Redevelopment Agency and to account for property held by the Successor Agency for the Paramount Redevelopment Agency until its disposal through sale or transfer [Note 13]. The Private-Purpose Trust Funds are not included in the government-wide statements.

E. Fund Balance

Fund balance is classified in accordance with GASB issued Statement No. 54, which classifies fund balance into five different components. The components are nonspendable, restricted, committed, assigned and unassigned.

- Nonspendable resources are not in spendable form or required to be maintained intact such as an endowment.
- Restricted resources are subject to externally enforceable legal restrictions or imposed by law through constitutional provisions or enabling legislation.
- Committed resources are constrained to specific purposes by a formal action of the City Council, the highest level of decision-making authority for the City, such as a resolution. The constraint remains binding unless removed in the same formal manner by the City Council. Council action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently.
- Assigned resources are constrained, by the City's intent, to be used for specific purposes but are neither restricted nor committed. The City's Fund Balance Policy delegates to the Finance Director the authority to assign unrestricted fund balance amounts where the City's intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.

- Unassigned within the General Fund are the residual resources, either positive or negative, in excess of what can be properly classified in one of the other four fund balance categories. This also includes the negative residual resources in excess of what can be properly classified as nonspendable, restricted, or committed within all other governmental funds.

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

F. Land Held for Resale

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

G. Capital Assets

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

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

H. Budgets and Budgetary Accounting

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

1. An annual budget for all governmental and proprietary funds is adopted by the City Council to provide guidance for the general operation of the City. Such budgets include estimated revenues and authorized appropriations for all governmental and proprietary funds, except for the Paramount Parking Authority fund. The annual budget is generally adopted in summary form by City Council resolution in July of each year. The resolution sets a combined appropriation of all funds for the operation of the component units.
2. The level of budgetary control over appropriations is at the activity level (i.e. General Government, Public Safety and Public Works). The City Manager may transfer appropriations within an activity, and he may transfer appropriations within a fund without City Council approval, provided the total appropriation at the activity level and the fund level does not change. Budgetary changes, including supplemental appropriations or appropriation reductions, are made by the City Council at a midyear budget review and at a year-end budget review. Expenditures may not exceed budgeted appropriations at the activity level.
3. The budget is formally integrated into the accounting system and employed as a management control device during the year for all funds.
4. Budgets for the governmental fund types are adopted on a basis consistent with generally accepted accounting principles (GAAP). The modified accrual basis of accounting is employed in the preparation of the budget. Unencumbered budget appropriations lapse at the end of the fiscal year.
5. Under the California Constitution Article XIII B (commonly referred to as the Gann Appropriations Limitation), the City is restricted as to the amount of its annual appropriations. If proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rates or revised fee schedules. For the fiscal year ending June 30, 2018, appropriations subject to this limit were below the maximum allowed.
6. In the fund level of the Special Revenue Funds, expenditures in Community Development Block Grant, HOME Partnership Act, After School Education and Safety, Traffic Safety, AB2766 Subvention and Proposition C Transit Tax funds exceeded budget estimates by \$32,849, \$1,526, \$1,752, \$6,456, \$3,369 and \$64,363 respectively. In the activity level of the Community Development Block

Grant, expenditure exceeded budget estimates in community development by \$19,950, in public safety by \$47,712 and in public works by \$2,828; in HOME Partnership Act, expenditure exceeded budget estimates in general government by \$1,580; in After School Education and Safety, expenditure exceeded budget estimates in community services and recreation by \$1,752; in Traffic Safety, expenditure exceeded budget estimates in public safety by \$6,456; in AB2766 Subvention, expenditure exceeded budget estimates in general government by \$3,390; in Proposition A Transit Tax, expenditure exceeds budget estimates in public works by \$370; in Proposition C Transit Tax, expenditure exceeds budget estimates in general government by \$5,182 and in street capital outlay by \$74,262; in Measure R Transit Tax, expenditure exceeds budget estimates in street capital outlay by \$5,200; in Service Assessments, expenditure exceeds budget estimates in general government by \$1,325; and in Other Grants, expenditure exceeded budget estimates in general government by \$9,823 and in public works by \$28,065. The actual expenditures were higher than expected.

I. Compensated Absences

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

J. Cash and Cash Equivalents

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

K. Restricted Cash and Investments

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

L. Cash and Investments

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

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

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

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

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

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

M. Inventories

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

N. Property Tax Revenues

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

Property tax revenues are calculated annually in accordance with the Tax Equity Allocation (TEA) formula specified in Revenue and Taxation Code Section 97.35. Secured property taxes are levied against real property and are due and payable in two equal installments. The first installment is due on November 1 and becomes delinquent if not paid by December 10. The second installment is due on February 1 and becomes delinquent if not paid by April 10. Unsecured personal property taxes are due on July 1 each year. These taxes become delinquent if not paid by August 31. For the year ended June 30, 2018, property tax revenue to the City totaled \$2,306,211.

O. Prepays/Deposits

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

P. Estimates

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

Q. Amortization of Premiums

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

R. Arbitrage

In accordance with Section 148 (f)(2) in the Internal Revenue Code of 1986, as amended, arbitrage on tax exempt debt offerings is reviewed every five years and the corresponding liability is accrued accordingly. There was no liability as of June 30, 2018.

S. Other Postemployment Benefits (OPEB)

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

Generally accepted accounting principles require that the reported results must pertain to liability and asset information with certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 – June 30, 2017

T. Pensions

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

U. Deferred Outflows/Inflows of Resources

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

(2) Cash and Investments

Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 32,936,199
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Fiduciary funds:

Cash and investments	5,265,690
Cash and investments - restricted	1,610,412
Total cash and investments	<u>\$ 39,812,301</u>

Cash and investments as of June 30, 2018 consist of the following:

Cash on hand	\$ 9,125
Deposits with financial institutions	13,291,133
Investments	26,512,043
Total cash and investments	<u>\$ 39,812,301</u>

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

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

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

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, the weighted average maturity of the investments contained in the LAIF investment pool is approximately 6 months.

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

Investment	Amount	Maturity of 12 Months of Less
Local Agency Investment Fund	\$ 24,901,631	\$ 24,901,631
Money Market Fund	1,610,412	1,610,412
	<u>\$ 26,512,043</u>	<u>\$ 26,512,043</u>

Disclosures Relating to Credit Risk

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

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

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2018, \$7,774,129 of the deposits with financial institutions was held in excess of FDIC limits in accounts collateralized by the pledging institutions as described above.

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

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF is not registered with the Securities and Exchange Commission. The fair value

of the City's investment in this pool is reported in the accompanying financial statements based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. Deposits and withdrawals are made on the basis of \$1 and not fair value, and, therefore, the inputs used to determine fair value are uncategorized, not defined as Level 1, Level 2, or Level 3 inputs.

The management of the State of California Pooled Money Investment Account (generally referred to as LAIF) has indicated to the City that as of June 30, 2018, the carrying amount (at amortized cost) of the pool was \$88,964,875,827 and the estimated fair value of the pool was \$88,798,232,977. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-back securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The City relied upon information provided by the State Treasurer in estimating the City's fair value position of its LAIF holding, which totaled \$24,901,631 at June 30, 2018.

Fair value of assets measured on a recurring basis at June 30, 2018, are as follows:

June 30, 2018	Fair Value	Uncategorized
Money Market Account	\$ 1,610,412	\$ 1,610,412
Local Agency Investment Fund	24,901,631	24,901,631
Totals	<u>\$ 26,512,043</u>	<u>\$ 26,512,043</u>

The Money Market and LAIF investments do not fall under the fair value hierarchy (i.e. Uncategorized) as there is no active market for the investments.

(3) Fair Value Classifications

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

(4) Retirement Plan and Other Post Retirement Benefits

Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

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

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

The Plans' provision and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous Plan	
	Tier 1	Tier 2
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 62
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	2.0% to 2.0%
Required employee contribution rates	8.000%	7.000%
Required employer contribution rates	7.643%	6.703%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates, for all public employers, be determined on an annual basis by the actuary and shall be effective on July 1 following notice of the change in rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. In fiscal year 2018, the City paid both the employer's and the employee's contributions for Classic Plan members and the employer's contributions for PEPRA Plan members.

During the fiscal year ended June 30, 2018, employer contributions to the Plan were \$2,644,757.

As of the fiscal year ended June 30, 2018, the City reported a net pension liability of \$22,896,454 for its proportionate share of the collective net pension liability.

The net pension liability of the Plan was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using actuarial roll forward procedures. The City's proportion of the collective net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the pension liability for the Plan as of June 30, 2016 and 2017 was as follows:

	Miscellaneous Plan
Proportion - June 30, 2016	0.23126%
Proportion - June 30, 2017	0.23087%
Change - Increase (Decrease)	-0.00039%

During the year ended June 30, 2018, the City recognized pension expense of \$3,729,575.

As of the fiscal year ended June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,644,757	\$ -
Difference between expected and actual experience	-	(375,191)
Change in assumptions	3,226,770	-
Difference between actual contributions and proportionate share of contributions	-	(1,019,061)
Change in Employer's proportion	419,866	(232,921)
Net differences between projected and actual earnings on plan investments	790,001	-
Total	\$ 7,081,394	\$ (1,627,173)

The amount of \$2,644,757 reported as deferred outflows of resources resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

Fiscal Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2019	\$ 613,426
2020	1,664,988
2021	1,000,088
2022	(469,038)
	\$ 2,809,464

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation report was determined using the following actuarial assumptions:

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

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

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

Change of Assumptions

The discount rate of 7.15 percent used for the June 30, 2017 measurement date was decreased from 7.65 percent used for the June 30, 2016 measurement date.

Discount Rate

The Discount rate used to measure the total pension liability was 7.15% for the Plan for the June 30, 2017. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report which can be obtained from the CalPERS website.

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

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the Discount rate will require CalPERS Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the fiscal year ended 2017-2018. CalPERS will continue to check the materiality of the difference in the calculation until such time as it has changed its methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	New Strategic Allocation	Real Return Years 1-10*	Real Return Years 1-10*
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80	2.27
Inflation Sensitive	6.00%	0.60	1.39
Private Equity	12.00%	6.60	6.63
Real Estate	11.00%	2.80	5.21
Infrastructure and Forestland	3.00%	3.90	5.36
Liquidity	2.00%	(0.40)	(0.90)
Total	100.00%		

* An expected inflation of 2.5% used for this period

** An expected inflation of 3.0% used for this period

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

The following table presents the City's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the City's proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
	6.15%	7.15%	8.15%
Plan's Net Pension Liability/(Asset)	\$ 34,410,791	\$ 22,896,454	\$ 13,360,072

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

Other Post Retirement Benefits Other than Pensions

At June 30, 2018 net OPEB liability and related deferred outflows of resources and deferred inflows of resources are as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Employer contributions made subsequent to the measurement date	\$ 892,149	\$ 120,851	\$ 1,013,000
Net OPEB liabilities:	\$ 10,609,461	\$ 1,437,539	\$ 12,047,000
Deferred inflows of resources:			
Actual earnings on plan investments	\$ 66,052	\$ 8,948	\$ 75,000

Plan Description

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

Employees with a minimum service of five years in a PERS agency who are at least 50 years of age at retirement qualify to receive the post-retirement benefits. Currently, 46 retirees meet these requirements and are covered under the eligibility requirements but only 38 are currently participating in the program. Membership in the plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Active plan members	93
Inactive employees or beneficiaries currently receiving benefit payments	38
Inactive employees entitled to but not yet receiving benefit payments	8
	<u>139</u>

Contributions

The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2018, the City's cash contributions to the plan including the implied subsidy were \$1,013,000.

Funding Policy and Actuarial Assumptions

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July, 1, 2016 through June 30, 2017, based on the following actuarial methods and assumptions:

Actuarial Assumption	June 30, 2017 Measurement Date
Valuation Date	June 30, 2017
Contribution Policy	Phase-in of full pre-funding: full ADC in 2027/28, approximately 65% paid in prior 2 fiscal years
Discount Rate	6.75% at June 30, 2017 6.75% at June 30, 2016 Same as projected long term rate of return. Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust.
General Inflation	2.75%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Society of Actuaries Scale MP-17
Salary Increases	Aggregate - 3% Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years. Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years.
Healthcare participation	90% if currently waived 100% if currently covered

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	57%	4.82%
Fixed Income	27%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REIT's	8%	3.76%
Total	100%	

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

Discount Rate

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

Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2016	\$ 14,284,000	\$ 2,489,000	\$ 11,795,000
Changes Recognized for the Measurement Period:			
Service cost	437,000	-	437,000
Interest on the total OPEB liability	978,000	-	978,000
Contributions from the employer	-	903,000	(903,000)
Net investment income	-	262,000	(262,000)
Administrative expenses	-	(2,000)	2,000
Benefit payments and refunds	(432,000)	(432,000)	-
Net changes during July 1, 2016 to June 30, 2017	983,000	731,000	252,000
Balance at June 30, 2017	\$ 15,267,000	\$ 3,220,000	\$ 12,047,000

The contributions from employer include implied subsidy benefit payments in the amount of \$96,000.

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

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1% 5.75%	Current Discount Rate 6.75%	Discount Rate + 1% 7.75%
\$ 14,270,000	\$ 12,047,000	\$ 10,222,000

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

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

Plan's Net OPEB Liability/(Asset)		
Healthcare Cost Trend Rates 6.5% decreasing to 3.0%	Healthcare Cost Trend Rates 7.5% decreasing to 4.0%	Healthcare Cost Trend Rates 8.5% decreasing to 5.0%
\$ 9,999,000	\$ 12,047,000	\$ 14,587,000

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

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

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$1,230,000.

Components of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2018 were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 75,000
Employer contributions made subsequent to the measurement date	1,013,000	-
Total	\$ 1,013,000	\$ 75,000

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five year period. The remaining gains and losses are amortized over the expected average remaining service life. The expected average remaining service life for the 2016-17 measurement period is 4.0 years.

The \$1,013,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Period Ended June 30	Deferred Inflows of Resources
2019	\$ 18,750
2020	18,750
2021	18,750
2022	18,750
	\$ 75,000

(5) Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the International City Managers' Association (ICMA) Retirement Corporation Trust. It is available to all full-time employees and all part-time employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

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

(6) Long-Term Liabilities**A. Summary of Long-Term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

Governmental activities:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Employee leave payable	\$ 704,606	\$ 66,813	\$ 57,924	\$ 713,495	\$ 73,158
Capital leases	138,482	127,493	62,612	203,363	59,476
Net OPEB liability	10,387,524	221,937	-	10,609,461	-
Net pension liability	17,587,136	2,551,543	-	20,138,679	-
Total governmental activity	\$ 28,817,748	\$ 2,967,786	\$ 120,536	\$ 31,664,998	\$ 132,634

Business-type activities:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Loan payable	\$ 29,933	\$ -	\$ 29,933	\$ -	\$ -
Note payable - I Bank	4,744,647	6,700,000	140,872	11,303,775	145,535
Employee leave payable	54,215	9,232	4,136	59,311	4,694
Capital leases	90,145	51,097	39,929	101,313	39,332
Net OPEB liability	1,407,476	30,063	-	1,437,539	-
Net pension liability	2,423,724	334,051	-	2,757,775	-
Total business-type activities	\$ 8,750,140	\$ 7,124,443	\$ 214,870	\$ 15,659,713	\$ 189,561

B. Loan Payable

In November 1977, an agreement was made between the U.S. Department of Commerce Economic Development Administration and the City for a loan of \$527,200 under the Community Emergency Drought Relief Act of 1977. The proceeds of the loan were used to construct a water well and other water production facilities. The loan is to be repaid in equal installments of principal and 5% interest and is due November 2017. The City has pledged net system revenues of the Water Fund to the repayment of the note. Net system revenues of \$549,766 were recognized in the current year. During the year, interest of \$1,497 and principal of \$29,933 was paid, leaving a balance of \$0.

C. Note Payable – California Infrastructure and Economic Development Bank (IBANK)

In May 2010, an agreement was made between the California Infrastructure and Economic Development Bank (IBANK) and the City of Paramount for a loan of \$5,500,000 under the Bergeson-Peace Infrastructure and Economic Development Bank Act. The purpose of the loan is to construct a water well and other water treatment facilities. The loan is to be repaid by August 2039, over 30 years at 3.31% annual interest. The City has pledged net system revenues of the Water Fund to the repayment of the note. Net system revenues of \$549,766 were recognized in the current year. During the year, interest of \$154,717 and principal of \$140,872 was paid leaving an outstanding balance of \$4,603,775.

Below is a schedule of the remaining debt service:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 145,535	\$ 149,976	\$ 295,511
2020	150,352	145,080	295,432
2021	155,329	140,020	295,349
2022	160,470	134,794	295,264
2023	165,782	129,394	295,176
2024 - 2028	914,945	559,513	1,474,458
2029 - 2033	1,076,729	395,051	1,471,780
2034 - 2038	1,267,122	201,508	1,468,630
2039 - 2040	567,511	18,938	586,449
	<u>\$ 4,603,775</u>	<u>\$ 1,874,274</u>	<u>\$ 6,478,049</u>

In May 2018, an agreement was made between the California Infrastructure and Economic Development Bank (IBANK) and the City of Paramount for a loan of \$6,700,000 under the Infrastructure State Revolving Fund Program. The purpose of the loan is to construct a water well and other water treatment facilities. The loan is to be repaid by August 2047, over 30 years at 3.03% annual interest. The City has pledged net system revenues of the Water Fund to the repayment of the note. Net system revenues of \$549,766 were recognized in the current year.

Below is a schedule of the remaining debt service:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ -	\$ 135,904	\$ 135,904
2020	147,477	200,776	348,253
2021	151,946	196,240	348,186
2022	156,550	191,566	348,116
2023	161,293	186,750	348,043
2024 - 2028	882,801	856,257	1,739,058
2029 - 2033	1,024,902	712,007	1,736,909
2034 - 2038	1,189,875	544,535	1,734,410
2039 - 2043	1,381,400	350,109	1,731,509
2044 - 2047	1,603,756	124,383	1,728,139
	<u>\$ 6,700,000</u>	<u>\$ 3,498,527</u>	<u>\$ 10,198,527</u>

(7) Leases

Capital Leases

The City has entered in to capital lease obligations for certain vehicles purchased under financing leases. Such leases require annual payments of principal and interest, with an interest rate of 4.45% and 4.70%, and will be fully amortized by the year 2022.

Vehicles leased under capital leases as of June 30, 2018 are included in capital assets as follows:

	Governmental Activities	Business-type Activities
Acquisitions	\$ 306,857	\$ 174,003
Less accumulated depreciation	(34,730)	(21,206)
Net book value	<u>\$ 272,127</u>	<u>\$ 152,797</u>

Future minimum lease payments under capital leases and the present value of the net minimum lease payments at June 30, 2018 are:

Year ending June 30:	Governmental Activities	Business-type Activities
2019	\$ 68,774	\$ 43,940
2020	68,774	43,940
2021	58,833	11,179
2022	27,893	11,180
Total minimum lease payments	<u>\$ 224,274</u>	<u>\$ 110,239</u>
Less amount representing interest	(20,911)	(8,926)
Present value of future minimum lease payments	<u>\$ 203,363</u>	<u>\$ 101,313</u>

(8) Capital Assets and Depreciation

The following table presents the capital assets activity for the year ended June 30, 2018.

	Beginning Balance July 1, 2017	Increases	Decreases	Ending Balance June 30, 2018
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 14,849,080	\$ -	\$ -	\$ 14,849,080
Construction in progress	2,403,533	854,608	426,836	2,831,305
Total capital asset not being depreciated	17,252,613	854,608	426,836	17,680,385
Capital assets, being depreciated:				
Land Improvements	25,193,471	-	-	25,193,471
Buildings and improvements	18,483,777	397,483	-	18,881,260
Fine Arts	1,213,202	-	-	1,213,202
Computer equipment	180,980	100,583	-	281,563
Vehicles	3,297,380	210,817	36,400	3,471,797
Other equipment	2,273,303	65,444	14,649	2,324,098
Infrastructure	107,041,227	1,607,217	-	108,648,444
Total capital asset being depreciated	157,683,340	2,381,544	51,049	160,013,835
Less accumulated depreciation for:				
Land Improvements	14,673,872	946,848	-	15,620,720
Buildings and improvements	10,857,638	423,415	-	11,281,053
Fine Arts	804,750	32,605	-	837,355
Computer equipment	165,428	17,251	-	182,679
Vehicles	2,846,190	138,367	36,400	2,948,157
Other equipment	1,608,407	148,887	14,649	1,742,645
Infrastructure	64,615,769	3,880,916	-	68,496,685
Total accumulated depreciation	95,572,054	5,588,289	51,049	101,109,294
Total capital assets, being depreciated, net	62,111,286	(3,206,745)	-	58,904,541
Governmental activities capital assets, net	\$ 79,363,899	\$ (2,352,137)	\$ 426,836	\$ 76,584,926
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 2,270,763	\$ -	\$ -	\$ 2,270,763
Construction in progress	1,939,050	106,368	-	2,045,418
Total capital asset not being depreciated	4,209,813	106,368	-	4,316,181
Capital assets, being depreciated:				
Buildings and wells	10,863,475	-	-	10,863,475
Mains	21,614,830	-	-	21,614,830
Distribution equipment	6,953,290	-	-	6,953,290
Other equipment	1,768,833	-	-	1,768,833
Tools	23,089	-	-	23,089
Vehicles	489,427	51,097	-	540,524
Computer equipment	418,555	13,631	-	432,186
Total capital asset being depreciated	42,131,499	64,728	-	42,196,227
Less accumulated depreciation for:				
Buildings and wells	3,737,327	307,739	-	4,045,066
Mains	12,595,143	354,672	-	12,949,815
Distribution equipment	5,556,266	69,991	-	5,626,257
Other equipment	1,629,195	111,833	-	1,741,028
Tools	23,089	-	-	23,089
Vehicles	375,298	17,556	-	392,854
Computer equipment	321,816	27,669	-	349,485
Total accumulated depreciation	24,238,134	889,460	-	25,127,594
Total capital assets, being depreciated, net	17,893,365	(824,732)	-	17,068,633
Business type activities capital assets, net	\$ 22,103,178	\$ (718,364)	\$ -	\$ 21,384,814

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

Governmental Activities:	
General government	\$ 965,332
Community development	18,258
Public safety	34,895
Community services and recreation	954,562
Public works	<u>3,615,242</u>
Total depreciation expense – governmental activities	<u>\$ 5,588,289</u>
Business-Type Activities:	
Water	<u>\$ 889,460</u>

(9) Interfund Transactions

Interfund Balances

The following summarizes interfund receivables and payables at June 30, 2018:

Due to the General Fund from:	
<u>Major Fund</u>	
Other Grants	<u>\$ 978,502</u>
<u>Non-major Funds</u>	
Community Development Block Grant	176,930
HOME Partnership Act	106,557
After School Education & Safety	132,428
Traffic Safety	19,365
Total Non-major Funds	<u>435,280</u>
Total Due to the General Fund	<u>\$ 1,413,782</u>

Due To/From

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

Interfund Transfers

The following summarizes interfund transfers at June 30, 2018:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
Major Fund		
General Fund	AB2766 Subvention	\$ 35,249
	Equipment Replacement Fund	<u>100,000</u>
Total Interfund Transfers		<u>\$ 135,249</u>

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

The following is a summary of notes receivable by fund at June 30, 2018

<u>HOME Partnership Act</u>	
Home Improvement Loan Program	\$ 109,922
<u>Community Development Block Grant</u>	
Commercial Improvement Loan Program	1,690
<u>Paramount Housing Authority</u>	
Affordable Home Ownership Program-Clearwater Court	424,186
Home Improvement Loan Program	35,690
Microburst Loan Program	7,417
Paramount Housing Authority Total	467,293
TOTAL NOTES RECEIVABLE	\$ 578,905

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

B. HOME Improvement Loan Program

The HOME Improvement Loan Program is designed to assist homeowners with their required contribution to the cost of a home improvement project. The program provides interest free loans up to \$8,000 to cover up to 100% of the homeowner's contribution. The loans are secured by a Deed of Trust and become due upon the sale, refinancing, or transfer of the property. The total amount outstanding is \$109,922 at June 30, 2018.

C. Affordable Home Ownership Program – Clearwater Court

During Fiscal Year 1994, the Paramount Redevelopment Agency implemented an Affordable Home Ownership Program designed to assist first-time homebuyers with the purchase of a home. The Agency assisted six homebuyers by providing secured second trust deeds totaling \$510,816, which would significantly reduce their monthly mortgage payments. The notes plus accrued interest are due upon sale of the property. However, if the homeowner resides in the property for thirty years, the note plus accrued interest is forgiven. The total amount outstanding is \$424,186 at June 30, 2018. On June 27, 2012 the Affordable Home Ownership Loans were transferred from the Successor Agency to the Paramount Housing Authority.

D. Microburst Loan Program

In September 2000, the Paramount Redevelopment Agency entered into loan agreements with six residential property owners for amounts ranging from \$2,000 to \$9,990, for a total of \$32,890. The Agency provided the loans to assist with the rehabilitation of the owner's homes resulting from a microburst (severe wind) storm on April 18, 2000. The loans bear a 3.812% interest rate and have amortization periods from three to thirty years beginning in September 2000. The total amount outstanding is \$7,417 at June 30, 2018.

E. Home Improvement Loan Program

During Fiscal Year 2008, the Paramount Redevelopment Agency implemented a Home Improvement Loan Program designed to assist homeowners with their required contribution to the cost of a home improvement project. The program provides interest free loans up to \$8,000 to cover up to 100% of the homeowner's contribution. The loans are secured by a Deed of Trust and become due upon the sale, refinancing, or transfer of the property. The total amount outstanding is \$35,690 at June 30, 2018.

(11) Fund Balance

The City's governmental fund balances at June 30, 2018 are presented below:

	General	Other Grants	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$ 40,425	\$ -	\$ -	\$ 40,425
Land Held for Resale	236,544	-	-	236,544
	<u>276,969</u>	<u>-</u>	<u>-</u>	<u>276,969</u>
Restricted for:				
Environmental Concerns	-	77,713	537,056	614,769
Housing Programs	-	-	833,936	833,936
Housing Programs-Notes Receivable	-	-	577,215	577,215
Special Event Services	-	17,950	-	17,950
Community Development	-	-	1,696	1,696
Public Safety	-	187,591	-	187,591
Public Works	-	312,986	-	312,986
After School Program	-	-	76,410	76,410
Disability Access and Education	-	-	12,268	12,268
Public Access	-	-	99,348	99,348
Public Transit	-	-	586,327	586,327
Parking Authority	-	-	535,000	535,000
Road Maintenance	-	-	2,375,814	2,375,814
Sewer Maintenance	-	-	217,170	217,170
	<u>-</u>	<u>596,239</u>	<u>5,852,240</u>	<u>6,448,479</u>
Committed to:				
Community Cultural Services	-	-	399,206	399,206
Storm Drain	-	-	366,767	366,767
General Plan	-	-	640,966	640,966
	<u>-</u>	<u>-</u>	<u>1,406,939</u>	<u>1,406,939</u>
Assigned to:				
Capital Improvement Projects	2,095,028	-	-	2,095,028
Paramount Education Partnership	250,000	-	-	250,000
Public Employee Retirement	1,300,000	-	-	1,300,000
Insurance	30,000	-	-	30,000
	<u>3,675,028</u>	<u>-</u>	<u>-</u>	<u>3,675,028</u>
Unassigned	<u>12,647,525</u>	<u>-</u>	<u>-</u>	<u>12,647,525</u>
Total fund balance	<u>\$ 16,599,522</u>	<u>\$ 596,239</u>	<u>\$ 7,259,179</u>	<u>\$ 24,454,940</u>

(12) Insurance

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

A. California Joint Powers Insurance Authority (CJPIA)

The City of Paramount is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began

covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

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

- Liability Coverage

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

In the liability program claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cipia.org/protection/coverage-programs>.

- Workers' Compensation

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

For 2017-18 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

- Purchased Insurance

- Pollution Legal Coverage

The City of Paramount participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Paramount. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

- Property Coverage

The City of Paramount participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Paramount property is currently insured according to a schedule of covered property submitted by the City of Paramount to the Authority. City of Paramount property currently has all-risk property insurance protection in the amount of \$50,130,860. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

- Earthquake and Flood Coverage

The City of Paramount purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Paramount property currently has earthquake protection in the amount of \$4,815,263. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

- Crime Coverage

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

- Special Event Tenant User Coverage

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

- Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2017-18.

- Claims Activity

For the fiscal year ended 2018, there was \$0 deductible claims paid by the City.

B. Automobile Comprehensive and Collision Insurance

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

C. Health Insurance

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

(13) Litigation

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

(14) Special Items

A. General Discussion

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. Section 34191.5 of the Bill directed the successor agencies to prepare a Long-Range Property Management Plan that addresses the disposition and use of the real property of the former redevelopment agencies. On March 18, 2014, the California Department of Finance approved the plan submitted by the Successor Agency for the Paramount Redevelopment Agency. In FY 2018 bond proceeds from the 2010 Tax Allocation Bonds in the amount of \$484,475 was transferred to the City from the Successor Agency.

B. Special Item Reported in Governmental Activities

Governmental Activities

Special item gain - Transfer of 2010 Tax Allocation Bond Proceeds from the Successor Agency to General Fund and Governmental Activities

\$ 484,475

(15) Successor Agency Trust for Assets of Former Redevelopment Agency**A. General Discussion**

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

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

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

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

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

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

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

Cash and investments as of June 30, 2018 are classified in the accompanying fiduciary financial statements as follows:

Redevelopment Obligation Retirement Private-Purpose Trust Fund	
Cash and investments	\$ 5,165,846
Cash and investments - restricted	1,610,412
Total cash and investments	<u>\$ 6,776,258</u>

Cash and investments as of June 30, 2018 consist of the following:

Deposits with financial institutions	\$ 4,813,224
Investments	1,963,034
Total cash and investments	<u>\$ 6,776,258</u>

C. Successor Agency Long-Term Debt

	Balance July 1, 2017	Compounded Interest	Debt Retired	Balance June 30, 2018	Due Within One Year
1998 Tax Allocation Bonds	\$ 8,697,996	\$ 471,567	\$ -	\$ 9,169,563	\$ -
2015 Refunding Bonds	21,185,000	-	2,630,000	18,555,000	2,725,000
Unamortized premium-2015	2,103,725	-	345,817	1,757,908	345,818
Deferred amount of refunding-2015	623,923	-	102,563	521,360	102,563
2010 Tax Allocation Bonds	11,800,000	-	950,000	10,850,000	1,010,000
Unamortized discount	(86,859)	-	(8,614)	(78,245)	(8,614)
Deferred Pass Through	930,740	-	-	930,740	-
City Loan	185,963	-	185,963	-	-
Housing Authority Loan	46,490	-	46,490	-	-
Total Successor Agency	<u>\$ 45,486,978</u>	<u>\$ 471,567</u>	<u>\$ 4,252,219</u>	<u>\$ 41,706,326</u>	<u>\$ 4,174,767</u>

1. 1998 Tax Allocation Refunding Bonds

In February 1998, the Agency issued \$3,122,050 of Tax Allocation Refunding Bonds to refund the 1993B Compound Interest Tax Allocation Bonds and provide additional funds in furtherance of the Redevelopment Plan. The 1998 Bonds have a maturity value of \$14,050,000 with all interest and principal payable at maturity. The bonds mature August 1, 2026 and are compounded annually at 5.35%. Accordingly, as of June 30, 2018, interest of \$471,567 was added to the outstanding debt.

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

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

2. 2010 Tax Allocation Bonds

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

Below is a schedule of the remaining debt service:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 1,010,000	\$ 550,838	\$ 1,560,838
2020	1,065,000	489,235	1,554,235
2021	1,130,000	426,718	1,556,718
2022	1,195,000	366,463	1,561,463
2023	1,250,000	305,338	1,555,338
2023 - 2028	5,200,000	612,688	5,812,688
	<u>\$ 10,850,000</u>	<u>\$ 2,751,280</u>	<u>\$ 13,601,280</u>

3. 2015 Tax Allocation Refunding Bonds

In June 2015, the Successor Agency issued \$23,665,000 of 2015 Tax allocation Refunding Bonds to current refund the 2003 Tax Allocation Refunding Bonds. The 2015 Tax Allocation Refunding Bonds consist of \$23,665,000 of Serial Bonds with coupon rates ranging from 2% to 5%. Interest is paid semi-annually on February 1 and August 1 of each year and the annual debt service payments are kept at approximately \$3,650,000. As of June 30, 2018, the outstanding balance was \$18,555,000, the unamortized bond premium was \$1,757,908 and the outstanding balance of the deferred amount on refunding was \$521,360.

Below is a schedule of the remaining debt service:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 2,725,000	\$ 849,625	\$ 3,574,625
2020	2,860,000	710,000	3,570,000
2021	3,010,000	563,250	3,573,250
2022	3,160,000	409,000	3,569,000
2023	3,315,000	247,125	3,562,125
2024	3,485,000	82,125	3,567,125
	<u>\$ 18,555,000</u>	<u>\$ 2,861,125</u>	<u>\$ 21,416,125</u>

4. Housing Authority Loans

In June 2002 the City provided the former Paramount Redevelopment Agency with a \$1,527,171 loan, the purpose of which was to facilitate the Home Depot development in the southwestern portion of the City. This loan is now an enforceable obligation of the Successor Agency to be repaid beginning in FY 2015. Pursuant to California statute 80% of the loan plus accrued interest of \$9,567 is to be repaid to the City and 20% is to be paid to the Paramount Housing Authority which is the Affordable Housing Successor for the former Paramount Redevelopment Agency. The balance remaining as of June 30, 2018 is \$0.

5. 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, 2018 the balance due is \$930,740.

D. Capital Assets and Depreciation

	Beginning Balance July 1, 2017	Increases	Decreases	Transfer to City	Ending Balance June 30, 2018
Capital assets, being depreciated:					
Buildings and improvements	\$ 358,067	\$ -	\$ -	\$ -	\$ 358,067
Infrastructure	4,277,466	-	-	-	4,277,466
Total capital asset being depreciated	4,635,533	-	-	-	4,635,533
Less accumulated depreciation for:					
Buildings and improvements	292,973	20,908	-	-	313,881
Infrastructure	2,040,826	225,917	-	-	2,266,743
Total accumulated depreciation	2,333,799	246,825	-	-	2,580,624
Total capital assets, being depreciated, net	\$ 2,301,734	\$ (246,825)	\$ -	\$ -	\$ 2,054,909

E. Notes ReceivableCommercial Rehabilitation Loan Program

During FY 2008, the Paramount Redevelopment Agency implemented a Commercial Rehabilitation Loan Program designed to assist business property owners with their required contribution to the cost of a commercial rehabilitation project. The program provides interest free loans up to \$50,000 to cover up to one half of the business property owner's contribution. The loans have a term of 5 years, are secured by a Deed of Trust and become due upon the sale, refinancing or transfer of the property. The total amount outstanding is \$75 at June 30, 2018.

(16) Contingency Note – Note Receivable

In June 2000, the City provided the former Paramount Redevelopment Agency with a \$1,527,171 loan to facilitate the Home Depot development in the southwestern portion of the City. The loan was repaid to the City in March 2011. Pursuant to legislation that eliminated all redevelopment agencies in the State of California, a review of the Paramount Redevelopment Agency was conducted by the SCO and on September 30, 2013, a draft report was issued listing several transfers that, in the opinion of the SCO, met the criteria of unallowable transfers. The repayment of the loan to the City was one of those transfers. In FY 2014 the City reimbursed the Successor Agency for the loan repayment.

A partial repayment of \$1,288,443 was approved as an enforceable obligation of the Successor Agency for FY 2015 and \$15,843 for FY 2016 was reflected in the City's financial statements. The remaining amount of \$232,453 was collected by the City in FY 2018.

(17) Restatement of Net Position

The City adopted GASB Statement No. 75 effective July 1, 2017 as described in Note 1. The impact to the beginning balances is as follows:

	Governmental Activities	Business-Type Activities	Total
Net position - June 30, as previously reported	\$ 81,198,827	\$ 18,845,831	\$ 100,044,658
Adjustment to adopt GASB 75:			
OPEB obligation	5,195,449	422,545	5,617,994
Net OPEB liability	(10,387,525)	(1,407,476)	(11,795,001)
Deferred outflows of resources - OPEB	795,272	107,728	903,000
Net position - July 1, as restated	\$ 76,802,023	\$ 17,968,628	\$ 94,770,651

REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of the City's Proportionate Share of the Net Pension Liability
As of June 30, 2018
Last Ten Fiscal Years***

	Measurement Date 06/30/2014	Measurement Date 06/30/2015	Measurement Date 06/30/2016	Measurement Date 06/30/2017
Plan's proportion of the net pension liability/(asset)	0.19059%	0.23388%	0.23126%	0.23087%
Plan's proportionate share of the net pension liability/(asset)	\$ 11,859,567	\$ 16,053,473	\$ 20,010,860	\$ 22,896,454
Plan's covered payroll	\$ 6,334,225	\$ 6,029,967	\$ 6,206,549	\$ 6,190,935
Plan's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	187.23%	266.23%	322.42%	369.84%
Plan's fiduciary net position as a percentage of the plan's total pension liability	79.82%	78.40%	74.06%	71.74%

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

**Schedule of the City's Pension Plan Contributions
As of June 30, 2018
Last Ten Fiscal Years***

	2015	2016	2017	2018
Actuarially determined contribution	\$ 1,225,048	\$ 1,402,641	\$ 1,552,328	\$ 2,644,757
Contributions in relation to the actuarially determined contribution	(1,225,048)	(1,402,641)	(1,552,328)	(2,644,757)
Contribution deficiency (excess)	-	-	-	-
Covered payroll	\$ 6,029,967	\$ 6,206,549	\$ 6,190,935	\$ 6,387,917
Contributions as a percentage of covered payroll	20.316%	22.599%	25.074%	41.402%

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

Schedule of Changes in Net OPEB Liability and Related Ratios
As of June 30, 2018
Last Ten Fiscal Years*

	2016-17
Measurement period	
Total OPEB liability	
Service cost	\$ 437,000
Interest	978,000
Differences between expected and actual experience	-
Assumption changes	-
Benefit payments, including refunds of employee contributions	(432,000)
Net change in total OPEB liability	983,000
Total OPEB liability - beginning	14,284,000
Total OPEB liability - ending (a)	\$ 15,267,000
OPEB fiduciary net position	
Contributions - employer	\$ 903,000
Net investment income	262,000
Benefit payments, including refunds of employee contributions	(432,000)
Administrative expense	(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)	\$ 3,220,000
Plan net OPEB liability - ending (a) - (b)	\$ 12,047,000
Plan fiduciary net position as a percentage of the total OPEB liability	21.09%
Covered-employee payroll	\$ 6,473,000
Plan net OPEB liability as a percentage of covered-employee payroll	186.11%

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

Schedule of Contributions
For the Year Ended June 30, 2018
Last Ten Fiscal Years*

	2017-18
Actuarially determined contribution	\$ 1,462,000
Contributions in relation to the actuarially determined contribution	(1,013,000)
Contribution deficiency (excess)	\$ 449,000
Covered-employee payroll	\$ 6,679,000
Contributions as a percentage of covered-employee payroll	15.17%

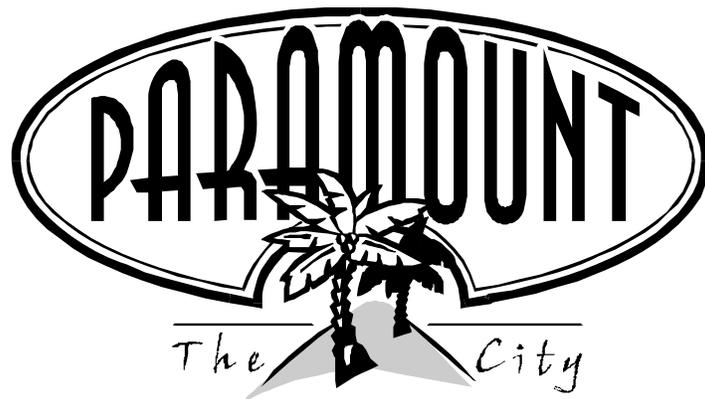
Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018 were from the June 30, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

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



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

NONMAJOR SPECIAL REVENUE FUNDS

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

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

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

HOME PARTNERSHIP ACT FUND

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

PARAMOUNT HOUSING AUTHORITY

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

AFTER SCHOOL EDUCATION AND SAFETY FUND

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

STATE GASOLINE TAX FUND

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

TRAFFIC SAFETY FUND

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

WASTE REDUCTION FEES FUND

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

AB2766 SUBVENTION FUNDS

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

DISABILITY ACCESS AND EDUCATION FUND

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

PROPOSITION A TRANSIT TAX FUND

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

PROPOSITION C TRANSIT TAX FUND

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

MEASURE R TRANSIT TAX FUND

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

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

MEASURE M TRANSIT TAX FUND

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

STORM DRAIN FEES FUND

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

SEWER RECONSTRUCTION FUND

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

PUBLIC ART FEES FUND

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

PUBLIC ACCESS FEES FUND

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

GENERAL PLAN FEES FUND

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

SERVICE ASSESSMENTS FUND

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

**NONMAJOR
CAPITAL PROJECTS FUNDS**

PARAMOUNT PARKING AUTHORITY FUND

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

City of Paramount
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue				
	Community Development Block Grant	HOME Partnership Act	Paramount Housing Authority	After School Education & Safety	State Gas Tax
ASSETS					
Cash and investments	\$ -	\$ -	\$ 825,832	-	\$ 381,653
Accounts receivable	222,525	159,606	-	\$ 208,837	97
Interest receivable	-	-	-	1,058	1,509
Notes receivable	1,690	109,922	467,293	-	-
Land held for resale	-	-	-	-	-
Total assets	<u>\$ 224,215</u>	<u>\$ 269,528</u>	<u>\$ 1,293,125</u>	<u>\$ 209,895</u>	<u>\$ 383,259</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 37,089	\$ 35,580	-	\$ 1,057	\$ 132,826
Deposit payable	8,500	9,365	-	-	-
Due to other funds	176,930	106,557	-	132,428	-
Total liabilities	<u>222,519</u>	<u>151,502</u>	<u>-</u>	<u>133,485</u>	<u>132,826</u>
FUND BALANCES					
Restricted	1,696	118,026	1,293,125	76,410	250,433
Committed	-	-	-	-	-
Total fund balances	<u>1,696</u>	<u>118,026</u>	<u>1,293,125</u>	<u>76,410</u>	<u>250,433</u>
Total liabilities and fund balances	<u>\$ 224,215</u>	<u>\$ 269,528</u>	<u>\$ 1,293,125</u>	<u>\$ 209,895</u>	<u>\$ 383,259</u>

**Special
Revenue**

Traffic Safety	Waste Reduction Fees	AB2766 Subvention	Disability Access and Education	Proposition A Transit Tax	Proposition C Transit Tax	Measure R
-	\$ 236,791	\$ 272,098	\$ 9,927	\$ 707,504	\$ 865,814	\$ 836,780
\$ 19,365	7,711	18,411	2,301	20	-	-
-	956	1,089	40	2,794	3,861	3,154
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 19,365</u>	<u>\$ 245,458</u>	<u>\$ 291,598</u>	<u>\$ 12,268</u>	<u>\$ 710,318</u>	<u>\$ 869,675</u>	<u>\$ 839,934</u>
-	-	-	-	\$ 123,991	\$ 156,358	-
-	-	-	-	-	-	-
\$ 19,365	-	-	-	-	-	-
<u>19,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,991</u>	<u>156,358</u>	<u>-</u>
-	245,458	291,598	12,268	586,327	713,317	839,934
-	-	-	-	-	-	-
-	245,458	291,598	12,268	586,327	713,317	839,934
<u>\$ 19,365</u>	<u>\$ 245,458</u>	<u>\$ 291,598</u>	<u>\$ 12,268</u>	<u>\$ 710,318</u>	<u>\$ 869,675</u>	<u>\$ 839,934</u>

Continued on the following page.

**City of Paramount
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018**

	Special Revenue					
	Measure M	Sewer Reconstruction Fees	Public Art Fees	Public Access Fees	Storm Drain Fees	
ASSETS						
Cash and investments	\$ 570,227	\$ 216,292	\$ 356,327	\$ 117,470	\$ 365,287	\$ 638,382
Accounts receivable	-	-	50,000	17,179	-	-
Interest receivable	1,903	878	1,429	615	1,480	2,584
Notes receivable	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
Total assets	<u>\$ 572,130</u>	<u>\$ 217,170</u>	<u>\$ 407,756</u>	<u>\$ 135,264</u>	<u>\$ 366,767</u>	<u>\$ 640,966</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	-	-	\$ 8,550	\$ 35,916	-	-
Deposits payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>8,550</u>	<u>35,916</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted	572,130	217,170	-	99,348	-	-
Committed	-	-	399,206	-	366,767	640,966
Total fund balances	<u>572,130</u>	<u>217,170</u>	<u>399,206</u>	<u>99,348</u>	<u>366,767</u>	<u>640,966</u>
Total liabilities and fund balances	<u>\$ 572,130</u>	<u>\$ 217,170</u>	<u>\$ 407,756</u>	<u>\$ 135,264</u>	<u>\$ 366,767</u>	<u>\$ 640,966</u>

Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
Service Assessments	Total	Paramount Parking Authority	Total	
\$ 629	\$ 6,401,013	-	-	\$ 6,401,013
253	706,305	-	-	706,305
-	23,350	-	-	23,350
-	578,905	-	-	578,905
-	-	\$ 535,000	\$ 535,000	535,000
<u>\$ 882</u>	<u>\$ 7,709,573</u>	<u>\$ 535,000</u>	<u>\$ 535,000</u>	<u>\$ 8,244,573</u>
\$ 882	\$ 532,249	-	-	\$ 532,249
-	17,865	-	-	17,865
-	435,280	-	-	435,280
<u>882</u>	<u>985,394</u>	<u>-</u>	<u>-</u>	<u>985,394</u>
-	5,317,240	535,000	535,000	5,852,240
-	1,406,939	-	-	1,406,939
-	6,724,179	535,000	535,000	7,259,179
<u>\$ 882</u>	<u>\$ 7,709,573</u>	<u>\$ 535,000</u>	<u>\$ 535,000</u>	<u>\$ 8,244,573</u>

City of Paramount
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue				
	Community Development Block Grant	HOME Partnership Act	Paramount Housing Authority	After School Education & Safety	State Gas Tax
REVENUES					
Interest and use of property	-	-	-	\$ 3,806	\$ 4,617
Intergovernmental revenues	\$ 967,083	\$ 220,326	-	2,072,070	1,174,340
Charges for services	-	-	-	-	-
Other revenues	-	-	\$ 46,490	14,425	-
Total revenues	<u>967,083</u>	<u>220,326</u>	<u>46,490</u>	<u>2,090,301</u>	<u>1,178,957</u>
EXPENDITURES					
Current:					
General government	116,709	25,130	-	-	-
Community development	280,400	196,446	-	-	-
Public safety	448,462	-	-	-	-
Community services and recreation	-	-	-	2,073,852	-
Public works	123,878	-	-	-	1,288,948
Capital outlay:					
Streets, sidewalks and signals	-	-	-	-	-
Other	-	-	-	-	-
Total expenditures	<u>969,449</u>	<u>221,576</u>	<u>-</u>	<u>2,073,852</u>	<u>1,288,948</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,366)</u>	<u>(1,250)</u>	<u>46,490</u>	<u>16,449</u>	<u>(109,991)</u>
OTHER FINANCING SOURCES (USES)					
Transfer from other funds					
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,366)	(1,250)	46,490	16,449	(109,991)
Fund balances - July 1	4,062	119,276	1,246,635	59,961	360,424
Fund balances - June 30	<u>\$ 1,696</u>	<u>\$ 118,026</u>	<u>\$ 1,293,125</u>	<u>\$ 76,410</u>	<u>\$ 250,433</u>

**Special
Revenue**

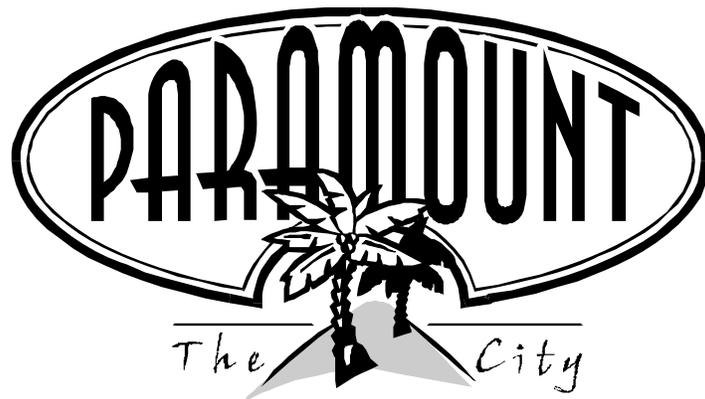
Traffic Safety	Waste Reduction Fees	AB2766 Subvention	Disability Access and Education	Proposition A Transit Tax	Proposition C Transit Tax	Measure R
-	\$ 2,805	\$ 2,996	\$ 101	\$ 7,610	\$ 11,194	\$ 7,138
\$ 106,456	-	71,671	-	1,052,044	869,729	653,600
-	75,152	-	5,401	73,521	-	-
-	-	-	-	-	-	-
<u>106,456</u>	<u>77,957</u>	<u>74,667</u>	<u>5,502</u>	<u>1,133,175</u>	<u>880,923</u>	<u>660,738</u>
-	47,944	3,390	-	75,696	67,632	11,973
-	-	-	-	-	-	-
106,456	-	-	-	66,759	-	-
-	-	-	-	775,735	-	-
-	-	47,429	-	76,370	90,869	5,000
-	-	-	-	-	628,762	87,200
-	-	-	-	-	-	-
<u>106,456</u>	<u>47,944</u>	<u>50,819</u>	<u>-</u>	<u>994,560</u>	<u>787,263</u>	<u>104,173</u>
-	30,013	23,848	5,502	138,615	93,660	556,565
-	-	35,249	-	-	-	-
-	-	35,249	-	-	-	-
-	30,013	59,097	5,502	138,615	93,660	556,565
-	215,445	232,501	6,766	447,712	619,657	283,369
-	<u>\$ 245,458</u>	<u>\$ 291,598</u>	<u>\$ 12,268</u>	<u>\$ 586,327</u>	<u>\$ 713,317</u>	<u>\$ 839,934</u>

Continued on the following page.

City of Paramount
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue				
	Measure M	Sewer Reconstruction Fees	Public Art Fees	Public Access Fees	Storm Drain Fees
REVENUES					
Interest and use of property	\$ 3,045	\$ 2,609	\$ 3,950	\$ 2,979	\$ 4,425
Intergovernmental revenues	592,311	-	-	-	-
Charges for services	-	11,969	203,860	47,035	21,837
Other revenues	-	-	-	-	-
Total revenues	<u>595,356</u>	<u>14,578</u>	<u>207,810</u>	<u>50,014</u>	<u>26,262</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Community services and recreation	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay:					
Streets, sidewalks and signals	23,226	-	-	-	-
Other	-	-	8,950	253,109	-
Total expenditures	<u>23,226</u>	<u>-</u>	<u>8,950</u>	<u>253,109</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>572,130</u>	<u>14,578</u>	<u>198,860</u>	<u>(203,095)</u>	<u>26,262</u>
OTHER FINANCING SOURCES (USES)					
Transfer from other funds					
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	572,130	14,578	198,860	(203,095)	26,262
Fund balances - July 1	-	202,592	200,346	302,443	340,505
Fund balances - June 30	<u>\$ 572,130</u>	<u>\$ 217,170</u>	<u>\$ 399,206</u>	<u>\$ 99,348</u>	<u>\$ 366,767</u>

			Capital Project		Total Nonmajor Governmental Funds
General Plan Fees	Service Assessments	Total	Paramount Parking Authority	Total	
\$ 7,718	-	\$ 64,993	-	-	\$ 64,993
-	-	7,779,630	-	-	7,779,630
43,674	\$ 14,142	496,591	-	-	496,591
-	-	60,915	-	-	60,915
<u>51,392</u>	<u>14,142</u>	<u>8,402,129</u>	<u>-</u>	<u>-</u>	<u>8,402,129</u>
-	5,025	353,499	-	-	353,499
-	-	476,846	-	-	476,846
-	-	621,677	-	-	621,677
-	-	2,849,587	-	-	2,849,587
-	9,117	1,641,611	-	-	1,641,611
-	-	739,188	-	-	739,188
-	-	262,059	-	-	262,059
<u>-</u>	<u>14,142</u>	<u>6,944,467</u>	<u>-</u>	<u>-</u>	<u>6,944,467</u>
<u>51,392</u>	<u>-</u>	<u>1,457,662</u>	<u>-</u>	<u>-</u>	<u>1,457,662</u>
		<u>35,249</u>			<u>35,249</u>
<u>-</u>	<u>-</u>	<u>35,249</u>	<u>-</u>	<u>-</u>	<u>35,249</u>
51,392	-	1,492,911	-	-	1,492,911
589,574	-	5,231,268	535,000	535,000	5,766,268
<u>\$ 640,966</u>	<u>-</u>	<u>\$ 6,724,179</u>	<u>\$ 535,000</u>	<u>\$ 535,000</u>	<u>\$ 7,259,179</u>



City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ 801,600	936,600	967,083	30,483
EXPENDITURES				
Current:				
General government	149,350	149,350	116,709	32,641
Community development	125,450	260,450	280,400	(19,950)
Public safety	405,750	405,750	448,462	(42,712)
Public works	121,050	121,050	123,878	(2,828)
Total expenditures	<u>801,600</u>	<u>936,600</u>	<u>969,449</u>	<u>(32,849)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(2,366)</u>	<u>(2,366)</u>
Net change in fund balance	-	-	(2,366)	(2,366)
Fund balance - July 1	4,100	4,100	4,062	(38)
Fund balance - June 30	<u>\$ 4,100</u>	<u>4,100</u>	<u>1,696</u>	<u>(2,404)</u>

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
HOME Partnership Act
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ 211,050	220,050	220,326	276
EXPENDITURES				
Current:				
General government	23,550	23,550	25,130	(1,580)
Community development	187,500	196,500	196,446	54
Total expenditures	<u>211,050</u>	<u>220,050</u>	<u>221,576</u>	<u>(1,526)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(1,250)</u>	<u>(1,250)</u>
Net change in fund balance	-	-	(1,250)	(1,250)
Fund balance - July 1	119,300	119,300	119,276	(24)
Fund balance - June 30	<u>\$ 119,300</u>	<u>119,300</u>	<u>118,026</u>	<u>(1,274)</u>

City of Paramount
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Paramount Housing Authority
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other revenues	\$ -	-	46,490	46,490
EXPENDITURES				
Current:				
Community development	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	46,490	46,490
Net change in fund balance	-	-	46,490	46,490
Fund balance - July 1	1,246,650	1,246,650	1,246,635	(15)
Fund balance - June 30	<u>\$ 1,246,650</u>	<u>1,246,650</u>	<u>1,293,125</u>	<u>46,475</u>

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
After School Education and Safety
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and use of property	\$ 900	1,200	3,806	2,606
Intergovernmental revenues	1,897,500	2,072,100	2,072,070	(30)
Other revenues	1,000	7,500	14,425	6,925
Total revenues	1,899,400	2,080,800	2,090,301	9,501
EXPENDITURES				
Current:				
Community services and recreation	1,897,500	2,072,100	2,073,852	(1,752)
Excess (deficiency) of revenues over (under) expenditures	1,900	8,700	16,449	7,749
Net change in fund balance	1,900	8,700	16,449	7,749
Fund balance - July 1	60,000	60,000	59,961	(39)
Fund balance - June 30	\$ 61,900	68,700	76,410	7,710

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State Gas Tax
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ -	-	4,617	4,617
Intergovernmental revenues	1,577,100	1,209,800	1,174,340	(35,460)
Total revenues	<u>1,577,100</u>	<u>1,209,800</u>	<u>1,178,957</u>	<u>(30,843)</u>
EXPENDITURES				
Current:				
Public works	1,444,900	1,466,050	1,288,948	177,102
Total expenditures	<u>1,444,900</u>	<u>1,466,050</u>	<u>1,288,948</u>	<u>177,102</u>
Excess (deficiency) of revenues over (under) expenditures	<u>132,200</u>	<u>(256,250)</u>	<u>(109,991)</u>	<u>146,259</u>
Net change in fund balance	132,200	(256,250)	(109,991)	146,259
Fund balance - July 1	360,450	360,450	360,424	(26)
Fund balance - June 30	<u>\$ 492,650</u>	<u>104,200</u>	<u>250,433</u>	<u>146,233</u>

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Traffic Safety
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ 75,000	100,000	106,456	6,456
EXPENDITURES				
Current:				
Public safety	75,000	100,000	106,456	(6,456)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - July 1	-	-	-	-
Fund balance - June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Waste Reduction Fees
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ 300	300	2,805	2,505
Charges for services	68,000	68,000	75,152	7,152
Total revenues	<u>68,300</u>	<u>68,300</u>	<u>77,957</u>	<u>9,657</u>
EXPENDITURES				
Current:				
General government	<u>57,050</u>	<u>49,100</u>	<u>47,944</u>	<u>1,156</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,250</u>	<u>19,200</u>	<u>30,013</u>	<u>10,813</u>
Net change in fund balance	11,250	19,200	30,013	10,813
Fund balance - July 1	215,450	215,450	215,445	(5)
Fund balance - June 30	<u>\$ 226,700</u>	<u>234,650</u>	<u>245,458</u>	<u>10,808</u>

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
AB2766 Subvention Funds
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ 250	250	2,996	2,746
Intergovernmental revenues	68,000	68,000	71,671	3,671
Total revenues	<u>68,250</u>	<u>68,250</u>	<u>74,667</u>	<u>6,417</u>
EXPENDITURES				
Current:				
General government	-	-	3,390	(3,390)
Public works	50,500	47,450	47,429	21
Total expenditures	<u>50,500</u>	<u>47,450</u>	<u>50,819</u>	<u>(3,369)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,750</u>	<u>20,800</u>	<u>23,848</u>	<u>3,048</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	35,250	35,250	35,249	(1)
Total other financing sources and uses	<u>35,250</u>	<u>35,250</u>	<u>35,249</u>	<u>(1)</u>
Net change in fund balance	53,000	56,050	59,097	3,047
Fund balance - July 1	232,550	232,550	232,501	(49)
Fund balance - June 30	<u>\$ 285,550</u>	<u>288,600</u>	<u>291,598</u>	<u>2,998</u>

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Disability Access and Education
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ 50	50	101	51
Charges for services	1,500	1,500	5,401	3,901
Total revenues	<u>1,550</u>	<u>1,550</u>	<u>5,502</u>	<u>3,952</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,550</u>	<u>1,550</u>	<u>5,502</u>	<u>3,952</u>
Net change in fund balance	1,550	1,550	5,502	3,952
Fund balance - July 1	6,800	6,800	6,766	(34)
Fund balance - June 30	<u>\$ 8,350</u>	<u>8,350</u>	<u>12,268</u>	<u>3,918</u>

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Storm Drain
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ -	550	4,425	3,875
Charges for services	-	17,500	21,837	4,337
Total revenues	<u>-</u>	<u>18,050</u>	<u>26,262</u>	<u>8,212</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>18,050</u>	<u>26,262</u>	<u>8,212</u>
Net change in fund balance	-	18,050	26,262	8,212
Fund balance - July 1	340,550	340,550	340,505	(45)
Fund balance - June 30	<u>\$ 340,550</u>	<u>358,600</u>	<u>366,767</u>	<u>8,167</u>

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Proposition A Transit Tax
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ 800	800	7,610	6,810
Intergovernmental revenues	1,046,350	1,046,350	1,052,044	5,694
Charges for services	91,000	81,000	73,521	(7,479)
Total revenues	<u>1,138,150</u>	<u>1,128,150</u>	<u>1,133,175</u>	<u>5,025</u>
EXPENDITURES				
Current:				
General government	86,750	86,750	75,696	11,054
Public safety	96,100	96,100	66,759	29,341
Community services and recreation	815,650	865,650	775,735	89,915
Public works	76,000	76,000	76,370	(370)
Total expenditures	<u>1,074,500</u>	<u>1,124,500</u>	<u>994,560</u>	<u>129,940</u>
Excess (deficiency) of revenues over (under) expenditures	<u>63,650</u>	<u>3,650</u>	<u>138,615</u>	<u>134,965</u>
Net change in fund balance	63,650	3,650	138,615	134,965
Fund balance - July 1	447,750	447,750	447,712	(38)
Fund balance - June 30	<u>\$ 511,400</u>	<u>451,400</u>	<u>586,327</u>	<u>134,927</u>

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Proposition C Transit Tax
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ 1,800	1,800	11,194	9,394
Intergovernmental revenues	867,900	867,900	869,729	1,829
Other revenues	(3,200)	3,200	-	(3,200)
Total revenues	<u>866,500</u>	<u>872,900</u>	<u>880,923</u>	<u>8,023</u>
EXPENDITURES				
Current:				
General government	62,450	62,450	67,632	(5,182)
Public works	105,950	105,950	90,869	15,081
Capital outlay:				
Streets, sidewalks and signals	1,117,750	554,500	628,762	(74,262)
Total expenditures	<u>1,286,150</u>	<u>722,900</u>	<u>787,263</u>	<u>(64,363)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(419,650)</u>	<u>150,000</u>	<u>93,660</u>	<u>(56,340)</u>
Net change in fund balance	(419,650)	150,000	93,660	(56,340)
Fund balance - July 1	619,700	619,700	619,657	(43)
Fund balance - June 30	<u>\$ 200,050</u>	<u>769,700</u>	<u>713,317</u>	<u>(56,383)</u>

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure R Transit Tax
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and use of property	\$ 500	500	7,138	6,638
Intergovernmental revenues	650,950	650,950	653,600	2,650
Total revenues	651,450	651,450	660,738	9,288
EXPENDITURES				
Current:				
General government	62,850	62,850	11,973	50,877
Public works	19,200	20,700	5,000	15,700
Capital outlay:				
Streets, sidewalks and signals	505,000	82,000	87,200	(5,200)
Total expenditures	587,050	165,550	104,173	61,377
Excess (deficiency) of revenues over (under) expenditures	64,400	485,900	556,565	70,665
Net change in fund balance	64,400	485,900	556,565	70,665
Fund balance - July 1	283,400	283,400	283,369	(31)
Fund balance - June 30	\$ 347,800	769,300	839,934	70,634

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure M Transit Tax
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ 500	500	3,045	2,545
Intergovernmental revenues	664,550	664,550	592,311	(72,239)
Total revenues	<u>665,050</u>	<u>665,050</u>	<u>595,356</u>	<u>(69,694)</u>
EXPENDITURES				
Capital outlay:				
Streets, sidewalks and signals	-	24,000	23,226	774
Total expenditures	<u>-</u>	<u>24,000</u>	<u>23,226</u>	<u>774</u>
Excess (deficiency) of revenues over (under) expenditures	<u>665,050</u>	<u>641,050</u>	<u>572,130</u>	<u>(68,920)</u>
Net change in fund balance	665,050	641,050	572,130	(68,920)
Fund balance - July 1	-	-	-	-
Fund balance - June 30	<u>\$ 665,050</u>	<u>641,050</u>	<u>572,130</u>	<u>(68,920)</u>

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Sewer Reconstruction Fees
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ 450	450	2,609	2,159
Charges for services	1,500	1,500	11,969	10,469
Total revenues	<u>1,950</u>	<u>1,950</u>	<u>14,578</u>	<u>12,628</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,950</u>	<u>1,950</u>	<u>14,578</u>	<u>12,628</u>
Net change in fund balance	1,950	1,950	14,578	12,628
Fund balance - July 1	202,600	202,600	202,592	(8)
Fund balance - June 30	<u>\$ 204,550</u>	<u>204,550</u>	<u>217,170</u>	<u>12,620</u>

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Art Fees
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and use of property	\$ 500	500	3,950	3,450
Charges for services	40,000	120,000	203,860	83,860
Total revenues	40,500	120,500	207,810	87,310
EXPENDITURES				
Capital outlay:				
Other	26,000	186,000	8,950	177,050
Total expenditures	26,000	186,000	8,950	177,050
Excess (deficiency) of revenues over (under) expenditures	14,500	(65,500)	198,860	264,360
Net change in fund balance	14,500	(65,500)	198,860	264,360
Fund balance - July 1	200,350	200,350	200,346	(4)
Fund balance - June 30	\$ 214,850	134,850	399,206	264,356

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Access Fees
For the Year Ended June 30, 2018

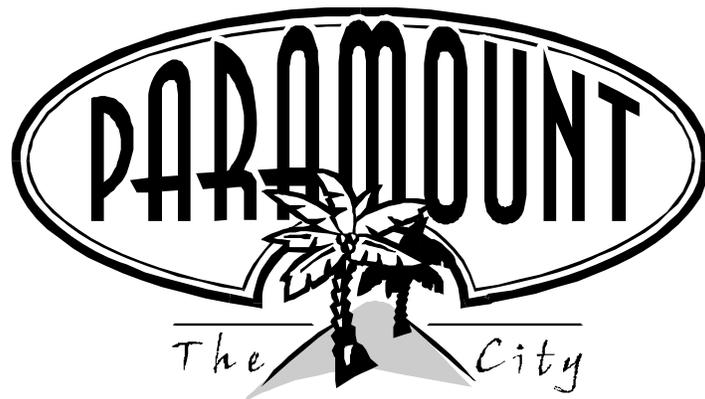
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ 350	350	2,979	2,629
Charges for services	35,000	35,000	47,035	12,035
Total revenues	<u>35,350</u>	<u>35,350</u>	<u>50,014</u>	<u>14,664</u>
EXPENDITURES				
Capital outlay:				
Other	-	265,000	253,109	11,891
Total expenditures	<u>-</u>	<u>265,000</u>	<u>253,109</u>	<u>11,891</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,350</u>	<u>(229,650)</u>	<u>(203,095)</u>	<u>26,555</u>
Net change in fund balance	35,350	(229,650)	(203,095)	26,555
Fund balance - July 1	302,450	302,450	302,443	(7)
Fund balance - June 30	<u>\$ 337,800</u>	<u>72,800</u>	<u>99,348</u>	<u>26,548</u>

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Plan
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ 1,750	1,200	7,718	6,518
Charges for services	30,000	35,000	43,674	8,674
Total revenues	<u>31,750</u>	<u>36,200</u>	<u>51,392</u>	<u>15,192</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,750</u>	<u>36,200</u>	<u>51,392</u>	<u>15,192</u>
Net change in fund balance	31,750	36,200	51,392	15,192
Fund balance - July 1	589,600	589,600	589,574	(26)
Fund balance - June 30	<u>\$ 621,350</u>	<u>625,800</u>	<u>640,966</u>	<u>15,166</u>

City of Paramount
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Service Assessments
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 14,150	14,150	14,142	(8)
EXPENDITURES				
Current:				
General government	3,700	3,700	5,025	(1,325)
Public works	10,450	10,450	9,117	1,333
Total expenditures	<u>14,150</u>	<u>14,150</u>	<u>14,142</u>	<u>8</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1	-	-	-	-
Fund balance - June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>



FIDUCIARY FUND

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

CITY AGENCY FUND

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

City of Paramount
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2018

	City Agency Fund Balance July 1, 2017	Additions	Deductions	City Agency Fund Balance June 30, 2018
ASSETS				
Cash and investments	<u>\$ 102,984</u>	<u>\$ 98,183</u>	<u>\$ 101,323</u>	<u>\$ 99,844</u>
LIABILITIES				
Deposits payable	<u>\$ 102,984</u>	<u>\$ 199,583</u>	<u>\$ 202,723</u>	<u>\$ 99,844</u>

STATISTICAL SECTION

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

CONTENTS	PAGE
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	93
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, sales tax.	98
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	101
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	106
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	109

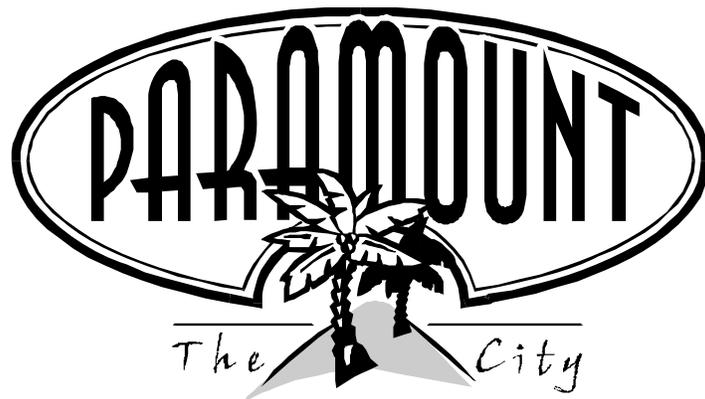


Table 1
City of Paramount
Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015*</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities:										
Net Investment in capital assets	48,150,435	50,147,948	50,945,270	86,007,798	84,587,747	82,967,732	79,511,962	79,690,688	79,225,417	76,381,563
Restricted	29,186,563	41,555,278	17,403,559	6,772,029	5,656,443	6,373,039	6,647,656	4,309,004	4,181,878	5,874,235
Unrestricted	<u>3,386,237</u>	<u>(11,711,899)</u>	<u>5,114,392</u>	<u>17,915,349</u>	<u>11,481,563</u>	<u>15,872,421</u>	<u>2,027,521</u>	<u>8,844</u>	<u>(2,208,468)</u>	<u>(6,436,004)</u>
Total governmental activities net position	<u>80,723,235</u>	<u>79,991,327</u>	<u>73,463,221</u>	<u>110,695,176</u>	<u>101,725,753</u>	<u>105,213,192</u>	<u>88,187,139</u>	<u>84,008,536</u>	<u>81,198,827</u>	<u>75,819,794</u>
Business-type activities:										
Net investment in capital assets	17,804,035	17,605,165	17,688,156	17,403,891	16,723,703	16,918,341	16,981,731	17,905,387	17,328,598	9,979,726
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>1,980,539</u>	<u>2,305,985</u>	<u>2,161,319</u>	<u>2,056,849</u>	<u>2,257,666</u>	<u>2,489,718</u>	<u>894,214</u>	<u>709,203</u>	<u>1,517,233</u>	<u>7,573,532</u>
Total business-type activities net position	<u>19,784,574</u>	<u>19,911,150</u>	<u>19,849,475</u>	<u>19,460,740</u>	<u>18,981,369</u>	<u>19,408,059</u>	<u>17,875,945</u>	<u>18,614,590</u>	<u>18,845,831</u>	<u>17,553,258</u>
Primary government:										
Net investment in capital assets	65,954,470	67,753,113	68,633,426	103,411,689	101,311,450	99,886,073	96,493,693	97,596,075	96,554,015	86,361,289
Restricted	29,186,563	41,555,278	17,403,559	6,772,029	5,656,443	6,373,039	6,647,656	4,309,004	4,181,878	5,874,235
Unrestricted	<u>5,366,776</u>	<u>(9,405,914)</u>	<u>7,275,711</u>	<u>19,972,198</u>	<u>13,739,229</u>	<u>18,362,139</u>	<u>2,921,735</u>	<u>718,047</u>	<u>(691,235)</u>	<u>1,137,528</u>
Total primary government net position	<u>100,507,809</u>	<u>99,902,477</u>	<u>93,312,696</u>	<u>130,155,916</u>	<u>120,707,122</u>	<u>124,621,251</u>	<u>106,063,084</u>	<u>102,623,126</u>	<u>100,044,658</u>	<u>93,373,052</u>

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

Source:

City of Paramount audited financial statements

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities:										
General government	6,812,964	6,818,842	5,469,257	6,280,451	6,012,729	6,202,608	6,409,474	6,846,940	7,308,976	7,184,690
Community development	3,812,374	3,918,089	3,678,782	3,009,795	6,180,794	2,148,884	2,172,414	5,007,589	2,039,989	2,461,135
Public safety	10,794,168	10,594,311	10,582,669	10,753,840	10,336,307	10,284,334	10,662,749	11,218,541	11,139,959	11,888,055
Community services and recreation	8,254,309	8,074,433	8,088,802	6,346,691	5,970,063	5,804,838	6,074,382	5,830,850	6,330,295	6,368,824
Public works	8,710,324	9,262,534	10,084,805	9,693,782	10,362,260	9,994,449	10,015,353	10,571,784	10,620,526	10,611,799
Community redevelopment	1,946,270	6,196,770	8,645,684	1,141,067	-	-	-	-	-	-
Interest on long-term debt	2,545,180	2,451,888	3,039,106	1,783,849	-	-	-	-	-	-
Total governmental activities expenses	<u>42,875,589</u>	<u>47,316,867</u>	<u>49,589,105</u>	<u>39,009,475</u>	<u>38,862,153</u>	<u>34,435,113</u>	<u>35,334,372</u>	<u>39,475,704</u>	<u>37,439,745</u>	<u>38,514,503</u>
Business-type activities:										
Water	<u>6,652,637</u>	<u>7,180,097</u>	<u>7,237,610</u>	<u>7,817,399</u>	<u>8,407,375</u>	<u>7,481,502</u>	<u>7,392,150</u>	<u>7,685,532</u>	<u>7,677,359</u>	<u>8,581,886</u>
Total business-type activities expenses	<u>6,652,637</u>	<u>7,180,097</u>	<u>7,237,610</u>	<u>7,817,399</u>	<u>8,407,375</u>	<u>7,481,502</u>	<u>7,392,150</u>	<u>7,685,532</u>	<u>7,677,359</u>	<u>8,581,886</u>
Total primary government expenses	<u>49,528,226</u>	<u>54,496,964</u>	<u>56,826,715</u>	<u>46,826,874</u>	<u>47,269,528</u>	<u>41,916,615</u>	<u>42,726,522</u>	<u>47,161,236</u>	<u>45,117,104</u>	<u>47,096,389</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	101,626	111,866	151,009	238,127	247,460	168,882	291,859	199,877	167,554	185,444
Community development	905,248	282,665	325,171	266,767	294,847	404,963	347,387	508,124	381,084	486,252
Public safety	107,211	92,904	99,339	85,670	113,786	134,285	125,707	119,425	130,937	108,650
Community services and recreation	306,538	282,769	289,723	376,772	277,548	266,170	257,191	264,633	282,814	213,050
Public works	643,687	575,668	621,214	564,201	575,323	595,654	528,391	759,040	675,278	826,430
Operating grants and contributions	9,608,946	10,054,988	10,873,994	8,587,267	8,696,248	8,240,015	8,035,786	7,541,476	7,409,586	8,574,899
Capital grants and contributions	5,564,936	4,228,554	1,543,737	1,713,695	5,814,106	2,508,509	1,564,891	2,419,414	2,840,656	3,226,132
Total governmental activities program revenues	<u>17,238,192</u>	<u>15,629,414</u>	<u>13,904,187</u>	<u>11,832,499</u>	<u>16,019,318</u>	<u>12,318,478</u>	<u>11,151,212</u>	<u>11,811,989</u>	<u>11,887,909</u>	<u>13,620,857</u>
Business-type activities:										
Charges for services:										
Water	<u>6,636,348</u>	<u>6,915,720</u>	<u>6,927,216</u>	<u>7,370,900</u>	<u>7,839,725</u>	<u>7,815,043</u>	<u>7,040,916</u>	<u>6,972,036</u>	<u>7,812,294</u>	<u>7,946,567</u>
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	106,368
Total business-type activities program revenues	<u>6,636,348</u>	<u>6,915,720</u>	<u>6,927,216</u>	<u>7,370,900</u>	<u>7,839,725</u>	<u>7,815,043</u>	<u>7,040,916</u>	<u>6,972,036</u>	<u>7,812,294</u>	<u>8,052,935</u>
Total primary government program revenues	<u>23,874,540</u>	<u>22,545,134</u>	<u>20,831,403</u>	<u>19,203,399</u>	<u>23,859,043</u>	<u>20,133,521</u>	<u>18,192,128</u>	<u>18,784,025</u>	<u>19,700,203</u>	<u>21,673,792</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net revenues (expenses):										
Governmental activities	(25,637,397)	(31,687,453)	(35,684,918)	(27,176,976)	(22,842,835)	(22,116,635)	(24,183,160)	(27,663,715)	(25,551,836)	(24,893,646)
Business-type activities	(16,289)	(264,377)	(310,394)	(446,499)	(567,650)	333,541	(351,234)	(713,496)	134,935	(528,951)
Total net revenues (expenses)	<u>(25,653,686)</u>	<u>(31,951,830)</u>	<u>(35,995,312)</u>	<u>(27,623,475)</u>	<u>(23,410,485)</u>	<u>(21,783,094)</u>	<u>(24,534,394)</u>	<u>(28,377,211)</u>	<u>(25,416,901)</u>	<u>(25,422,597)</u>
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Sales tax	4,622,695	4,486,955	5,047,746	5,886,981	5,721,757	5,770,919	5,568,430	6,129,480	7,278,424	7,712,771
In-Lieu Sales Tax	1,699,533	1,516,398	1,563,529	1,710,472	2,164,088	1,951,154	1,916,619	1,293,617	-	-
Utility Users tax	2,252,103	2,294,472	2,302,120	2,426,819	2,361,447	2,185,548	2,289,871	3,981,658	3,679,314	3,757,405
Franchise Tax	1,689,404	1,521,380	1,591,111	1,616,412	1,607,796	1,650,478	1,706,318	1,635,366	1,637,474	1,784,998
Property Tax	13,999,604	14,465,733	12,503,501	6,837,573	2,288,559	1,882,437	2,041,764	2,052,016	2,099,550	2,306,211
Business License	1,037,306	1,061,236	1,059,526	1,039,603	1,000,305	1,015,413	990,573	977,307	962,675	947,111
Investment earnings	656,750	328,071	224,101	165,976	43,815	37,375	40,885	64,064	97,769	202,802
Motor Vehicle license fees, unrestricted	5,264,621	4,913,105	4,967,795	4,811,668	5,007,600	5,179,714	5,346,425	5,468,904	5,779,305	6,068,259
Other revenues	294,256	368,195	365,529	459,967	1,188,517	264,751	518,840	386,535	303,949	647,385
Special item-Housing Authority	-	-	-	(689,800)	-	-	-	-	-	-
Special items-housing assets	-	-	-	776,760	-	-	-	-	-	-
Extraordinary item-Redevelopment Agency	-	-	-	39,366,500	(7,510,472)	5,666,285	-	1,496,165	903,667	484,475
Transfers	-	-	(175,151)	-	-	-	-	-	-	-
Total governmental activities	<u>31,516,272</u>	<u>30,955,545</u>	<u>29,449,807</u>	<u>64,408,931</u>	<u>13,873,412</u>	<u>25,604,074</u>	<u>20,419,725</u>	<u>23,485,112</u>	<u>22,742,127</u>	<u>23,911,417</u>
Business-type activities:										
Investment income	57,706	15,876	12,322	6,188	4,342	4,461	9,144	13,483	24,536	56,884
Other revenues	101,774	375,077	61,246	51,576	83,937	88,688	117,285	54,673	48,722	56,697
Extraordinary item-Redevelopment Agency	-	-	-	-	-	-	528,516	1,383,986	23,048	-
Transfers	-	-	175,151	-	-	-	-	-	-	-
Total business-type activities	<u>159,480</u>	<u>390,953</u>	<u>248,719</u>	<u>57,764</u>	<u>88,279</u>	<u>93,149</u>	<u>654,945</u>	<u>1,452,142</u>	<u>96,306</u>	<u>113,581</u>
Total primary government	<u>31,675,752</u>	<u>31,346,498</u>	<u>29,698,526</u>	<u>64,466,695</u>	<u>13,961,691</u>	<u>25,697,223</u>	<u>21,074,670</u>	<u>24,937,254</u>	<u>22,838,433</u>	<u>24,024,998</u>
Changes in net position										
Governmental activities	5,878,875	(731,908)	(6,235,111)	37,231,955	(8,969,423)	3,487,439	(3,763,435)	(4,178,603)	(2,809,709)	(982,229)
Business-type activities	143,191	126,576	(61,675)	(388,735)	(479,371)	426,690	303,711	738,646	231,241	(415,370)
Total primary government	<u>6,022,066</u>	<u>(605,332)</u>	<u>(6,296,786)</u>	<u>36,843,220</u>	<u>(9,448,794)</u>	<u>3,914,129</u>	<u>(3,459,724)</u>	<u>(3,439,957)</u>	<u>(2,578,468)</u>	<u>(1,397,599)</u>

Source:
 City of Paramount audited financial statements

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund:										
Reserved	1,662,949	1,653,977	-	-	-	-	-	-	-	-
Unreserved	14,207,001	12,523,340	-	-	-	-	-	-	-	-
Nonspendable	-	-	6,043,142	6,147,210	60,472	3,510,869	3,605,980	355,213	273,028	276,969
Assigned	-	-	3,053,827	3,053,827	3,053,827	3,213,827	3,563,827	3,563,827	2,620,286	3,675,028
Unassigned	-	-	<u>11,120,183</u>	<u>11,335,035</u>	<u>11,464,951</u>	<u>11,618,168</u>	<u>11,809,618</u>	<u>12,121,484</u>	<u>12,557,530</u>	<u>12,647,525</u>
Total general fund	<u>15,869,950</u>	<u>14,177,317</u>	<u>20,217,152</u>	<u>20,536,072</u>	<u>14,579,250</u>	<u>18,342,864</u>	<u>18,979,425</u>	<u>16,040,524</u>	<u>15,450,844</u>	<u>16,599,522</u>
All other governmental funds:										
Reserved	19,876,202	21,536,092	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	5,006,526	4,841,547	-	-	-	-	-	-	-	-
Capital projects funds	7,049,992	17,691,872	-	-	-	-	-	-	-	-
Nonspendable	-	-	2,339,413	806,732	535,000	535,000	535,000	535,000	-	-
Restricted	-	-	14,976,708	5,192,466	4,147,477	4,764,186	4,974,082	4,309,004	4,909,124	6,448,479
Committed	-	-	1,257,482	928,290	973,966	1,073,853	1,138,574	1,130,117	1,130,425	1,406,939
Assigned	-	-	13,076,247	-	-	-	-	-	-	-
Unassigned	-	-	<u>(1,500,983)</u>	-	-	-	-	-	-	-
Total all other governmental funds	<u>31,932,720</u>	<u>44,069,511</u>	<u>30,148,867</u>	<u>6,927,488</u>	<u>5,656,443</u>	<u>6,373,039</u>	<u>6,647,656</u>	<u>5,974,121</u>	<u>6,039,549</u>	<u>7,855,418</u>

Note:

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

Source:

City of Paramount audited financial statements

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	25,300,645	25,346,174	24,067,533	19,517,860	15,143,952	14,455,949	14,513,575	16,069,444	15,657,437	16,508,496
Licenses and permits	679,181	596,140	624,664	620,042	606,991	658,584	640,375	788,472	717,919	814,146
Fines & Penalties	690,102	677,284	556,008	697,242	686,297	702,539	680,755	727,000	738,338	921,744
Interest & use of property	939,237	504,937	435,759	337,192	185,157	97,981	149,617	152,768	161,069	293,406
Intergovernmental revenues	18,573,826	17,468,665	15,807,584	13,518,656	17,521,505	12,854,869	13,162,209	13,628,376	14,146,748	15,780,459
Charges for services	1,384,539	749,192	817,150	780,270	786,309	867,591	820,285	985,224	866,124	949,527
Other	2,166,334	2,227,108	2,754,980	2,315,994	2,471,296	1,328,269	2,898,830	1,461,768	1,438,161	1,771,286
Total revenues	49,733,864	47,569,500	45,063,678	37,787,256	37,401,507	30,965,782	32,865,646	33,813,052	33,725,796	37,039,064
Expenditures										
Current:										
General government	5,168,229	5,689,639	5,183,944	5,209,576	4,975,287	5,108,701	5,621,050	5,533,812	5,737,211	6,117,349
Community development	2,103,743	2,268,946	2,368,309	2,288,451	6,112,305	2,040,185	2,155,118	4,908,494	1,640,630	1,962,771
Public safety	10,807,568	10,421,752	10,427,873	10,648,671	10,255,992	10,238,432	10,672,716	11,080,181	10,744,979	11,629,250
Community services & recreation	7,335,361	6,790,109	7,326,727	5,133,584	4,666,373	4,635,635	4,667,924	4,861,967	4,950,485	5,219,398
Public works	5,852,803	5,245,307	5,421,821	6,064,354	5,857,785	5,751,998	5,807,592	6,173,761	6,892,265	6,674,196
Pass through and other fees	1,362,002	1,639,522	1,178,733	619,608	-	-	-	-	-	-
Community redevelopment	2,952,287	7,181,530	10,179,894	2,142,400	-	-	-	-	-	-
Debt service:										
Principal retirement	2,335,000	2,450,000	2,560,000	2,628,019	-	-	-	-	-	-
Interest and fiscal charges	2,437,344	2,332,658	2,618,909	1,475,925	-	-	-	-	-	-
Capital Outlay										
Water	-	-	175,151	851,396	-	-	-	-	-	106,368
Streets, sidewalks and signals	1,914,302	3,756,589	1,999,609	1,071,402	1,675,407	1,369,624	1,921,144	3,758,222	3,093,146	2,223,530
Parks	3,829,126	334,774	235,637	284,389	4,695,650	468,524	788,748	566,101	1,165,442	245,589
Civic Center improvements	-	-	-	-	-	-	-	-	-	-
Downtown Parking Lot	-	-	-	-	-	-	-	-	-	-
Other	309,463	1,157,623	2,974,885	1,145,428	1,189,175	156,017	320,176	542,950	205,254	408,034
Total expenditures	46,407,228	49,268,449	52,651,492	39,563,203	39,427,974	29,769,116	31,954,468	37,425,488	34,429,412	34,586,485
Excess (deficiency) of revenues over (under) expenditures	3,326,636	(1,698,949)	(7,587,814)	(1,775,947)	(2,026,467)	1,196,666	911,178	(3,612,436)	(703,616)	2,452,579
Other financing sources (uses):										
Transfers in	6,535,576	17,299,664	12,544,932	4,071,946	-	-	-	-	-	35,249
Transfers out	(6,532,548)	(17,299,399)	(12,544,932)	(4,071,946)	-	(170,000)	-	-	-	(135,249)
Contributions	-	-	-	-	-	-	-	-	-	-
Issuance of bonds	1,400,000	12,290,000	-	-	-	-	-	-	-	-
Bond discounts	-	(147,158)	-	-	-	-	-	-	-	-
Capital Lease	-	-	-	-	-	-	-	-	-	127,493
Payment to bond escrow agent	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,403,028	12,143,107	-	-	-	(170,000)	-	-	-	27,493
Extraordinary and special items:										
Special item-Housing Authority	-	-	-	(689,800)	-	-	-	-	-	-
Special item-housing assets	-	-	-	776,760	-	-	-	-	-	-
Extraordinary item-RDA	-	-	-	(21,213,472)	(5,201,400)	3,453,544	-	-	-	484,475
Total extraordinary and special items	-	-	-	(21,126,512)	(5,201,400)	3,453,544	-	-	-	484,475
Net change in fund balances	4,729,664	10,444,158	(7,587,814)	(22,902,459)	(7,227,867)	4,480,210	911,178	(3,612,436)	(703,616)	2,964,547
Debt service as a percentage of noncapital expenditures										
	11.9%	11.1%	11.1%	11.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source:
City of Paramount audited financial statements

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

	Calendar Year											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Apparel Stores	17,616	18,353	9,639	9,897	12,742	19,369	21,505	23,100	22,999	22,718	22,954	19,971
Food Stores	23,120	22,196	21,501	19,460	22,530	23,844	25,460	25,097	24,989	25,551	22,141	20,589
Eating and Drinking Places	36,401	38,382	38,745	36,145	37,361	41,717	45,700	47,485	51,696	57,716	62,348	69,583
Building Materials	117,254	84,260	64,682	54,036	55,789	59,313	60,174	63,384	64,578	85,481	99,688	108,049
Auto Dealers and Supplies	24,210	25,919	20,218	16,730	13,851	13,840	14,271	14,941	13,531	15,294	16,959	17,004
Service Stations	77,955	93,018	107,514	77,646	89,818	107,582	107,611	100,545	98,520	81,019	67,146	72,252
Other Retail Stores	125,505	116,573	116,787	105,034	107,307	102,001	101,673	101,401	101,268	101,743	107,051	97,628
All Other Outlets	353,794	360,778	361,386	276,413	291,824	374,435	389,616	387,318	391,536	331,778	325,153	352,689
Total	775,855	759,479	740,472	595,361	631,222	742,101	766,010	763,271	769,117	721,300	723,440	757,765
Sales and Use Tax rate	8.25%	8.25%	8.25%	8.25%	8.25%	9.75%	9.75%	8.75%	8.75%	9.00%	9.00%	9.50%

Note:

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

Sources:

- State of California Board of Equalization
- The HdL Companies

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

Calendar Year Ended December 31	City Direct Rate	L.A. County Transportation Authority	L.A. County Transportation Commission	Local Rate Levied by State		State of California	Total Sales Tax Rate
				County Transportation	City Operations		
2008	0.00%	0.00%	1.00%	0.25%	0.75%	6.25%	8.25%
2009	0.00%	0.50%	1.00%	0.25%	0.75%	7.25%	9.75%
2010	0.00%	0.50%	1.00%	0.25%	0.75%	7.25%	9.75%
2011	0.00%	0.50%	1.00%	0.25%	0.75%	6.25%	8.75%
2012	0.00%	0.50%	1.00%	0.25%	0.75%	6.25%	8.75%
2013	0.00%	0.50%	1.00%	0.25%	0.75%	6.50%	9.00%
2014	0.00%	0.50%	1.00%	0.25%	0.75%	6.50%	9.00%
2015	0.00%	0.50%	1.00%	0.25%	0.75%	6.50%	9.00%
2016	0.00%	0.50%	1.00%	0.25%	0.75%	6.50%	9.00%
2017	0.00%	0.50%	1.00%	0.50%	0.25%	7.25%	9.50%

Notes:

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

Sources:

California State Board of Equalization
 The HdL Companies

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

Fiscal Year Ended June 30	<u>Governmental Activities</u>				<u>Business-type Activities</u>			Percentage of Personal Income	Debt Per Capita
	Loan Payable	Tax Allocation Bonds	Capital Leases	Total Governmental Activities	Loan and Notes Payable	Total Business-type Activities	Total Primary Government		
2008	540,000	57,338,221	102,077	57,980,298	1,752,597	1,752,597	59,732,895	7.55%	1,037.98
2009	1,875,000	55,361,431	72,091	57,308,522	1,544,522	1,544,522	58,853,044	7.58%	1,020.67
2010	1,805,000	65,580,537	40,134	67,425,671	6,835,488	6,835,488	74,261,159	9.53%	1,280.61
2011	1,730,000	63,421,402	7,208	65,158,610	6,625,447	6,625,447	71,784,057	9.51%	1,320.34
2012	-	-	-	-	6,298,478	6,298,478	6,298,478	0.81%	115.31
2013	-	-	-	-	5,966,563	5,966,563	5,966,563	0.77%	108.38
2014	-	-	-	-	5,629,520	5,629,520	5,629,520	0.71%	102.21
2015	-	-	-	-	5,287,159	5,287,159	5,287,159	0.68%	93.74
2016	-	-	-	-	4,939,285	4,939,285	4,939,285	0.59%	88.32
2017	-	-	138,482	138,482	4,774,580	4,774,580	4,913,062	0.58%	87.73
2018	-	-	203,363	203,363	11,303,775	11,303,775	11,507,138		

Notes:

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

Blank areas denote information that is unavailable.

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

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

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

Fiscal Year Ended June 30	<u>Outstanding General Bonded Debt</u>		Percent of Assessed Value	Per Capita
	Tax Allocation Bonds	Total		
2009	55,361,431	55,361,431	1.73%	955
2010	65,580,537	65,580,537	2.18%	1,206
2011	63,421,402	63,421,402	2.15%	1,161
2012	-	-	0.00%	-
2013	-	-	0.00%	-
2014	-	-	0.00%	-
2015	-	-	0.00%	-
2016	-	-	0.00%	-
2017	-	-	0.00%	-
2018	-	-	0.00%	-

Notes:

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

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

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

Table 10
City of Paramount
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018

City Assessed Valuation	\$ 2,372,378,735
Redevelopment Agency Incremental Valuation	<u>1,443,523,718</u>
Total Assessed Valuation	<u>\$ 3,815,902,453</u>

	Percentage Applicable (2)	Outstanding Debt 6/30/18	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Metropolitan Water District (1)	0.207%	29,354,442	60,765
Cerritos Community College District Debt Service	0.006%	324,355,988	17,892
Compton Community College District Debt Service	19.034%	71,499,020	13,609,122
Compton Unified School District Debt Service	0.639%	43,170,167	276,063
Downey Unified School District Debt Service	0.021%	89,755,256	18,961
Paramount Unified School District 2005/2006 Debt Service	65.458%	<u>134,801,516</u>	<u>88,238,647</u>
Total overlapping debt repaid with property taxes		<u>692,936,389</u>	<u>102,221,450</u>
Total overlapping debt		<u>\$ 692,936,389</u>	102,221,450
City direct debt			<u>203,363</u>
Total direct and overlapping debt			<u>\$ 102,424,813</u>

Notes:

This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations and certificates of participation, unless provided by the City.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

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

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

Sources:

LA County Assessor and Auditor Combined 2017/2018 Lien Date Tax Rolls
HdL Coren & Cone

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed valuation	3,208,540,393	3,001,505,275	2,954,689,203	3,040,467,902	3,145,453,787	3,257,456,687	3,363,331,783	3,441,673,952	3,635,948,857	3,815,902,453
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	802,135,098	750,376,319	738,672,301	760,116,976	786,363,447	814,364,172	840,832,946	860,418,488	908,987,214	953,975,613
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	120,320,265	112,556,448	110,800,845	114,017,546	117,954,517	122,154,626	126,124,942	129,062,773	136,348,082	143,096,342
Total net debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>120,320,265</u>	<u>112,556,448</u>	<u>110,800,845</u>	<u>114,017,546</u>	<u>117,954,517</u>	<u>122,154,626</u>	<u>126,124,942</u>	<u>129,062,773</u>	<u>136,348,082</u>	<u>143,096,342</u>
Total debt applicable to the limit										
as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Notes:

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

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

The City of Paramount has no bonded indebtedness

Source:

Los Angeles County Assessor 2016/2017 Combined Tax Rolls
 HdL Coren & Cone

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

Fiscal Year Ended June 30	Loan Payable					Tax Allocation Bonds			
	Water Revenue	Less Operating Expenses	Net Available Revenue	Annual Debt Service	Coverage	Tax Increment	Debt Service		Coverage
						Principal	Interest		
2009	6,738,122	5,914,019	824,103	31,255	26.37	11,831,134	2,270,000	2,411,500	2.53
2010	7,290,797	6,400,357	890,440	31,255	28.49	12,448,233	2,380,000	2,309,713	2.65
2011	6,988,462	6,364,644	623,818	166,781	3.74	10,618,837	2,485,000	2,592,364	2.09
2012	7,422,476	7,032,056	390,420	327,257	1.19	3,484,375	2,590,000	1,407,585	0.87
2013	7,923,662	7,432,887	490,775	327,193	1.50	-	-	-	-
2014	7,903,731	6,352,232	1,551,499	327,133	4.74	-	-	-	-
2015	7,158,201	6,345,799	812,402	327,066	2.48	-	-	-	-
2016	7,026,709	6,629,599	397,110	326,996	1.21	-	-	-	-
2017	7,861,016	6,599,223	1,261,793	326,923	3.86	-	-	-	-
2018	8,003,264	7,453,498	549,766	327,018	1.68	-	-	-	-

Notes:

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

Water revenue does not include interest.

Operating expenses do not include interest or depreciation expenses.

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

Source:

City of Paramount

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

<u>Calendar Year Ended December 31</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2008	57,547	\$791,441	\$13,753	11.1%
2009	57,661	\$776,330	\$13,464	16.8%
2010	57,989	\$779,314	\$13,439	18.3%
2011	54,368	\$755,117	\$13,889	17.8%
2012	54,624	\$774,568	\$14,180	13.6%
2013	55,051	\$774,898	\$14,076	11.3%
2014	55,076	\$788,468	\$14,316	9.6%
2015	56,400	\$776,609	\$13,769	7.9%
2016	55,923	\$830,147	\$14,844	6.2%
2017	56,000	\$849,607	\$15,171	4.8%

Sources:

(1) California State Department of Finance

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

(3) California Employment Development Department

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

Employer	2018		2009	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Paramount Unified School District	2,125	14.2%	1,658	12.4%
Promise Hospital	615	4.1%	492	3.7%
Weber Metals	529	3.5%	295	2.2%
Wal-Mart Store # 2110	346	2.3%	326	2.4%
City of Paramount	320	2.1%	212	1.6%
Ralphs Grocery #403	301	2.0%		
Carlton Forge Works	299	2.0%	346	2.6%
Golden State Engineering, Inc.	215	1.4%	187	1.4%
The Home Depot #1037	201	1.3%	150	1.1%
Northgate Supermarket #17	190	1.3%	192	1.4%
Geropsychiatric Contract Services	154	1.0%	131	1.0%
LMC Enterprises	129	0.9%		
Paramount Petroleum			211	1.6%
Royal Body Truck			185	1.4%
Drees Wood Products			128	1.0%
Total	5,424	36.1%	4,513	33.8%

Note:

Blank areas denote information that is unavailable.

Sources:

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

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

Function	Full-time and Part-time Employees as of June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	27.8	26.8	25.6	23.4	26.0	25.0	26.7	25.7	25.8	26.2
Community Development	11.0	11.0	11.0	9.0	8.0	8.5	8.6	8.8	9.0	9.7
Public Safety	25.6	26.4	27.2	26.2	25.8	24.9	24.1	27.7	25.2	26.4
Community Services and Recreation	99.1	93.6	79.6	85.3	85.7	81.1	81.1	84.8	88.0	78.0
Public Works	48.5	46.6	45.2	43.4	47.2	44.4	45.6	47.9	44.5	42.8
Total	212.0	204.4	188.6	187.3	192.7	183.9	186.1	194.9	192.5	183.1

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

Source:
 City of Paramount

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Community Development										
Permits	1,326	1,042	1,264	1,005	1,017	1,292	1,260	-	1,245	1,315
Inspections	9,605	7,801	7,567	6,384	5,030	8,059	8,336	-	11,617	13,460
Public Safety:										
Arrests	2,204	1,841	1,601	1,545	1,549	1,689	1,670	1,523	1,389	1,264
Parking Citations Issued	13,799	13,082	11,452	11,524	10,806	12,239	11,187	14,348	13,524	17,723
Community Services and Recreation:										
Number of Recreation Classes	20	34	31	33	41	20	24	29	38	47
Number of Facility Rentals	673	703	527	543	601	591	621	683	722	724
Public Works:										
Street Resurfacing (miles)	3.16	3.16	1.30	1.50	1.10	0.77	1.18	1.25	0.14	0.61
Water:										
Average Daily Consumption (thousands of gallons)	6,567	5,992	6,053	6,131	6,074	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.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Community Services and Recreation:										
Parks	9	9	9	9	10	10	10	11	11	11
Community Centers	5	5	5	5	5	5	5	5	5	5
Public Works:										
Streets (miles)	73	73	73	73	73	73	73	73	73	73
Streetlights	2,810	2,810	3,082	3,087	3,087	3,087	3,087	3,087	3,099	3,099
Traffic Signals	49	55	55	55	55	55	55	55	56	56
Water:										
Water Mains (miles)	127	127	127	127	127	127	127	127	127	127
Number of Service Connections	7,491	7,517	7,543	7,538	7,542	7,351	7,356	7,378	7,398	7,414
Average Daily Consumption (gallons)	6,567,000	5,991,567	6,053,015	6,131,505	6,074,084	5,922,666	5,709,551	5,249,976	5,703,739	5,871,834
Plant Capacity (gallons per minute)	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000

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

Source:
 Various City departments.