

# *City of Paramount, CA* **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Fiscal Year 2015 | July 1, 2014 to June 30, 2015



# Comprehensive Annual Financial Report

CITY OF PARAMOUNT, CA  
FISCAL YEAR ENDED  
JUNE 30, 2015

PARAMOUNT CITY COUNCIL

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TOM HANSEN, MAYOR  
DARYL HOFMEYER, VICE MAYOR  
GENE DANIELS, COUNCILMEMBER  
PEGGY LEMONS, COUNCILMEMBER  
DIANE J. MARTINEZ, COUNCILMEMBER

JOHN MORENO, CITY MANAGER

Prepared by the Finance Department

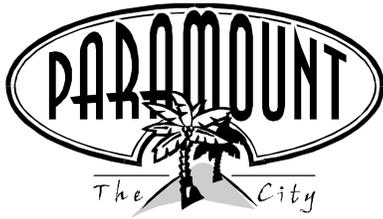
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TOM HANSEN  
Mayor

DARYL HOFMEYER  
Vice Mayor

GENE DANIELS  
Councilmember

PEGGY LEMONS  
Councilmember

DIANE J. MARTINEZ  
Councilmember

December 8, 2015

Honorable City Council and Residents of the City of Paramount

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**INTRODUCTION** It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Paramount for the fiscal year ended June 30, 2015. The responsibility for both 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 the 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.)

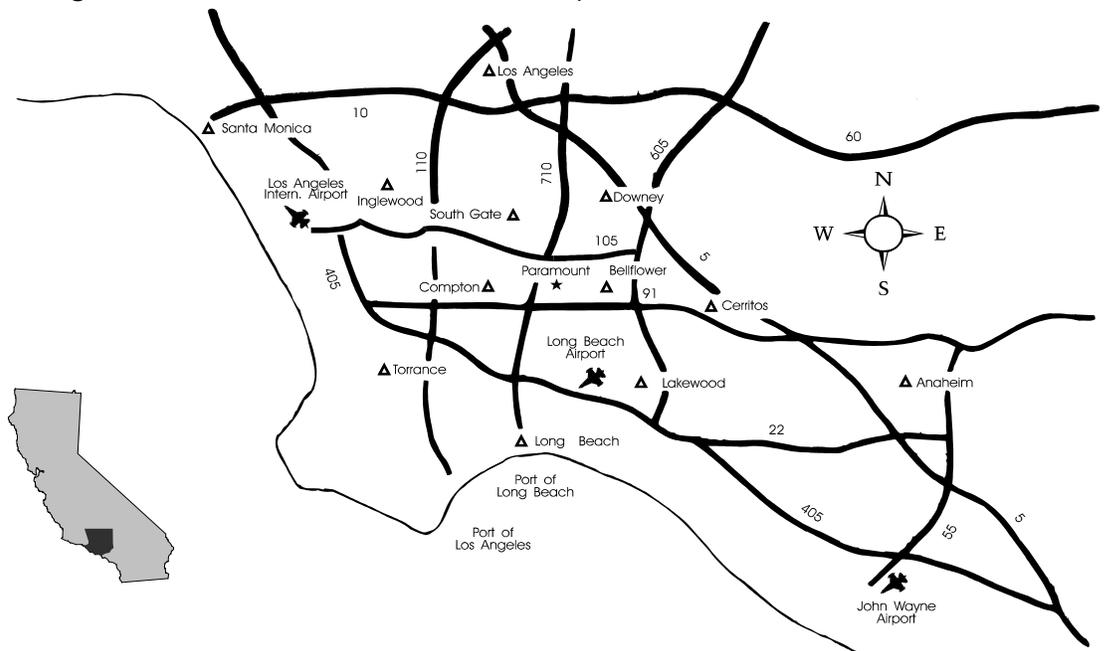
To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and fairly presents the financial position and results of operations of the City of Paramount and its related organizations. We have an established internal control structure designed to ensure accurate financial 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" grew steadily and in 1957 was incorporated as the City of Paramount.

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 2,500 businesses and industries.

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



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**ADOPTION OF  
GASB STATE-  
MENTS**

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

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**BUDGETARY  
POLICY &  
CONTROL**

The City Council reviews and adopts an annual budget in July of each fiscal year to provide guidance for the general operation of the City. The City Manager is authorized to transfer appropriations within an activity and fund. Any revisions that change the total appropriation at the activity and fund level are made by the City Council at midyear and year-end budget reviews.

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**CASH  
MANAGEMENT  
POLICIES &  
PRACTICES**

Under the direction of the City's Finance Department, cash temporarily idle during the year was invested in the Local Agency Investment Fund (LAIF). The average yield on investments for the fiscal year was 0.25% 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 monthly 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 month.

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**RISK  
MANAGEMENT**

The City of Paramount participates in the California Joint Powers Insurance Authority (CJPIA). The purpose of this organization is to reduce the cost of liability insurance coverage by having the member cities act as self-insurers among themselves. Note 10 of the Notes to Basic Financial Statements describes in depth the premium and liability coverage of the members.

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**ACCOMPLISH-  
MENTS &  
OUTLOOK**

The City of Paramount was financially sound in FY 2015, posting a modest operational surplus of approximately \$275,885. The City continues to face financial challenges due to the unwinding of redevelopment and has achieved savings through a restructuring of the organization.

The City prides itself on providing high quality local services for its residents. The City is committed to transparent, responsible budgetary and financial practices and this strategy has allowed the continued provision of critical services, despite the worst recession in recent history and the loss of redevelopment funding. Unfortunately, the effort to maintain the high level of services our residents expect gets more challenging due to the slow pace of economic recovery nationwide and continued money grabs from Sacramento. The Paramount Redevelopment Agency provided \$6 million per year for capital projects and other critical infrastructure needs. The loss of that revenue in 2012 and thereafter created an unprecedented challenge for the City which was addressed, in part, through a 27% reduction in the

size of the City's workforce. Like many cities, Paramount needs to expand reliable sources of local funding that Sacramento can't touch, to ensure that taxpayer dollars can be used effectively for City programs and services. The March 2015 election saw the Essential City Services and Public Safety Protection initiative known as Measure P overwhelmingly passed by Paramount voters, with 76% approving. The measure provided an increase of 2-1/2% to the local utility user's tax to help fund youth after-school education programs, Sheriff's patrols and 911 response, street and pothole repairs, senior support services, and more.

### Capital Improvements

During Fiscal Year 2015, we continued our maintenance and renovation of city parks and facilities including Progress Plaza and Paramount Park. At Paramount Park, considerable new outdoor lighting was installed which provided both an aesthetic improvement and enhanced security at this highly utilized facility. On Orange Avenue, the new Splash Zone opened in July. Located on the site of the City's former swimming pool that was not attracting much neighborhood usage in recent years, the zero-depth facility provides an interactive water experience and, since there is no standing water, a safe environment for young children in the community. As we do every year, we also completed the construction of numerous street improvement projects, including street and sidewalk repairs or installations and the continued phased repaving of a major arterial street, Alondra Boulevard.

Complementing our public improvements, in FY 2015 we continued our successful private property assistance programs that have helped transform the look of the City and promote neighborhood pride. The City began working with urban architects on a redesign of Paramount Blvd. through the downtown to develop a new identity that will beautify the streetscape, produce new retail and outdoor dining plazas, and add attractive signage and other decorative touches. The project will better connect Town Centers West and East and provide a link to the new restaurants opening at the corner of Paramount Boulevard and Alondra Boulevard.

### New Developments/Continuing Programs

Overall, in the public improvement area, we have budgeted \$7,323,700 in street and sidewalk improvements, \$1,695,000 in water improvements, \$521,600 in park improvements, and about \$405,300 on a variety of special projects for FY 2016. In terms of private property assistance programs, we have budgeted \$3,097,500 total toward rehabilitation programs.

In January 2007 we started receiving an After School Education and Safety Grant from the State of California for the Success Through Academics and Recreation (S.T.A.R.) Program. The program continues to provide 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 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.

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

Water Operations

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 will start the design of a new water well located at Garfield and Jackson. This project is especially vital in California where imported water is 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 2015, for single-family residential service, our typical bimonthly bill of \$99.06 was lower than 11 of 14 neighboring water agencies.

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**CERTIFICATES  
OF  
ACHIEVEMENT**

Each year, the Government Finance Officers Association (GFOA) conducts an award program designed to recognize comprehensive annual general purpose Financial Reports which are easy to read, efficiently organized, and which conform to stringent professional standards. We feel this report conforms to the standards of this award program and are submitting it to this organization for consideration.

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**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, 2015

## **CITY COUNCIL**

Tom Hansen, Mayor  
Daryl Hofmeyer, Vice Mayor  
Gene Daniels, Councilmember  
Peggy Lemons, Councilmember  
Diane J. Martinez, Councilmember

### **Parks & Recreation Commission**

Frank Barraza, Chairman  
Charles Garcia, Vice Chairman  
Maria Angel, Commissioner  
Lori Hernandez, Commissioner  
Vilma Stallings, Commissioner

### **Planning Commission**

James Hyde, Chairman  
Harlen Gilham, Vice Chairman  
Ernie Esparza, Commissioner  
Tony Hogue, Commissioner  
Jim Williams, Commissioner

### **Public Safety Commission**

Carmen Gomez, Chairman  
Brenda Olmos, Vice Chairman  
Jaime Abrego, Commissioner  
Todd Bousema, Commissioner  
Javier Martinez, Commissioner

### **Public Works Commission**

Alexander Garcia, Chairman  
Rosemary Mendez, Vice Chairman  
Eileen Aparicio, Commissioner  
Joe Espitia, Commissioner  
Rosemary Vasquez, Commissioner

### **Senior Services Commission**

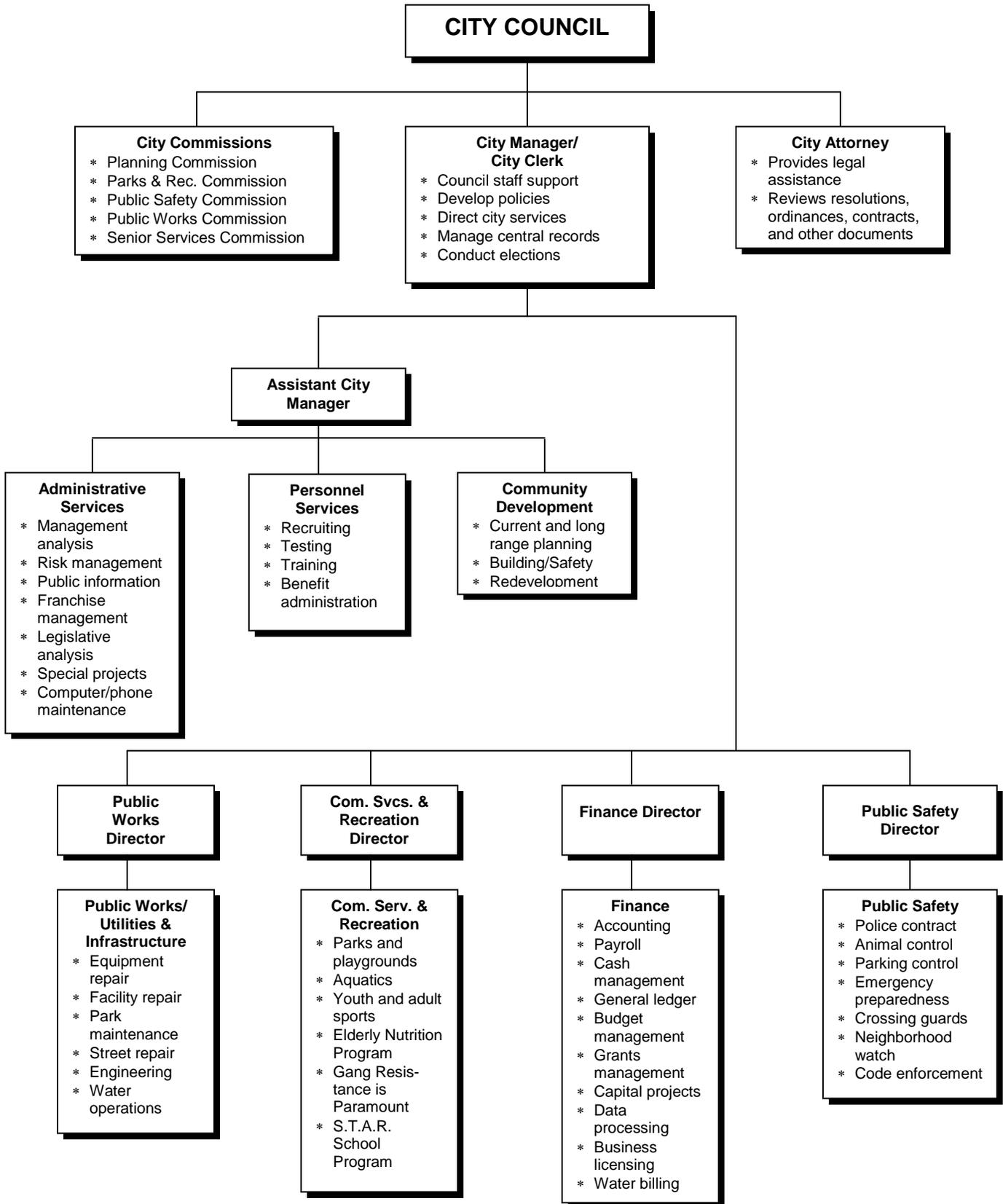
James Stevens, Chairman  
Maria Espinoza, Vice Chairman  
Shirley Grayson, Commissioner  
Cleone Hatwan, Commissioner  
Claudia Quinones, Commissioner

## **City Officials**

Linda Benedetti-Leal, City Manager  
John E. Cavanaugh, City Attorney  
John Moreno, Assistant City Manager  
Christopher Cash, Public Works Director  
Karina Lam Liu, Finance Director  
Maria Meraz, Public Safety Director  
David Johnson, Com. Serv. & Recreation Director

# Organizational Chart

City of Paramount, CA  
on June 30, 2015

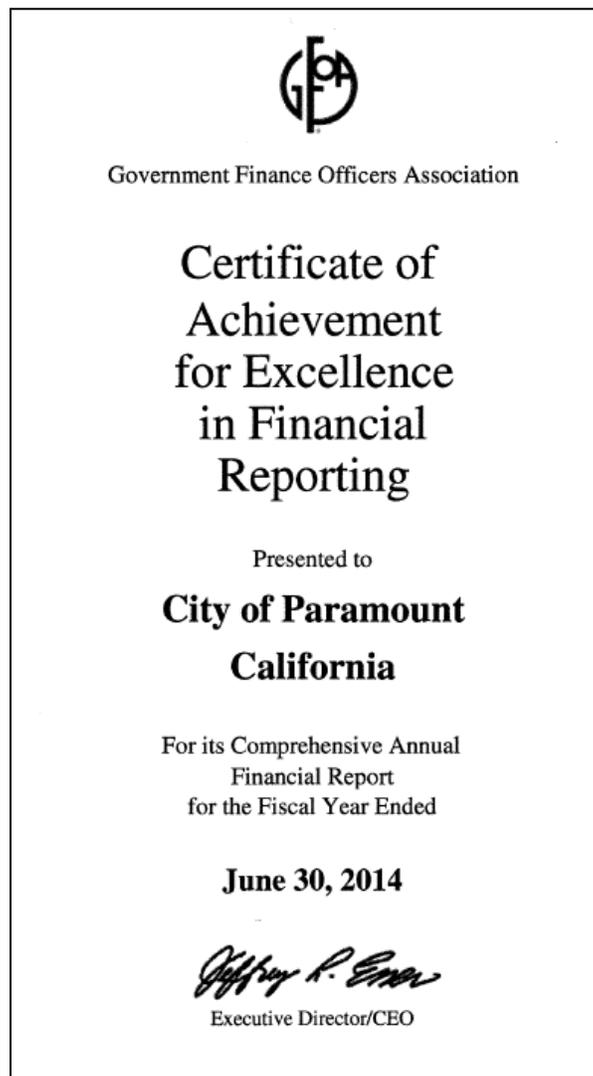


## Award for Financial Reporting

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, 2014.

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

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





## INDEPENDENT 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, California (City), as of and for the year ended June 30, 2015, 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 auditors' 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 of Paramount as of June 30, 2015, 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) Statements No. 68, *Financial Reporting for Pensions - an amendment of GASB 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB 68*, effective July 1, 2014. 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 3-11, the schedule of City's proportionate share of the net pension liability, schedule of City's pension contributions and the other postemployment benefit schedules of funding progress on page 50 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 combining and individual non-major fund financial statements and schedules, the introductory section, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major 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 combining and individual non-major fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015, 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 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 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 City's internal control over financial reporting and compliance.



Rancho Cucamonga, California

November 23, 2015

City of Paramount  
**Management's Discussion and Analysis**  
June 30, 2015

As management of the City of Paramount, California, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Paramount for the fiscal year ended June 30, 2015. 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 Fiscal Year 2015 by \$106,063,084 (net position). This amount decreased by \$18,558,167 from last year.
- As of June 30, 2015, the City's governmental funds reported combined fund balances of \$25,627,081. Of this amount, \$4,140,980 or approximately 16% of the total fund balances is nonspendable, \$4,974,082 or approximately 19% is restricted, \$1,138,574 or approximately 5% is committed, \$3,563,827 or approximately 14% is assigned and \$11,809,618 or approximately 46% 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 \$11,809,618, or about 50% 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 13 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 of Paramount 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 of Paramount itself (known as the primary government), but also the legally separate Paramount Housing Authority and Paramount Parking Authority for which the City of Paramount 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 of Paramount, 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 of Paramount maintains 20 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 18 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 of Paramount 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 of Paramount 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 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 of Paramount 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 48 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 page 50.

**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 52 through 84 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, 2015 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 29,872,848	\$ 29,929,712	\$ 4,127,353	\$ 3,889,272	\$ 34,000,201	\$ 33,818,984
Capital assets, net	79,511,962	82,967,732	22,268,890	22,547,861	101,780,852	105,515,593
Total assets	<u>\$ 109,384,810</u>	<u>\$ 112,897,444</u>	<u>\$ 26,396,243</u>	<u>\$ 26,437,133</u>	<u>\$ 135,781,053</u>	<u>\$ 139,334,577</u>
Deferred Outflows of Resources	\$ 1,477,636	\$ -	\$ 204,536	\$ -	\$ 1,682,172	\$ -
Current liabilities	\$ 3,252,855	\$ 2,925,441	\$ 999,769	\$ 937,430	\$ 4,252,624	\$ 3,862,871
Long-term liabilities	15,622,003	4,758,811	7,199,003	8,061,946	22,821,006	12,820,757
Total liabilities	<u>\$ 18,874,858</u>	<u>\$ 7,684,252</u>	<u>\$ 8,198,772</u>	<u>\$ 8,999,376</u>	<u>\$ 27,073,630</u>	<u>\$ 16,683,628</u>
Deferred Inflows of Resources	\$ 3,800,449	\$ -	\$ 526,062	\$ -	\$ 4,326,511	\$ -
Net position						
Net investment in capital assets	\$ 79,511,962	\$ 82,967,732	\$ 16,981,731	\$ 16,918,341	\$ 96,493,693	\$ 99,886,073
Restricted	6,647,656	6,373,039	-	-	6,647,656	6,373,039
Unrestricted	2,027,521	15,872,421	894,214	2,489,718	2,921,735	18,362,139
Total net position	<u>\$ 88,187,139</u>	<u>\$ 105,213,192</u>	<u>\$ 17,875,945</u>	<u>\$ 19,408,059</u>	<u>\$ 106,063,084</u>	<u>\$ 124,621,251</u>

The City's total assets decreased from \$139,334,577 to \$135,781,053 in the fiscal year and the City's total liabilities increased from \$16,683,628 to \$27,073,630. Pension related deferred outflows of resources increased from \$0 to \$1,682,172 and deferred inflows of resources increased from \$0 to \$4,326,511. As a whole, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$106,063,084 at June 30, 2015, a decrease of \$18,558,167 from the prior year, primarily due to GASB 68

City of Paramount  
Management's Discussion and Analysis  
June 30, 2015

Pension Obligation implementation, and the recognition of the net pension liability in the amount of \$11,859,567, deferred outflows/inflows net of \$2,644,339 and a change in net position of \$3,459,724.

**Governmental activities.** The following condensed summary of activities of the City's governmental activities for the year ended June 30, 2015 shows total net position equal to \$88,187,139 or \$17,026,053 less than the prior year. The decrease is primarily the result of the GASB 68 Pension Obligation implementation.

**Business-type activities.** Business type activities' net position decreased from \$19,408,059 to \$17,875,945. Total charges for services decreased \$774,127 reflecting the water conservation. On the other hand, there was a decrease in expenses totaling \$89,352. The primary source of this decrease was the implementation of GASB 68.

City of Paramount - Summary of Changes in Net Position  
Year Ended June 30, 2015 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program revenues						
Charges for services	\$ 1,550,535	\$ 1,569,954	\$ 7,040,916	\$ 7,815,043	\$ 8,591,451	\$ 9,384,997
Operating contributions and grants	8,035,786	8,240,015	-	-	8,035,786	8,240,015
Capital contributions and grants	1,564,891	2,508,509	-	-	1,564,891	2,508,509
General revenues						
Sales tax	5,568,430	5,770,919	-	-	5,568,430	5,770,919
In-lieu sales tax	1,916,619	1,951,154	-	-	1,916,619	1,951,154
Utility user's tax	2,289,871	2,185,548	-	-	2,289,871	2,185,548
Property tax	2,041,764	1,882,437	-	-	2,041,764	1,882,437
Other taxes	2,696,891	2,665,891	-	-	2,696,891	2,665,891
Investment earnings	40,885	37,375	9,144	4,461	50,029	41,836
Motor vehicle license fee	5,346,425	5,179,714	-	-	5,346,425	5,179,714
Other revenue	518,840	264,751	117,285	88,688	636,125	353,439
Total revenues	\$ 31,570,937	\$ 32,256,267	\$ 7,167,345	\$ 7,908,192	\$ 38,738,282	\$ 40,164,459
Program Expenses						
General government	\$ 6,409,474	\$ 6,202,608	\$ -	\$ -	\$ 6,409,474	\$ 6,202,608
Community development	2,172,414	2,148,884	-	-	2,172,414	2,148,884
Public safety	10,662,749	10,284,334	-	-	10,662,749	10,284,334
Community services & recreation	6,074,382	5,804,838	-	-	6,074,382	5,804,838
Public works	10,015,353	9,994,449	-	-	10,015,353	9,994,449
Community redevelopment	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Water	-	-	7,392,150	7,481,502	7,392,150	7,481,502
Total expenses	\$ 35,334,372	\$ 34,435,113	\$ 7,392,150	\$ 7,481,502	\$ 42,726,522	\$ 41,916,615
Excess (deficiency) before contributions, special and extraordinary items & transfers	\$ (3,763,435)	\$ (2,178,846)	\$ (224,805)	\$ 426,690	\$ (3,988,240)	\$ (1,752,156)
Extraordinary item-Redevelopment Agency	-	5,666,285	528,516	-	528,516	5,666,285
Change in net position	\$ (3,763,435)	\$ 3,487,439	\$ 303,711	\$ 426,690	\$ (3,459,724)	\$ 3,914,129
Net position, beginning of year (as restated)	91,950,574 *	101,725,753	17,572,234	18,981,369	109,522,808	120,707,122
Net position, end of year	\$ 88,187,139	\$ 105,213,192	\$ 17,875,945	\$ 19,408,059	\$ 106,063,084	\$ 124,621,251

\*FY 2015 beginning balance includes GASB 68 Implementation

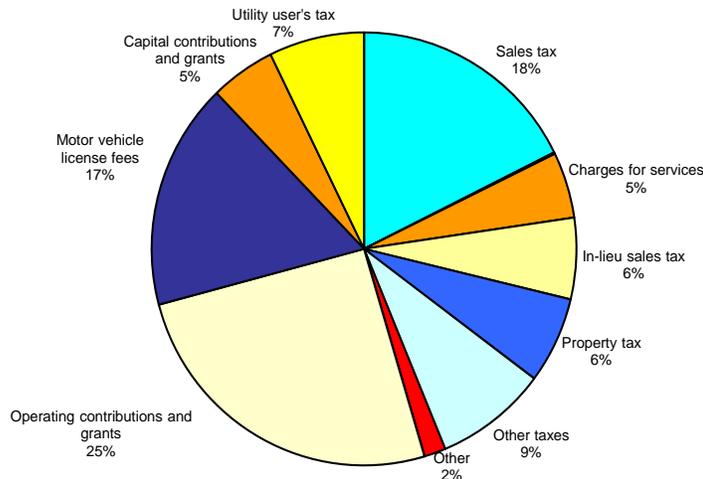
**Revenues**

- The decrease in capital contributions and grants of \$943,618 is primarily due to the agency sponsored loan owed to City by the Successor Agency recorded in FY 2014.
- Sales tax and sales tax in-lieu revenues decreased a total of \$237,024 in FY 2015 mainly related to lower fuel prices.
- The increase in property tax in the amount of \$159,327 is related to additional revenue received during FY 2015 as a result of the dissolution of the PRA.
- Miscellaneous revenues fluctuate every year. In FY 2015, the increase of \$254,089 is mainly due to receipts of various mandated claims from prior fiscal years.

**Expenses**

- The increase in general government of \$206,866 is mainly the result of increases in cost of liability insurance and cost of electricity.
- The increase in public safety of \$378,415 is mainly the result of increase in the cost of general law services.
- The increase in community services and recreation of \$269,544 is mainly the result of increase in cost of various community activities and events.
- The decrease in water expenses relates to the lowered production cost as water consumption decreased from citywide water conservation efforts.

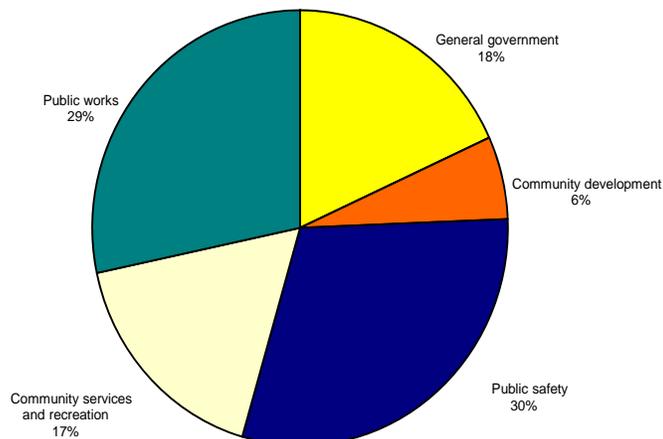
**Revenues by Source - Governmental Activities**



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:
  - \$1,897,500 After School Education and Safety Grant for the Success Through Academics and Recreation (S.T.A.R.) Program
  - \$966,041 Proposition A Transit Tax
  - \$747,876 Community Development Block Grant

**Expenses by Activities  
 Year Ended June 30, 2015**



- The top three expense activities were Public Safety 30%, Public Works 29% and General Government at 18%.

### **Financial Analysis of the City's Funds**

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$25,627,081, an increase of \$911,178 in comparison with the prior year. The increase was primarily related an accumulation of various grant funds that will be expended in future years. Approximately 46% of the ending balance, \$11,809,618, 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 16% or \$4,140,980 consists of nonspendable fund balances for the Paramount Parking Authority (\$535,000), Land Held for Resale (\$3,453,544) and Prepaids/Deposits (\$152,436); approximately 19% or \$4,974,082 consists of the restricted fund balances of various grants and fees (\$3,730,616) and the Paramount Housing Authority (\$1,243,466); approximately 5% or \$1,138,574 consists of committed fund balances for Public Art (\$307,503) and General Plan/Storm Drain (\$831,071); and approximately 14% or \$3,563,827 consists of assigned fund balances for Capital Projects (\$2,583,827), PERS Reserve (\$700,000), 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 \$11,809,618, while total fund balance reached \$18,979,425. 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 50% of total General Fund expenditures, while total fund balance represents 80% of that same amount.

The fund balance of the City's General Fund increased by \$636,561 during the current year due to various saving in expenses among City's departments.

The Other Grants Fund has a fund balance of \$368,420 or \$98,367 more than prior year. During FY 2015, grant funds were received that will be expended in a subsequent year.

**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 \$894,214 or \$303,711 less than prior year. The decrease is a reflection of lower revenues from water sales as a result of citywide water conservation effort.

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 14,314,200	\$ 14,560,550	\$ 14,513,575	\$ (46,975)
Intergovernmental revenues	5,278,000	5,346,400	5,346,425	25
Other revenues	4,285,300	4,553,400	4,606,092	52,692
Total revenues	<u>\$ 23,877,500</u>	<u>\$ 24,460,350</u>	<u>\$ 24,466,092</u>	<u>\$ 5,742</u>
Expenditures				
Operations	\$ 22,528,000	\$ 23,784,450	\$ 22,357,497	\$ 1,426,953
Capital outlay	1,332,350	1,816,850	1,472,034	344,816
Total expenditures	<u>\$ 23,860,350</u>	<u>\$ 25,601,300</u>	<u>\$ 23,829,531</u>	<u>\$ 1,771,769</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 17,150</u>	<u>\$ (1,140,950)</u>	<u>\$ 636,561</u>	<u>\$ 1,777,511</u>
Net change in fund balances	17,150	(1,140,950)	636,561	1,777,511
Fund balance - July 1	18,342,900	18,342,900	18,342,864	(36)
Fund balance - June 30	<u>\$ 18,360,050</u>	<u>\$ 17,201,950</u>	<u>\$ 18,979,425</u>	<u>\$ 1,777,475</u>

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

On the revenue side, there was an increase of \$582,850 between the original budget and the final amended budget. A portion of the increase was related to higher revenue projection for sales tax (\$246,350) and for miscellaneous income (\$268,100). On the other hand, there was an increase of \$1,256,450 in appropriations for operations and \$484,500 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 \$5,742 higher than the final amended amounts. On the expenditure side, there was an overall decrease totaling \$1,777,511 which mainly represents cost savings across all of the operating departments.

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounted to \$101,780,852 (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 conversion of Orange Pool to Orange Splash and the construction of \$1.9 million in street and sidewalk improvements.

**City of Paramount - Capital Assets  
(Net of Accumulated Depreciation)  
June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 14,849,081	\$ 14,849,080	\$ 2,270,763	\$ 2,270,763	\$ 17,119,844	\$ 17,119,843
Construction in progress	1,672,124	344,069	532,016	3,500	2,204,140	347,569
Land improvements	6,824,230	7,671,016	-	-	6,824,230	7,671,016
Building and improvements	9,087,237	9,870,105	7,756,622	8,069,052	16,843,859	17,939,157
Machinery and equipment	699,214	863,418	443,314	513,642	1,142,528	1,377,060
Infrastructure	46,380,072	49,370,044	11,266,175	11,690,904	57,646,247	61,060,948
Total	<u>\$ 79,511,958</u>	<u>\$ 82,967,732</u>	<u>\$ 22,268,890</u>	<u>\$ 22,547,861</u>	<u>\$ 101,780,848</u>	<u>\$ 105,515,593</u>

Additional information on the City's capital assets can be found in Note 6 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 \$22,821,006. Of this amount, \$7,199,003 is a liability of the Business-Type Activity.

**City of Paramount - Outstanding Debt  
June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Notes payable	\$ -	\$ -	\$ 5,287,159	\$ 5,629,520	\$ 5,287,159	\$ 5,629,520
OPEB payable	4,447,832	4,041,069	419,161	409,924	4,866,993	4,450,993
Net pension liability	10,417,558	-	1,442,009	-	11,859,567	-
Employee leave payable	756,613	717,742	50,674	52,200	807,287	769,942
Total	<u>\$ 15,622,003</u>	<u>\$ 4,758,811</u>	<u>\$ 7,199,003</u>	<u>\$ 6,091,644</u>	<u>\$ 22,821,006</u>	<u>\$ 10,850,455</u>

The City's total debt had a net increase of \$11,970,551 during the current fiscal year, largely due to the implementation of GASB 68 and the related Net Pension Liability.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limitation for the City is \$126,124,942 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 5 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. The City is committed to transparent, responsible budgetary and financial practices and this strategy has allowed the continued provision of critical services, despite the worst recession in recent history and the loss of redevelopment funding. Unfortunately, the effort to maintain the high level of services our residents expect gets more challenging due to the slow pace of economic recovery nationwide and continued money grabs from Sacramento. The Paramount Redevelopment Agency provided \$6 million per year for capital projects and other critical infrastructure needs. The loss of that revenue in 2012 and thereafter created an unprecedented challenge for the City which was addressed, in part, through a 27% reduction in the size of the City's workforce. Like many cities, Paramount needs to expand reliable sources of local funding that Sacramento can't touch, to ensure that taxpayer dollars can be used effectively for City programs and services. The March 2015 election saw the Essential City Services and Public Safety Protection initiative known as Measure P overwhelmingly passed by Paramount voters, with 76% approving. The measure provided an increase of 2-1/2% to the local utility user's tax to help fund youth after-school education programs, Sheriff's patrols and 911 response, street and pothole repairs, senior support services, and more.

**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, 2015**

	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 22,716,511	3,825,890	26,542,401
Receivables:			
Accounts	2,465,055	118,742	2,583,797
Interest	14,886	2,654	17,540
Notes	535,415	-	535,415
Prepaid expenses and deposits	152,437	5,859	158,296
Inventories	-	174,208	174,208
Land held for resale	3,988,544	-	3,988,544
Capital assets			
Not being depreciated:			
Land and water rights	14,849,080	2,270,763	17,119,843
Construction in progress	1,672,127	532,016	2,204,143
Being depreciated, net of accumulated depreciation:			
Property and equipment	551,155	443,314	994,469
Buildings, building and land improvements	15,623,242	7,756,622	23,379,864
Water mains	-	9,729,032	9,729,032
Water distribution equipment	-	1,537,143	1,537,143
Vehicles	436,283	-	436,283
Infrastructure	46,380,075	-	46,380,075
Total assets	<u>109,384,810</u>	<u>26,396,243</u>	<u>135,781,053</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows-Pensions	1,477,636	204,536	1,682,172
<b>LIABILITIES</b>			
Accounts payable	2,899,829	678,877	3,578,706
Due to other governmental agencies	321,576	-	321,576
Accrued interest payable	-	69,138	69,138
Deposits payable	31,450	251,754	283,204
Long term liabilities:			
Due within one year	228,898	352,297	581,195
Due in more than one year	4,975,547	5,404,697	10,380,244
Net pension liability	10,417,558	1,442,009	11,859,567
Total liabilities	<u>18,874,858</u>	<u>8,198,772</u>	<u>27,073,630</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows-Pensions	3,800,449	526,062	4,326,511
<b>NET POSITION</b>			
Net investment in capital assets	79,511,962	16,981,731	96,493,693
Restricted for:			
General government	469,755	-	469,755
Community development	4,226,836	-	4,226,836
Public safety	269,159	-	269,159
Community services & recreation	298,307	-	298,307
Public works	1,383,599	-	1,383,599
Unrestricted	2,027,521	894,214	2,921,735
Total net position	<u>\$ 88,187,139</u>	<u>17,875,945</u>	<u>106,063,084</u>

See accompanying notes to basic financial statements.

**City of Paramount**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>							
General government	\$ 6,409,474	\$ 291,859	\$ 1,314,153	-	\$ (4,803,462)	-	\$ (4,803,462)
Community development	2,172,414	347,387	316,827	-	(1,508,200)	-	(1,508,200)
Public safety	10,662,749	125,707	1,448,439	-	(9,088,603)	-	(9,088,603)
Community services and recreation	6,074,382	257,191	2,911,639	124,524	(2,781,028)	-	(2,781,028)
Public works	10,015,353	528,391	2,044,728	1,440,367	(6,001,867)	-	(6,001,867)
Total governmental activities	<u>35,334,372</u>	<u>1,550,535</u>	<u>8,035,786</u>	<u>1,564,891</u>	<u>(24,183,160)</u>		<u>(24,183,160)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water	7,392,150	7,040,916	-	-	-	(351,234)	(351,234)
Total primary government	<u>\$ 42,726,522</u>	<u>\$ 8,591,451</u>	<u>\$ 8,035,786</u>	<u>\$ 1,564,891</u>	<u>\$ (24,183,160)</u>	<u>\$ (351,234)</u>	<u>\$ (24,534,394)</u>
<b>GENERAL REVENUES:</b>							
Taxes:							
Sales tax					5,568,430	-	5,568,430
In-lieu sales tax					1,916,619	-	1,916,619
Utility users tax					2,289,871	-	2,289,871
Franchise tax					1,706,318	-	1,706,318
Property tax					2,041,764	-	2,041,764
Business license tax					990,573	-	990,573
Investment earnings					40,885	9,144	50,029
Unrestricted motor vehicle license fee					5,346,425	-	5,346,425
Other revenue					518,840	117,285	636,125
Total general revenues					<u>20,419,725</u>	<u>126,429</u>	<u>20,546,154</u>
Extraordinary item (see note 12)					-	528,516	528,516
Change in net position					<u>(3,763,435)</u>	<u>303,711</u>	<u>(3,459,724)</u>
Net position, beginning of year, as restated (Note 14)					91,950,574	17,572,234	109,522,808
Net position, end of year					<u>\$ 88,187,139</u>	<u>\$ 17,875,945</u>	<u>\$ 106,063,084</u>

See accompanying notes to basic financial statements.

**City of Paramount**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	<u>Special Revenue</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Other Grants</u>	<u>Other Governmental Funds</u>	
<b>ASSETS</b>				
Cash and investments	\$ 16,083,204	-	5,656,461	\$ 21,739,665
Accounts receivable	1,561,615	613,912	289,528	2,465,055
Interest receivable	10,790	146	3,292	14,228
Due from other funds	304,670	-	-	304,670
Prepaid expenditures and deposits	152,437	-	-	152,437
Notes receivable	-	-	535,415	535,415
Land held for resale	3,453,544	-	535,000	3,988,544
<b>Total assets</b>	<u><u>\$ 21,566,260</u></u>	<u><u>614,058</u></u>	<u><u>7,019,696</u></u>	<u><u>\$ 29,200,014</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,221,135	100,168	578,091	\$ 2,899,394
Deposits payable	31,450	-	-	31,450
Due to other governmental agencies	321,576	-	-	321,576
Due to other funds	-	145,470	159,200	304,670
<b>Total liabilities</b>	<u><u>2,574,161</u></u>	<u><u>245,638</u></u>	<u><u>737,291</u></u>	<u><u>3,557,090</u></u>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue	12,674	-	3,169	15,843
<b>Fund balances:</b>				
Nonspendable	3,605,980	-	535,000	4,140,980
Restricted	-	368,420	4,605,662	4,974,082
Committed	-	-	1,138,574	1,138,574
Assigned	3,563,827	-	-	3,563,827
Unassigned	11,809,618	-	-	11,809,618
<b>Total fund balances</b>	<u><u>18,979,425</u></u>	<u><u>368,420</u></u>	<u><u>6,279,236</u></u>	<u><u>25,627,081</u></u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u><u>\$ 21,566,260</u></u>	<u><u>614,058</u></u>	<u><u>7,019,696</u></u>	<u><u>\$ 29,200,014</u></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, 2015**

Fund Balances of Governmental Funds (page 14)	\$	25,627,081
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.		77,873,885
Revenue reported as unavailable revenue in the governmental funds is recognized in the statement of activities.		15,843
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated absences		(756,613)
Net OPEB obligation		(4,447,832)
Net pension liability		(10,417,558)
Deferred outflows related to pensions		1,477,636
Deferred inflows related to pensions		(3,800,449)
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		2,615,146
Net Position of Governmental Activities	\$	88,187,139

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, 2015**

	<u>Special Revenue</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Other Grants</u>		
<b>REVENUES</b>				
Taxes	\$ 14,513,575	-	-	\$ 14,513,575
Licenses and permits	640,375	-	-	640,375
Fines and penalties	680,755	-	-	680,755
Interest and use of property	137,494	490	11,633	149,617
Intergovernmental revenues	5,346,425	885,756	6,930,028	13,162,209
Charges for services	507,660	-	312,625	820,285
Other revenues	2,639,808	-	259,022	2,898,830
Total revenues	<u>24,466,092</u>	<u>886,246</u>	<u>7,513,308</u>	<u>32,865,646</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,179,506	15,394	426,150	5,621,050
Community development	1,424,794	-	730,324	2,155,118
Public safety	9,905,032	160,104	607,580	10,672,716
Community services and recreation	1,995,782	7,892	2,664,250	4,667,924
Public works	3,852,383	219,003	1,736,206	5,807,592
Capital outlay:				
Streets, sidewalks and signals	487,984	260,692	1,172,468	1,921,144
Parks	664,224	124,524	-	788,748
Other	319,826	-	350	320,176
Total expenditures	<u>23,829,531</u>	<u>787,609</u>	<u>7,337,328</u>	<u>31,954,468</u>
Excess (deficiency) of revenues over (under) expenditures	<u>636,561</u>	<u>98,637</u>	<u>175,980</u>	<u>911,178</u>
Net change in fund balances	636,561	98,637	175,980	911,178
Fund balances - July 1	<u>18,342,864</u>	<u>269,783</u>	<u>6,103,256</u>	<u>24,715,903</u>
Fund balances - June 30	<u>\$ 18,979,425</u>	<u>368,420</u>	<u>6,279,236</u>	<u>\$ 25,627,081</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, 2015**

Net Change in Fund Balances - Total Governmental Funds (page 16) \$ 911,178

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	2,061,070
Depreciation expense	(5,412,357)

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.	(38,871)
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The net OPEB obligation 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.	(406,763)
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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	3,816,573
Net change in deferred outflows of resources related to pensions	99,432
Net change in deferred intflows of resources related to pensions	(3,393,758)

Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities. These items are included in the intergovernmental revenues in the governmental fund activity.	(1,272,600)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue/(expense) of the internal service fund is reported as governmental activities.	(127,339)
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Change in Net Position of Governmental Activities	\$ (3,763,435)
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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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 14,314,200	14,560,550	14,513,575	(46,975)
Licenses and permits	580,600	630,600	640,375	9,775
Fines and penalties	688,200	678,800	680,755	1,955
Interest and use of property	165,000	125,000	137,494	12,494
Intergovernmental revenues	5,278,000	5,346,400	5,346,425	25
Charges for services	466,550	437,800	507,660	69,860
Other revenues	2,384,950	2,681,200	2,639,808	(41,392)
Total revenues	<u>23,877,500</u>	<u>24,460,350</u>	<u>24,466,092</u>	<u>5,742</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,864,450	5,217,850	5,179,506	38,344
Community development	1,598,300	2,393,900	1,424,794	969,106
Public safety	10,006,050	10,050,650	9,905,032	145,618
Community services and recreation	2,108,300	2,097,500	1,995,782	101,718
Public works	3,950,900	4,024,550	3,852,383	172,167
Capital Outlay:				
Streets, sidewalks and signals	489,650	791,200	487,984	303,216
Parks	623,000	750,000	664,224	85,776
Other	219,700	275,650	319,826	(44,176)
Total expenditures	<u>23,860,350</u>	<u>25,601,300</u>	<u>23,829,531</u>	<u>1,771,769</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,150</u>	<u>(1,140,950)</u>	<u>636,561</u>	<u>1,777,511</u>
Net change in fund balance	17,150	(1,140,950)	636,561	1,777,511
Fund balance - July 1	18,342,900	18,342,900	18,342,864	(36)
Fund balance - June 30	<u>\$ 18,360,050</u>	<u>17,201,950</u>	<u>18,979,425</u>	<u>1,777,475</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ 450	450	490	40
Intergovernmental revenues	553,700	835,200	885,756	50,556
Total revenues	<u>554,150</u>	<u>835,650</u>	<u>886,246</u>	<u>50,596</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,200	15,100	15,394	(294)
Public safety	159,350	174,050	160,104	13,946
Public works	31,250	186,350	219,003	(32,653)
Capital Outlay:				
Streets, sidewalks and signals	151,050	271,450	260,692	10,758
Parks	215,600	124,550	124,524	26
Total expenditures	<u>564,450</u>	<u>779,400</u>	<u>787,609</u>	<u>(8,209)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,300)</u>	<u>56,250</u>	<u>98,637</u>	<u>42,387</u>
Net change in fund balance	(10,300)	56,250	98,637	42,387
Fund balance - July 1	269,800	269,800	269,783	(17)
Fund balance - June 30	<u>\$ 259,500</u>	<u>326,050</u>	<u>368,420</u>	<u>42,370</u>

See accompanying notes to the basic financial statements.

**City of Paramount**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	<b>Business-type Activities- Water Enterprise Fund</b>	<b>Governmental Activities- Internal Service Fund</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,825,890	\$ 976,846
Accounts receivable	118,742	-
Interest receivable	2,654	658
Prepaid expenditures and deposits	5,859	-
Inventory	174,208	-
Total current assets	<u>4,127,353</u>	<u>977,504</u>
Noncurrent assets:		
Capital assets:		
Construction in progress	532,016	-
Land and water rights	2,270,763	-
Land improvements	-	36,272
Buildings and well improvements	10,879,460	2,360,349
Water mains	21,614,830	-
Water distribution equipment	6,953,290	-
Other water equipment	1,775,230	-
Furniture, machinery and equipment	338,982	510,734
Vehicles	366,520	696,798
Less accumulated depreciation	<u>(22,462,201)</u>	<u>(1,966,076)</u>
Total noncurrent assets	<u>22,268,890</u>	<u>1,638,077</u>
Total assets	<u>26,396,243</u>	<u>2,615,581</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows-Pensions	<u>204,536</u>	<u>-</u>
Total deferred outflows of resources	<u>204,536</u>	<u>-</u>
 <b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	678,877	435
Deposits payable	251,754	-
Interest payable	69,138	-
Current portion of employee leave payable	4,423	-
Current portion of notes payable	347,874	-
Total current liabilities	<u>1,352,066</u>	<u>435</u>
Noncurrent liabilities:		
Employee leave payable-long term portion	46,251	-
Net OPEB obligation	419,161	-
Net pension liability	1,442,009	-
Notes payable-long term portion	4,939,285	-
Total noncurrent liabilities	<u>6,846,706</u>	<u>-</u>
Total liabilities	<u>8,198,772</u>	<u>435</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows-Pensions	<u>526,062</u>	<u>-</u>
Total deferred inflows of resources	<u>526,062</u>	<u>-</u>
 <b>NET POSITION</b>		
Net investment in capital assets	16,981,731	1,638,077
Unrestricted	894,214	977,069
Total net position	<u>\$ 17,875,945</u>	<u>\$ 2,615,146</u>

See accompanying notes to the basic financial statements.

**City of Paramount**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	Business-type Activities- Water Enterprise Fund	Governmental Activities- Internal Service Fund
<b>OPERATING REVENUES</b>		
Charges for services	\$ 7,040,916	-
Other revenues	117,285	-
Total operating revenues	<u>7,158,201</u>	<u>-</u>
<b>OPERATING EXPENSES</b>		
Water commission	2,496	-
Water system administration	1,099,721	-
Water production	3,537,879	-
Water distribution	1,069,379	-
Water customer service	225,342	-
Water billing	312,194	-
Equipment maintenance	-	25,281
Other operating expenses	98,788	-
Depreciation	874,519	104,483
Total operating expenses	<u>7,220,318</u>	<u>129,764</u>
Operating income/(loss)	<u>(62,117)</u>	<u>(129,764)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest revenue	9,144	2,425
Interest expense	(171,832)	-
Total nonoperating revenue (expense)	<u>(162,688)</u>	<u>2,425</u>
Income/(loss) before transfers	<u>(224,805)</u>	<u>(127,339)</u>
<b>EXTRAORDINARY ITEMS</b>		
Extraordinary item (see note 12)	528,516	-
Change in net position	303,711	(127,339)
Total net position - July 1 (as restated)	17,572,234	2,742,485
Total net position - June 30	<u>\$ 17,875,945</u>	<u>2,615,146</u>

See accompanying notes to the basic financial statements.

**City of Paramount**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	Business-type Activities- Water Enterprise Fund	Governmental Activities- Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 7,351,753	1,167
Payments to suppliers	(5,463,877)	(37,755)
Payments to employees	(885,893)	-
Other receipts	117,285	-
Net cash provided (used) in operating activities	1,119,268	(36,588)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(67,032)	-
Principal paid on capital debt	(342,361)	-
Interest paid on capital debt	(173,594)	-
Net cash provided (used) in capital and related financing activities	(582,987)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	8,138	2,203
Increase/(decrease) in cash and cash equivalents	544,419	(34,385)
Cash and cash equivalents, July 1	3,281,471	1,011,231
Cash and cash equivalents, June 30	\$ 3,825,890	976,846
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (62,117)	(129,764)
Adjustments to reconcile operating income (loss) to net cash provided (used) in operating activities:		
Depreciation expense	874,519	104,483
Increase in prepaid expense and deposits	(775)	-
Increase in inventory	(2,718)	-
Increase/decrease in accounts receivable	310,837	1,167
Increase/decrease in accounts payable and accrued liabilities	68,905	(12,474)
Increase in deposits payable	(4,804)	-
Increase in employee leave payable	(1,526)	-
Decrease in net pension liability	(72,290)	-
Increase in OPEB obligation	9,237	-
Net cash provided (used) in operating activities	\$ 1,119,268	(36,588)

See accompanying notes to the basic financial statements.

**City of Paramount**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

	<b>Successor Agency for the Paramount Redevelopment Agency</b>	<b>City Agency Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 5,182,886	108,292
Restricted cash and investments	1,608,221	-
Interest receivable	3,325	-
Notes receivable	4,024	-
Prepaid insurance	27,499	-
Total current assets	6,825,955	108,292
Noncurrent assets:		
Prepaid insurance	194,788	-
Capital assets:		
Buildings and building improvements	358,067	-
Infrastructure	4,277,466	-
Less accumulated depreciation	(1,777,449)	-
Total noncurrent assets	3,052,872	-
Total assets	9,878,827	108,292
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	8,356	-
Deposits payable	-	108,292
Interest payable	272,508	-
Bond debt-current portion	337,204	-
Total current liabilities	618,068	108,292
Noncurrent liabilities:		
Bond debt-long term portion	46,135,441	-
Loans payable-long term portion	248,295	-
Deferred pass through payments	930,740	-
Total noncurrent liabilities	47,314,476	-
Total liabilities	47,932,544	108,292
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred amount on refunding	829,049	
Total deferred inflows of resources	829,049	
<b>NET POSITION (DEFICIT)</b>		
Held in trust for other governments	\$ (38,882,766)	

See accompanying notes to the basic financial statements.

**City of Paramount**  
**Statement of Changes in Fiduciary Net Position**  
**Private-Purpose Trust Fund**  
**For the Year Ended June 30, 2015**

	<b>Successor Agency for the Paramount Redevelopment Agency</b>
Additions:	
Taxes	\$ 5,032,115
Interest and use of property	40,183
Total additions	5,072,298
Deductions:	
Program expenses	38,263
Administrative expenses	249,391
Depreciation	278,175
Interest and fiscal agent expenses of the former redevelopment agency	3,219,429
Total deductions	3,785,258
Extraordinary Items	
Extraordinary item (see note 13)	(528,516)
Change in net position	758,524
Net position - July 1	(39,641,290)
Net position - June 30	\$ (38,882,766)

See accompanying notes to the basic financial statements.

City of Paramount, CA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2015

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

A. Reporting Entity

The City of Paramount 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 of Paramount 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 2015 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 consequently, no separate annual financial report is issued for the PRA [Note 13].

B. New Accounting Pronouncements

Implemented during 2014-15

**GASB Statement No. 68**

In June 2012, GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions 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 pensions with regard to providing decision useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. The City implemented this pronouncement effective July 1, 2014.

**GASB Statement No. 71**

In November 2013, GASB issued Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The primary objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68. The City implemented this pronouncement effective July 1, 2014.

Effective in Future Accounting Periods**GASB Statement No. 72**

In February 2015, GASB issued Statement No. 72 - *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The City has not yet determined the impact of this statement.

**GASB Statement No. 73**

In June 2015, GASB issued Statement No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The City has not yet determined the impact of this statement.

**GASB Statement No. 74**

In June 2015, GASB issued Statement No. 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. 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 74 are effective for fiscal years beginning after June 15, 2016. The City has not yet determined the impact of this statement.

**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. The City has not yet determined the impact of this statement.

**GASB Statement No. 76**

In June 2015, GASB issued Statement No. 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. The City has not yet determined the impact of this statement.

**GASB Statement No. 77**

In August 2015, GASB issued Statement No. 77 - *Tax Abatement Disclosures*. The disclosure requirements in this statement are designed to provide financial statement users with essential information about these agreements and the impact that they have on a government's finances. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. 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 interfund 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.

Special Revenue Funds

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 market 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, Public Works). The City Manager may transfer appropriations within an activity, and she 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, 2015, appropriations subject to this limit were below the maximum allowed.
6. In the fund level of the Special Revenue Funds, expenditures in Other Grants, Community Development Block Grant, After School Education and Safety and Traffic Safety Grant funds exceeded budget estimates by \$8,209, \$665 (within the General Government activity), \$4,098 and \$7,272 respectively. 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 [Note 2].

#### 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, 2015, property tax revenue to the City totaled \$2,041,764.

#### O. Prepays/Deposits

Prepays represent payments to vendors that reflect costs applicable to future accounting periods. 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 [Note 13].

**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, 2015.

**S. 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 defined pension benefit plan, and additions to/deductions from 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.

**T. Deferred Outflows/Inflows of Resources**

A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period.

**(2) Cash and Investments**

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 26,542,401
Fiduciary funds:	
Cash and investments	5,291,178
Cash and investments - restricted	1,608,221
Total cash and investments	<u>\$ 33,441,800</u>
Cash and investments as of June 30, 2015 consist of the following:	
Cash on hand	\$ 4,000
Deposits with financial institutions	1,235,785
Investments	32,202,015
Total cash and investments	<u>\$ 33,441,800</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.

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

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, the weighted average maturity of the investments contained in the LAIF investment pool is approximately 8 months.

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

<u>Investment</u>	<u>Amount</u>	<u>Maturity of 12 Months or Less</u>
State investment pool (LAIF)	\$ 30,593,794	\$ 30,593,794
Money Market	1,608,221	1,608,221
Total	<u>\$ 32,202,015</u>	<u>\$ 32,202,015</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. Our 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, 2015, \$2,634,993 of the deposits with financial institutions were 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. 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, 2015, the carrying amount (at amortized cost) of the pool was \$69,614,988,609 and the estimated fair value of the pool was \$69,641,162,418. 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 \$30,593,794 at June 30, 2015.

**(3) 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 Plans, cost-sharing multiple employer defined benefit pension plans 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 or may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814.

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, 2015, are summarized as follows:

	Miscellaneous Plan	
	Tier 1	Tier 2
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 62
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	2.0% to 2.0%
Required employee contribution rates	8.000%	7.000%
Required employer contribution rates	20.316%	20.316%

As of June 30, 2015, an actuarial report was not prepared by CalPERS for the City's PEPRA tier. CalPERS made this determination as a result of the City not having PEPRA eligible employees between the period January 1, 2013 and June 30, 2013, the valuation date of the actuarial report provided.

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 2015, 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.

As of the fiscal year ended June 30, the contributions recognized as part of pension expense for the Plan were \$1,225,048.

As of the fiscal year ended June 30, the City reported net pension liabilities for its proportionate share of the net pension liability of the Plan was as follows:

	Proportionate Share of Pension Liability
	FY 2015
Miscellaneous Plan	\$ 11,859,567

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. The City's proportion of the 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, 2013 and 2014 was as follows:

	<u>Miscellaneous Plan</u>
Proportion - June 30 , 2013	0.199530%
Proportion - June 30 , 2014	0.190590%
Change - Increase (Decrease)	<u>0.008940%</u>

As a result of the implementation of GASB 68 pronouncement at June 30, 2015, the City recognized pension expense of \$630,511.

As of the fiscal year ended June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,225,048	
Difference between actual contributions and proportionate share of contributions		(341,147)
Net differences between projected and actual earnings on plan investments		(3,985,364)
Changes in proportions	457,124	
Total	<u>\$ 1,682,172</u>	<u>(4,326,511)</u>

The amount of \$1,225,048 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2016	\$ (954,920)
2017	(954,920)
2018	(963,206)
2019	(996,341)
2020	-
Thereafter	-
	<u>\$ (3,869,387)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2013 actuarial valuation report was determined using the following actuarial assumptions:

Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.50%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality rate table*	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

\*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. For more details on this table, please refer to the 2014 experience study report. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The Discount rate used to measure the total pension liability was 7.50% for the Plan. 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 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% 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%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)
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% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Plan's Net Pension Liability/(Asset)	\$ 21,130,081	11,859,567	4,165,921

#### Other Post Retirement Benefits Other than Pensions

The City provides certain post-retirement health insurance premium payments on behalf of qualifying retired employees and their eligible dependents or survivors. 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.

#### Eligibility

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, 56 retirees meet these requirements and are covered under the eligibility requirements but only 35 are currently participating in the program.

#### Funding Policy

The City's funding policy is to contribute consistently an amount at least equal to the projected pay-as-you-go costs plus a percentage of the difference between the projected annual required contribution of the employer (ARC) and projected pay-as-you-go costs. This percent is 35% for the 2014-15 fiscal year, increasing by 5% each year to 100% of the ARC for the fiscal year 2027/2028 and thereafter. The annual required contribution (ARC) for fiscal year 2015, based on the June 30, 2013 actuarial valuation, was \$1,232,000.

#### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Method. The actuarial assumptions included a 3.00% inflation rate, a 5.43% investment rate of return, which is based on the assumed long-term investment returns on the City's assets, as appropriate, and an annual healthcare cost trend rate based on actual premiums. The UAAL is being amortized as a level percentage of projected payroll over a maximum combined 30 year period. It is assumed that the City's payroll will increase 3.25% per year. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

Funded Status and Funding Progress

As of June 30, 2013, the most recent valuation date, the accrued liability for benefits is estimated at \$13,829,000, and the actuarial value of assets was \$993,000, resulting in an unfunded actuarial liability (UAAL) of \$12,836,000 and a funded ratio (actuarial value of assets as a percentage of the actuarial liability) of 7.2 percent. The covered payroll (annual payroll of active employees) was \$6.3 million and the ratio of UAAL to the covered payroll was 204.3 percent.

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The average remaining amortization period for the Plan at June 30, 2015 was 23 years.

Annual OPEB Cost and Net OPEB Obligation

The contributions for retirees and beneficiaries are allocated among the operating departments based on the proportionate number of current employees. For the year ended June 30, 2015, CALPERS-administered health plan expenditures amounted to \$299,117. Implied Subsidy amounted to \$62,000. The City also funded the California Employers' Retiree Benefit Trust (CERBT) in the amount of \$420,883 for fiscal year 2014-15. The pre-funding requirement for fiscal year 2014-15 was \$420,883.

	June 30, 2015
Annual required contribution (ARC)	\$ 1,232,000
Interest on Net OPEB Obligation	242,000
Net OPEB Obligation Amortization	<u>(276,000)</u>
Annual OPEB Cost	\$ 1,198,000
Contributions made	
Pay-as-you-go cost	(299,117)
Implied Subsidy	(62,000)
CERBT Funding	<u>(420,883)</u>
Increase in net OPEB obligation	\$ 416,000
Net OPEB Obligation, Beginning of Year	<u>4,450,993</u>
Net OPEB Obligation, End of Year	<u>\$ 4,866,993</u>

Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2013	\$ 1,361,000	41.95%	\$ 3,774,993
06/30/2014	\$ 1,448,000	53.31%	\$ 4,450,993
06/30/2015	\$ 1,198,000	65.28%	\$ 4,866,993

**(4) 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.

**(5) 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, 2015:

Governmental activities:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Employee leave payable	\$ 717,742	\$ 38,871		\$ 756,613	\$ 228,898
OPEB Obligation	4,041,069	1,047,166	640,403	4,447,832	-
Net pension liability	14,114,152	5,739,320	9,435,914	10,417,558	-
<b>Total Governmental Activity</b>	<b>\$ 18,872,963</b>	<b>\$ 6,825,357</b>	<b>\$ 10,076,317</b>	<b>\$ 15,622,003</b>	<b>\$ 228,898</b>

Business-type activities:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Loan Payable	\$ 110,986		\$ 25,711	\$ 85,275	\$ 26,996
Note Payable - WRD	377,777		188,889	188,888	188,888
Note Payable - I Bank	5,140,757		127,761	5,012,996	131,990
Employee leave payable	52,200		1,526	50,674	4,423
OPEB Obligation	409,924	150,834	141,597	419,161	-
Net pension liability	1,970,302	794,444	1,322,737	1,442,009	-
<b>Total Business Type Activities</b>	<b>\$ 8,061,946</b>	<b>\$ 945,278</b>	<b>\$ 1,808,221</b>	<b>\$ 7,199,003</b>	<b>\$ 352,297</b>

**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 \$812,402 were recognized in the current year. During the year, interest of \$5,549 and principal of \$25,711 was paid, leaving a balance of \$85,275.

Below is a schedule of the remaining debt service:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 26,996	4,264	\$ 31,260
2017	28,346	2,914	31,260
2018	29,933	1,497	31,430
<b>Total</b>	<b>\$ 85,275</b>	<b>\$ 8,675</b>	<b>\$ 93,950</b>

**C. Note Payable – Water Replenishment District**

In October 2005, the City of Paramount City Council approved a loan up to \$1.7 million from the Water Replenishment District under the Safe Drinking Water Program. The purpose of the loan is to assist in funding the design, construction, and installation of a manganese/arsenic treatment plant at Water Well 13. The interest-free loan is to be paid over a 9-year period that would begin one (1) year after completion of the project. The project was completed on June 30, 2007 and the first payment was made on June 30, 2008. The maximum annual loan repayment amount will be \$188,889. At June 30, 2015 the outstanding loan amount is \$188,888.

Below is a schedule of the remaining debt service:

Fiscal Year Ending June 30	Principal
2016	188,888
<b>Total</b>	<b>\$ 188,888</b>

**D. 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 \$812,402 were recognized in the current year. During the year, interest of \$168,045 and principal of \$127,761 was paid leaving an outstanding balance of \$5,012,996.

Below is a schedule of the remaining debt service:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 131,990	\$ 163,746	\$ 295,736
2017	136,359	159,305	295,664
2018	140,872	154,716	295,588
2019	145,535	149,976	295,511
2020	150,352	145,079	295,431
2021 - 2025	829,789	646,078	1,475,867
2026 - 2030	976,516	496,923	1,473,439
2031 - 2035	1,149,189	321,393	1,470,582
2036 - 2040	1,352,394	114,825	1,467,219
	<u>\$ 5,012,996</u>	<u>\$ 2,352,041</u>	<u>\$ 7,365,037</u>

**(6) Capital Assets and Depreciation**

The following table presents the capital assets activity for the year ended June 30, 2015.

	Beginning Balance July 1, 2014	Increases	Decreases	Ending Balance June 30, 2015
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 14,849,080	\$ -	\$ -	\$ 14,849,080
Construction in progress	344,069	1,509,074	181,016	1,672,127
Total capital asset not being depreciated	<u>15,193,149</u>	<u>1,509,074</u>	<u>181,016</u>	<u>16,521,207</u>
Capital assets, being depreciated:				
Land Improvements	20,083,003	-	-	20,083,003
Buildings and improvements	18,208,462	-	86,000	18,122,462
Fine Arts	1,040,702	-	-	1,040,702
Computer equipment	246,603	5,366	83,419	168,550
Vehicles	3,231,187	26,048	112,508	3,144,727
Other equipment	1,698,270	36,690	26,189	1,708,771
Infrastructure	102,699,152	689,443	-	103,388,595
Total capital asset being depreciated	<u>147,207,379</u>	<u>757,547</u>	<u>308,116</u>	<u>147,656,810</u>
Less accumulated depreciation for:				
Land Improvements	12,411,987	716,857	-	13,128,844
Buildings and improvements	8,653,062	863,957	63,640	9,453,379
Fine Arts	725,998	26,480	-	752,478
Computer equipment	223,844	6,734	83,419	147,159
Vehicles	2,635,671	185,280	112,508	2,708,443
Other equipment	1,453,127	38,120	24,015	1,467,232
Infrastructure	53,329,108	3,679,412	-	57,008,520
Total accumulated depreciation	<u>79,432,797</u>	<u>5,516,840</u>	<u>283,582</u>	<u>84,666,055</u>
Total capital assets, being depreciated, net	<u>67,774,582</u>	<u>(4,759,293)</u>	<u>24,534</u>	<u>62,990,755</u>
Governmental activities capital assets, net	<u>\$ 82,967,731</u>	<u>\$ (3,250,219)</u>	<u>\$ 205,550</u>	<u>\$ 79,511,962</u>

	Beginning Balance July 1, 2014	Increases	Decreases	Ending Balance June 30, 2015
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,270,763	\$ -	\$ -	\$ 2,270,763
Construction in progress	3,500	528,516	-	532,016
Total capital asset not being depreciated	<u>2,274,263</u>	<u>528,516</u>	<u>-</u>	<u>2,802,779</u>
Capital assets, being depreciated:				
Buildings and wells	10,879,460	-	-	10,879,460
Mains	21,614,830	-	-	21,614,830
Distribution equipment	6,953,290	-	-	6,953,290
Other equipment	1,719,398	55,832	-	1,775,230
Tools	23,089	-	-	23,089
Vehicles	366,520	-	-	366,520
Computer equipment	304,693	11,200	-	315,893
Total capital asset being depreciated	<u>41,861,280</u>	<u>67,032</u>	<u>-</u>	<u>41,928,312</u>
Less accumulated depreciation for:				
Buildings and wells	2,810,408	312,430	-	3,122,838
Mains	11,531,126	354,672	-	11,885,798
Distribution equipment	5,346,090	70,057	-	5,416,147
Other equipment	1,210,706	136,077	-	1,346,783
Tools	23,089	-	-	23,089
Vehicles	366,520	-	-	366,520
Computer equipment	299,743	1,283	-	301,026
Total accumulated depreciation	<u>21,587,682</u>	<u>874,519</u>	<u>-</u>	<u>22,462,201</u>
Total capital assets, being depreciated, net	<u>20,273,598</u>	<u>(807,487)</u>	<u>-</u>	<u>19,466,111</u>
Business type activities capital assets, net	<u>\$ 22,547,861</u>	<u>\$ (278,971)</u>	<u>\$ -</u>	<u>\$ 22,268,890</u>

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

Governmental Activities:	
General government	\$ 891,699
Community development	11,546
Public safety	40,678
Community services and recreation	1,096,493
Public works	3,476,424
Total depreciation expense – governmental activities	<u>\$ 5,516,840</u>
Business Type Activities:	
Water	\$ 874,519
Total depreciation expense – business type activities	<u>\$ 874,519</u>

**(7) Interfund Transactions**

Interfund Balances

The following summarizes interfund receivables and payables at June 30, 2015:

Due to the General Fund from:	
<u>Major Fund</u>	
Other Grants	\$ 145,470
<u>Non-major Funds</u>	
Community Development Block Grant	11,229
After School Education and Safety	138,009
Traffic Safety	9,962
Total Non-major Funds	<u>\$ 304,670</u>

Due To/From

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

**(8) Notes Receivable**

A. Summary of Notes Receivable

The following is a summary of notes receivable by fund at June 30, 2015

<u>HOME Partnership Act</u>	
Home Improvement Loan Program	\$ 58,682
<u>Paramount Housing Authority</u>	
Affordable Home Ownership Program-Clearwater Court	424,186
Microburst Loan Program	7,417
Home Improvement Loan Program	44,885
ERAF Loan from Low/Mod Housing	245
Paramount Housing Authority Total	<u>\$ 476,733</u>
TOTAL NOTES RECEIVABLE – Governmental Activities	<u>\$ 535,415</u>

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

B. Home Improvement Loan Program

The Home Improvement Loan Program is designed to assist homeowners with their required contribution to the cost of a home improvement project. The program provides interest free loans up to \$8,000 to cover up to 100% of the homeowner’s contribution. The loans are secured by a Deed of Trust and become due upon the sale, refinancing, or transfer of the property. The total amount outstanding is \$58,682 at June 30, 2015.

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, 2015. 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, 2015. On June 27, 2012 the Microburst Loans were transferred from the Successor Agency to the Paramount Housing Authority.

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 \$44,885 at June 30, 2015. On June 27, 2012, the Home Improvement Loans were transferred from the Successor Agency to the Paramount Housing Authority.

F. ERAF Loan from Low and Moderate Income Housing Fund

In April 2006, Resolution No. PRA-001-06 was passed by the Paramount Redevelopment Agency authorizing a loan of \$682,389 from the Low and Moderate Income Housing Fund. The proceeds of the loan were used to pay the Agency’s fiscal year 2006 remittance to the Educational Revenue Augmentation Fund. The loan is to be repaid within 10 years and contains no requirement that the repayment include interest. Due to the dissolution of the Paramount Redevelopment Agency, the repayment schedule has been altered. On February 1, 2012 the ERAF Loan from the Low and Moderate Income Housing Fund was transferred from the Paramount Redevelopment Agency to the Successor Agency and reclassified from an interfund advance to a long-term loan. During FY 2015 the amount of \$272,956 was paid and the amount of \$245 remains outstanding as of June 30.

**(9) Fund Balance**

The City's governmental fund balances at June 30, 2015 are presented below:

	General	Other Grants	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Prepaid Items	\$ 152,436			\$ 152,436
Land Held for Resale	3,453,544		535,000	3,988,544
	<u>\$ 3,605,980</u>	-	<u>535,000</u>	<u>\$ 4,140,980</u>
<b>Restricted for:</b>				
Environmental Concerns		81,311	388,548	469,859
Housing Programs			766,733	766,733
Housing Programs-Notes Receivable			535,415	535,415
Special Event Services		106,524		106,524
Equipment Purchases		81,235		81,235
After School Program		17,950	51,871	69,821
Disability Access and Education			3,603	3,603
Public Access			224,779	224,779
Public Transit			300,901	300,901
Park Maintenance		81,400		
Road Maintenance			2,141,408	2,141,408
Sewer Maintenance			192,404	192,404
	<u>\$ -</u>	<u>368,420</u>	<u>4,605,662</u>	<u>\$ 4,974,082</u>
<b>Committed to:</b>				
Community Cultural Services			307,503	307,503
General Plan/Storm Drain			831,071	831,071
	<u>\$ -</u>	<u>-</u>	<u>1,138,574</u>	<u>\$ 1,138,574</u>
<b>Assigned to:</b>				
Capital Improvement Projects	2,583,827			2,583,827
Paramount Education Partnership	250,000			250,000
Public Employee Retirement	700,000			700,000
Insurance	30,000			30,000
	<u>\$ 3,563,827</u>	<u>-</u>	<u>-</u>	<u>\$ 3,563,827</u>
<b>Unassigned</b>	11,809,618			11,809,618
<b>Total fund balance</b>	<u>\$ 18,979,425</u>	<u>368,420</u>	<u>6,279,236</u>	<u>\$ 25,627,081</u>

**(10) Insurance**

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

A. California Joint Powers Insurance Authority (CJPIA)

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

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years are closed, on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development, can result in adjustments of either refunds or additional deposits required. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

- 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.

For 2014-15 the City's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The City's reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million excess \$2 million layer, (b) 50% quota share of the \$3 million excess \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million excess \$10 million layer.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

- 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 2014-15 the City'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 a limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

- Property Coverage

The City of Paramount participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Paramount property is currently insured according to a schedule of covered property submitted by the City of Paramount to the Authority. City of Paramount property currently has all-risk property insurance protection in the amount of \$54,432,272. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

- 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 \$4,638,150. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

- 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. Premiums are paid annually and are not subject to retrospective adjustments.

- 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 arranged 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 2014-15.
- Claims Activity  
For the fiscal year ended 2015, there was \$557 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.

**(11) Litigation**

Claims for damages alleged against the City are generally referred to a claims adjuster through CJPIA [Note 10(A)]. 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.

**(12) Extraordinary 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 2015 one property with a book value of \$528,516 was transferred to the Water Enterprise for Water use.

B. Extraordinary Items Reported in Enterprise Fund

The extraordinary item reported in the Water Enterprise Fund is as follows:

Water Enterprise Fund	
Extraordinary gain - Transfer of water well property from the Successor Agency for the Water Enterprise Fund pursuant to a California Department of Finance approved Long-Range Property Management Plan	\$ 528,516
Total Water Enterprise Fund Extraordinary Item	\$ 528,516

**(13) 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, 2015 are classified in the accompanying fiduciary financial statements as follows:

Redevelopment Obligation Retirement Private-Purpose Trust Fund	
Cash and investments	\$ 5,182,886
Cash and investments – restricted	1,608,221
Total cash and investments	<u>\$ 6,791,107</u>

Cash and investments as of June 30, 2015 consist of the following:

Deposits with financial institutions	\$ 491,503
Investments	<u>6,299,604</u>
Total cash and investments	<u>\$ 6,791,107</u>

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

	Balance July 1, 2014	New Debt Incurred	Compounded Interest	Debt Retired	Balance June 30, 2015	Due Within One Year
1998 Tax Allocation Bonds	\$ 7,423,880	\$ -	\$ 402,490	\$ -	\$ 7,826,370	\$ -
2003 Tax Allocation Bonds	36,710,000			36,710,000	-	-
2015 Refunding Bonds	-	23,665,000			23,665,000	-
Unamortized premium	1,276,293			1,276,293	-	-
Unamortized premium-2015	-	2,795,361			2,795,361	345,818
Deferred amount of refunding-2015	-	829,049			829,049	-
2010 Tax Allocation Bonds	12,290,000				12,290,000	-
Unamortized discount	(112,701)			(8,614)	(104,087)	(8,614)
CRA/ERAF Loan Program	90,000			90,000	-	-
Paramount, MM, LLC Loan	1,400,000			1,400,000	-	-
ERAF Loan (Low/Mod Housing)	272,956			272,956	-	-
Deferred Pass Through	930,740				930,740	-
City Loan	1,229,391			1,030,754	198,637	-
Housing Authority Loan	307,348			257,689	49,659	-
Total Successor Agency	<u>\$ 61,817,907</u>	<u>\$ 27,289,410</u>	<u>\$ 402,490</u>	<u>\$ 41,029,078</u>	<u>\$ 48,480,729</u>	<u>\$ 337,204</u>

**1. 1998 Tax Allocation Refunding Bonds**

In February 1998, the Agency issued \$3,122,050 of Tax Allocation Refunding Bonds to refund the 1993B Compound Interest Tax Allocation Bonds and provide additional funds in furtherance of the Redevelopment Plan. The 1998 Bonds have a maturity value of \$14,050,000 with all interest and principal payable at maturity. The bonds mature August 1, 2026 and are compounded annually at 5.35%. Accordingly, as of June 30, 2015, accumulated interest payable of \$402,490 was added to the outstanding debt.

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

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

2. 2003 Tax Allocation Refunding Bonds

In May 2003, the Agency issued \$59,855,000 of 2003 Tax allocation Refunding Bonds to current refund the 1993 Tax Allocation Bonds, and provide additional funds in furtherance of the Redevelopment Plan. The 2003 Tax Allocation Bonds consist of \$46,925,000 of Serial Bonds with coupon rates ranging from 2% to 5% and \$12,930,000 of Term Bonds with coupon rates of 4.5% and 5%. True interest Cost (TIC) of the 2003 Bonds is 4.354832%. Net Interest Cost (NIC) of the 2003 bonds is 4.397171%. Similar to the 1993 Tax Allocation Bonds, interest is paid semi-annually on February 1 and August 1 of each year and the annual debt service payments are kept at approximately \$4,750,000. A portion of the proceeds were used to retire the 1993 Bonds in August 2003 through a current refunding. The \$6,908,545 received in Fiscal Year 2003 were invested in the Local Agency Investment Fund (LAIF) and have provided funds in furtherance of the Agency. In FY 2015 the 2003 Tax Allocation Refunding Bonds were refunded by the 2015 Tax Allocation Refunding Bonds.

3. 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
2016	-	658,409	658,409
2017	490,000	645,686	1,135,686
2018	950,000	606,634	1,556,634
2019	1,010,000	550,838	1,560,838
2020-2024	5,955,000	1,828,143	7,783,143
2025-2028	3,885,000	372,297	4,257,297
Total	\$ 12,290,000	\$ 4,662,007	\$ 16,952,007

4. 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.

Below is a schedule of the remaining debt service:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ -	\$ 628,633	\$ 628,633
2017	2,480,000	1,047,750	3,527,750
2018	2,630,000	970,350	3,600,350
2019	2,725,000	849,625	3,574,625
2020	2,860,000	710,000	3,570,000
2021 - 2024	12,970,000	1,301,500	14,271,500
	\$ 23,665,000	\$ 5,507,858	\$ 29,172,858

The net savings from this bond refinancing is approximately \$4.0 million and will be shared among various taxing agencies including the County, the School District and the College District through fiscal year 2025-26. On a present value basis, the savings represent 9.25%, taking into account funds already available to pay debt service.

5. CRA/ERAF Loan Program

In April 2005, an agreement was made between the California Statewide Communities Development Authority and the Paramount Redevelopment Agency for a loan of \$715,000 under the CRA/ERAF Loan Program. The proceeds of the loan were used to make the Agency's ERAF Payment for FY 2005. The loan is to be repaid in installments of principal and interest (between 3.87% and 5.01% annually). The loan was paid in full in FY 2015.

6. Paramount MM, LLC Loan

In April 2009, an agreement was made between Paramount MM, LLC and the Paramount Redevelopment Agency (Agency) to purchase property located at 15750 Paramount Blvd. As part of the agreement the Agency agreed to assume a promissory note payable to Menze Properties in the amount of \$1,400,000. The note is interest only at the rate of 7% for a minimum of five years after which the principal can be paid in full. The loan was paid in full in FY 2015.

7. ERAF Loan from Low and Moderate Income Housing Fund

In April 2006, Resolution No. PRA-001-06 was passed by the Paramount Redevelopment Agency authorizing a loan of \$682,389 from the Low and Moderate Income Housing Fund. The proceeds of the loan were used to pay the Agency's fiscal year 2006 remittance to the Educational Revenue Augmentation Fund. The loan is to be repaid within 10 years and contains no requirement that the repayment include interest. Due to the dissolution of the Paramount Redevelopment Agency, the repayment schedule has been altered. The loan has still an outstanding balance of \$245 at the end of FY 2015.

8. City/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, 2015 of \$198,637 and \$49,659 in the General Fund and Paramount Housing Authority respectively is included in accounts receivable.

9. 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, 2015 the balance due is \$930,740.

D. Capital Assets and Depreciation

	Beginning Balance July 1, 2014	Increases	Decreases	Transfer to City	Ending Balance June 30, 2015
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Construction in progress	\$ 528,516	\$ -	\$ -	\$ (528,516)	\$ -
Total capital asset not being	528,516	-	-	(528,516)	-
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	\$ 194,814	\$ 32,720	\$ -	\$ -	\$ 227,534
Infrastructure	1,304,460	245,455	-	-	1,549,915
Total accumulated depreciation	1,499,274	278,175	-	-	1,777,449
Total capital assets, being depreciated, net	3,136,259	(278,175)	-	-	2,858,084
Governmental activities capital assets, net	\$ 3,664,775	\$ (278,175)	\$ -	\$ (528,516)	\$ 2,858,084

E. Notes Receivable

1. Summary of Notes Receivable

The following is a summary of notes receivable for the Successor Agency at June 30, 2015:

Paramount/Madison Redevelopment Agency Project	\$ 1,250
Commercial Rehabilitation Loan Program	2,774
Total Notes Receivable	<u>\$ 4,024</u>

2. Paramount/Madison Redevelopment Agency Project

In August 2004 the Paramount Redevelopment Agency entered into an agreement to sell property for the purpose of constructing a retail complex on Paramount Boulevard. The Agency accepted a note for \$210,000 secured by the underlying property. The note is non-interest bearing for a term of 8 years and is payable in equal monthly installments. The total amount outstanding is \$1,250 at June 30, 2015.

3. Commercial Rehabilitation Loan Program

During Fiscal Year 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 \$2,774 at June 30, 2015.

**(14) Restatement of Net Position**

For fiscal year 2015, the City made a prior year period adjustment due to the adoption of GASB Statement No. 68 and GASB Statement No. 71, as described in Note 1 "New Accounting Pronouncements", which requires the restatement of the June 30, 2014 net position for the Governmental Activities and Business-Type Activities.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position - June 30, as previously reported	\$ 105,213,192	\$ 19,408,059	\$ 124,621,251
Adjustment to adopt GASB 68 and GASB 71:			
Net pension liability	(14,234,131)	(1,970,302)	(16,204,433)
Pension outflows of resources	1,378,204	190,772	1,568,976
Pension inflows of resources	(406,691)	(56,295)	(462,986)
Net position - July 1, as restated	<u>\$ 91,950,574</u>	<u>\$ 17,572,234</u>	<u>\$ 109,522,808</u>

**(15) 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 has been approved as an enforceable obligation of the Successor Agency for FY2015 and has been reflected in the City's financial statements as a decrease in unavailable revenues. It is expected that the remaining amount will ultimately be collected by the City beginning in FY 2016 but due to the complicated process involved in its collection, the City has chosen not to record a note receivable for the remaining amount at this time.

# **REQUIRED SUPPLEMENTARY INFORMATION**

City of Paramount, CA  
**REQUIRED SUPPLEMENTARY INFORMATION**  
 June 30, 2015

**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**As of June 30, 2015**  
**Last Ten Fiscal Years\***

	Measurement Date <u>06/30/2014</u>
Plan's Proportion of the Net Pension Liability/(Asset)	<u>0.19059%</u>
Plan's Proportionate Share of the Net Pension Liability/(Asset)	<u>\$ 11,859,567</u>
Plan's Covered-Employee Payroll	<u>\$ 6,334,225</u>
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	<u>187.23%</u>
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	<u>79.82%</u>

\*Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

**Schedule of the City's Pension Plan Contributions**  
**As of June 30, 2015**  
**Last Ten Fiscal Years\***

	<u>2015</u>
Actuarially determined contribution	1,225,048
Contributions in relation to the actuarially determined contribution	<u>(1,225,048)</u>
Contribution deficiency (excess)	<u>-</u>
Covered-employee payroll	6,029,967
Contributions as a percentage of covered-employee payroll	20.316%

\*Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

**Schedule of the City's Funding Progress**  
**Other Post Employment Benefit (OPEB)**

Actuarial Valuation Date <u>June 30</u>	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a % of Payroll
2010	10,845,000	201,000	10,644,000	1.9%	7,418,000	143.5%
2011	13,179,000	410,000	12,769,000	3.1%	7,659,000	166.7%
2013	13,829,000	993,000	12,836,000	7.2%	6,283,000	204.3%

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

**City of Paramount**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	Special Revenue				
	Community Development Block Grant	HOME Partnership Act	Paramount Housing Authority	After School Education & Safety	State Gas Tax
<b>ASSETS</b>					
Cash and investments	\$ -	-	766,733	-	1,105,699
Accounts receivable	37,144	7,034	3,169	189,750	387
Interest receivable	-	-	-	130	657
Notes receivable	-	58,682	476,733	-	-
Land held for resale	-	-	-	-	-
Total assets	<u>\$ 37,144</u>	<u>65,716</u>	<u>1,246,635</u>	<u>189,880</u>	<u>1,106,743</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 25,915	7,034	-	-	91,567
Deposit payable	-	-	-	-	-
Due to other funds	11,229	-	-	138,009	-
Total liabilities	<u>37,144</u>	<u>7,034</u>	<u>-</u>	<u>138,009</u>	<u>91,567</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	-	-	3,169	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>3,169</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	58,682	1,243,466	51,871	1,015,176
Committed	-	-	-	-	-
Total fund balances	<u>-</u>	<u>58,682</u>	<u>1,243,466</u>	<u>51,871</u>	<u>1,015,176</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,144</u>	<u>65,716</u>	<u>1,246,635</u>	<u>189,880</u>	<u>1,106,743</u>

**Special  
Revenue**

<b>Traffic Safety</b>	<b>Waste Reduction Fees</b>	<b>AB2766 Subvention</b>	<b>Disability Access and Education</b>	<b>Proposition A Transit Tax</b>	<b>Proposition C Transit Tax</b>	<b>Measure R</b>
-	151,582	206,826	3,259	358,813	1,189,134	329,686
9,962	13,246	17,923	342	-	-	-
-	102	134	2	233	833	176
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>9,962</u>	<u>164,930</u>	<u>224,883</u>	<u>3,603</u>	<u>359,046</u>	<u>1,189,967</u>	<u>329,862</u>
-	1,265	-	-	58,145	239,754	153,843
-	-	-	-	-	-	-
9,962	-	-	-	-	-	-
<u>9,962</u>	<u>1,265</u>	<u>-</u>	<u>-</u>	<u>58,145</u>	<u>239,754</u>	<u>153,843</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	163,665	224,883	3,603	300,901	950,213	176,019
-	-	-	-	-	-	-
-	163,665	224,883	3,603	300,901	950,213	176,019
<u>9,962</u>	<u>164,930</u>	<u>224,883</u>	<u>3,603</u>	<u>359,046</u>	<u>1,189,967</u>	<u>329,862</u>

Continued on the following page.

**City of Paramount**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	Special Revenue				
	Sewer Reconstruction Fees	Public Art Fees	Public Access Fees	General Plan/ Storm Drain Fees	Service Assessments
<b>ASSETS</b>					
Cash and investments	\$ 192,276	307,299	214,193	830,519	442
Accounts receivable	-	-	10,445	-	126
Interest receivable	128	204	141	552	-
Notes receivable	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	<u>\$ 192,404</u>	<u>307,503</u>	<u>224,779</u>	<u>831,071</u>	<u>568</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	-	-	-	568
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>568</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	192,404	-	224,779	-	-
Committed	-	307,503	-	831,071	-
Total fund balances	<u>192,404</u>	<u>307,503</u>	<u>224,779</u>	<u>831,071</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 192,404</u>	<u>307,503</u>	<u>224,779</u>	<u>831,071</u>	<u>568</u>

Special Revenue	Capital Projects		Total Nonmajor Governmental Funds
	Paramount Parking Authority	Total	
Total			
5,656,461	-	-	\$ 5,656,461
289,528	-	-	289,528
3,292	-	-	3,292
535,415	-	-	535,415
-	535,000	535,000	535,000
<u>6,484,696</u>	<u>535,000</u>	<u>535,000</u>	<u>\$ 7,019,696</u>
578,091	-	-	\$ 578,091
-	-	-	-
159,200	-	-	159,200
<u>737,291</u>	<u>-</u>	<u>-</u>	<u>737,291</u>
3,169	-	-	3,169
<u>3,169</u>	<u>-</u>	<u>-</u>	<u>3,169</u>
-	535,000	535,000	535,000
4,605,662	-	-	4,605,662
1,138,574	-	-	1,138,574
<u>5,744,236</u>	<u>535,000</u>	<u>535,000</u>	<u>6,279,236</u>
<u>6,484,696</u>	<u>535,000</u>	<u>535,000</u>	<u>\$ 7,019,696</u>

**City of Paramount**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2015**

	Special Revenue				
	Community Development Block Grant	HOME Partnership Act	Paramount Housing Authority	After School Education & Safety	State Gas Tax
<b>REVENUES</b>					
Interest and use of property	\$ -	-	-	943	2,211
Intergovernmental revenues	747,876	279,325	-	1,897,500	1,453,526
Charges for services	-	-	-	13,180	-
Other revenues	-	-	257,689	1,333	-
Total revenues	<u>747,876</u>	<u>279,325</u>	<u>257,689</u>	<u>1,912,956</u>	<u>1,455,737</u>
<b>EXPENDITURES</b>					
Current:					
General government	137,515	30,751	-	-	-
Community development	61,808	662,071	-	-	-
Public safety	404,311	-	-	-	-
Community services and recreation	-	-	-	1,901,598	-
Public works	144,242	-	-	-	1,420,962
Capital outlay:					
Streets, sidewalks and signals	-	-	-	-	-
Other	-	-	-	-	-
Total expenditures	<u>747,876</u>	<u>692,822</u>	<u>-</u>	<u>1,901,598</u>	<u>1,420,962</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(413,497)</u>	<u>257,689</u>	<u>11,358</u>	<u>34,775</u>
Net change in fund balances	-	(413,497)	257,689	11,358	34,775
Fund balances - July 1	-	472,179	985,777	40,513	980,401
Fund balances - June 30	<u>\$ -</u>	<u>58,682</u>	<u>1,243,466</u>	<u>51,871</u>	<u>1,015,176</u>

**Special  
Revenue**

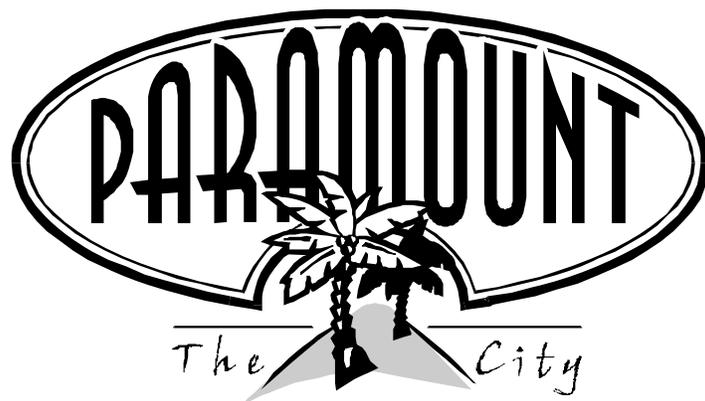
<b>Traffic Safety</b>	<b>Waste Reduction Fees</b>	<b>AB2766 Subvention</b>	<b>Disability Access and Education</b>	<b>Proposition A Transit Tax</b>	<b>Proposition C Transit Tax</b>	<b>Measure R</b>
-	350	423	6	780	2,673	582
112,272	-	68,303	-	966,041	804,069	601,116
-	73,771	-	1,500	107,578	-	-
-	-	-	-	-	-	-
<u>112,272</u>	<u>74,121</u>	<u>68,726</u>	<u>1,506</u>	<u>1,074,399</u>	<u>806,742</u>	<u>601,698</u>
-	46,424	3,350	-	80,873	68,788	55,011
-	-	-	-	-	6,445	-
112,272	-	-	-	90,997	-	-
-	-	-	-	762,652	-	-
-	-	-	-	61,849	86,534	11,987
-	-	-	-	-	525,082	647,386
-	-	-	-	-	-	-
<u>112,272</u>	<u>46,424</u>	<u>3,350</u>	<u>-</u>	<u>996,371</u>	<u>686,849</u>	<u>714,384</u>
-	27,697	65,376	1,506	78,028	119,893	(112,686)
-	27,697	65,376	1,506	78,028	119,893	(112,686)
-	135,968	159,507	2,097	222,873	830,320	288,705
-	163,665	224,883	3,603	300,901	950,213	176,019

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, 2015**

	Special Revenue				
	Sewer Reconstruction Fees	Public Art Fees	Public Access Fees	General Plan/ Storm Drain Fees	Service Assessments
<b>REVENUES</b>					
Interest and use of property	\$ 467	723	480	1,995	-
Intergovernmental revenues	-	-	-	-	-
Charges for services	1,265	33,460	38,908	28,893	14,070
Other revenues	-	-	-	-	-
Total revenues	<u>1,732</u>	<u>34,183</u>	<u>39,388</u>	<u>30,888</u>	<u>14,070</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	3,438
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Community services and recreation	-	-	-	-	-
Public works	-	-	-	-	10,632
Capital outlay:					
Streets, sidewalks and signals	-	-	-	-	-
Other	-	350	-	-	-
Total expenditures	<u>-</u>	<u>350</u>	<u>-</u>	<u>-</u>	<u>14,070</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,732</u>	<u>33,833</u>	<u>39,388</u>	<u>30,888</u>	<u>-</u>
Net change in fund balances	1,732	33,833	39,388	30,888	-
Fund balances - July 1	190,672	273,670	185,391	800,183	-
Fund balances - June 30	<u>\$ 192,404</u>	<u>307,503</u>	<u>224,779</u>	<u>831,071</u>	<u>-</u>

<b>Special Revenue</b>	<b>Capital Projects</b>		<b>Total Nonmajor Governmental Funds</b>
<b>Total</b>	<b>Paramount Parking Authority</b>	<b>Total</b>	
11,633	-	-	\$ 11,633
6,930,028	-	-	6,930,028
312,625	-	-	312,625
259,022	-	-	259,022
<u>7,513,308</u>	<u>-</u>	<u>-</u>	<u>7,513,308</u>
426,150	-	-	426,150
730,324	-	-	730,324
607,580	-	-	607,580
2,664,250	-	-	2,664,250
1,736,206	-	-	1,736,206
1,172,468	-	-	1,172,468
350	-	-	350
<u>7,337,328</u>	<u>-</u>	<u>-</u>	<u>7,337,328</u>
<u>175,980</u>	<u>-</u>	<u>-</u>	<u>175,980</u>
175,980	-	-	175,980
5,568,256	535,000	535,000	6,103,256
<u>5,744,236</u>	<u>535,000</u>	<u>535,000</u>	<u>\$ 6,279,236</u>



## **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.)**

**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/STORM DRAIN FEES FUND**

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

**SERVICE ASSESSMENTS FUND**

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

**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 914,150	848,950	747,876	(101,074)
Total revenues	<u>914,150</u>	<u>848,950</u>	<u>747,876</u>	<u>(101,074)</u>
<b>EXPENDITURES</b>				
Current:				
General government	129,900	136,850	137,515	(665)
Community development	137,650	128,050	61,808	66,242
Public safety	502,000	439,450	404,311	35,139
Public works	144,600	144,600	144,242	358
Total expenditures	<u>914,150</u>	<u>848,950</u>	<u>747,876</u>	<u>101,074</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>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**HOME Partnership Act**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 606,550	553,600	279,325	(274,275)
Total revenues	<u>606,550</u>	<u>553,600</u>	<u>279,325</u>	<u>(274,275)</u>
<b>EXPENDITURES</b>				
Current:				
General government	18,050	32,450	30,751	1,699
Community development	1,012,500	993,300	662,071	331,229
Total expenditures	<u>1,030,550</u>	<u>1,025,750</u>	<u>692,822</u>	<u>332,928</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(424,000)</u>	<u>(472,150)</u>	<u>(413,497)</u>	<u>58,653</u>
Net change in fund balance	(424,000)	(472,150)	(413,497)	58,653
Fund balance - July 1	472,200	472,200	472,179	(21)
Fund balance - June 30	<u>\$ 48,200</u>	<u>50</u>	<u>58,682</u>	<u>58,632</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Other revenues	407,700	257,700	257,689	(11)
Total revenues	<u>407,700</u>	<u>257,700</u>	<u>257,689</u>	<u>(11)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>407,700</u>	<u>257,700</u>	<u>257,689</u>	<u>(11)</u>
Net change in fund balance	407,700	257,700	257,689	(11)
Fund balance - July 1	985,800	985,800	985,777	(23)
Fund balance - June 30	<u>\$ 1,393,500</u>	<u>1,243,500</u>	<u>1,243,466</u>	<u>(34)</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest and use of property	\$ 750	450	943	493
Intergovernmental revenues	1,897,500	1,897,500	1,897,500	-
Charges for services	15,000	13,000	13,180	180
Other revenues	3,500	1,500	1,333	(167)
Total revenues	1,916,750	1,912,450	1,912,956	506
<b>EXPENDITURES</b>				
Current:				
Community services and recreation	1,897,500	1,897,500	1,901,598	(4,098)
Total expenditures	1,897,500	1,897,500	1,901,598	(4,098)
Excess (deficiency) of revenues over (under) expenditures	19,250	14,950	11,358	(3,592)
Net change in fund balance	19,250	14,950	11,358	(3,592)
Fund balance - July 1	40,550	40,550	40,513	(37)
Fund balance - June 30	\$ 59,800	55,500	51,871	(3,629)

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**State Gas Tax**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ 1,550	1,300	2,211	911
Intergovernmental revenues	1,411,650	1,652,500	1,453,526	(198,974)
Total revenues	<u>1,413,200</u>	<u>1,653,800</u>	<u>1,455,737</u>	<u>(198,063)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	1,570,750	1,464,750	1,420,962	43,788
Total expenditures	<u>1,570,750</u>	<u>1,464,750</u>	<u>1,420,962</u>	<u>43,788</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(157,550)</u>	<u>189,050</u>	<u>34,775</u>	<u>(154,275)</u>
Net change in fund balance	(157,550)	189,050	34,775	(154,275)
Fund balance - July 1	980,450	980,450	980,401	(49)
Fund balance - June 30	<u>\$ 822,900</u>	<u>1,169,500</u>	<u>1,015,176</u>	<u>(154,324)</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Traffic Safety**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 115,000	105,000	112,272	7,272
Total revenues	<u>115,000</u>	<u>105,000</u>	<u>112,272</u>	<u>7,272</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	115,000	105,000	112,272	(7,272)
Total expenditures	<u>115,000</u>	<u>105,000</u>	<u>112,272</u>	<u>(7,272)</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>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Waste Reduction Fees**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ 400	300	350	50
Charges for services	68,000	68,000	73,771	5,771
Total revenues	<u>68,400</u>	<u>68,300</u>	<u>74,121</u>	<u>5,821</u>
<b>EXPENDITURES</b>				
Current:				
General government	50,350	48,900	46,424	2,476
Total expenditures	<u>50,350</u>	<u>48,900</u>	<u>46,424</u>	<u>2,476</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,050</u>	<u>19,400</u>	<u>27,697</u>	<u>8,297</u>
Net change in fund balance	18,050	19,400	27,697	8,297
Fund balance - July 1	136,000	136,000	135,968	(32)
Fund balance - June 30	<u>\$ 154,050</u>	<u>155,400</u>	<u>163,665</u>	<u>8,265</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest and use of property	\$ 500	250	423	173
Intergovernmental revenues	66,000	66,000	68,303	2,303
Total revenues	66,500	66,250	68,726	2,476
<b>EXPENDITURES</b>				
Current:				
General government	4,100	4,350	3,350	1,000
Public safety	28,000	28,000	-	28,000
Total expenditures	32,100	32,350	3,350	29,000
Excess (deficiency) of revenues over (under) expenditures	34,400	33,900	65,376	31,476
Net change in fund balance	34,400	33,900	65,376	31,476
Fund balance - July 1	159,550	159,550	159,507	(43)
Fund balance - June 30	\$ 193,950	193,450	224,883	31,433

**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ 50	50	6	(44)
Charges for services	1,500	1,500	1,500	-
Total revenues	<u>3,050</u>	<u>1,550</u>	<u>1,506</u>	<u>(44)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,050</u>	<u>1,550</u>	<u>1,506</u>	<u>(44)</u>
Net change in fund balance	3,050	1,550	1,506	(44)
Fund balance - July 1	2,100	2,100	2,097	(3)
Fund balance - June 30	<u>\$ 5,150</u>	<u>3,650</u>	<u>3,603</u>	<u>(47)</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ 800	600	780	180
Intergovernmental revenues	956,500	956,500	966,041	9,541
Charges for services	100,000	105,000	107,578	2,578
Total revenues	<u>1,057,300</u>	<u>1,062,100</u>	<u>1,074,399</u>	<u>12,299</u>
<b>EXPENDITURES</b>				
Current:				
General government	84,700	83,450	80,873	2,577
Public safety	95,050	95,050	90,997	4,053
Community services and recreation	744,350	778,200	762,652	15,548
Public works	69,900	65,100	61,849	3,251
Capital outlay:				
Parks	-	-	-	-
Total expenditures	<u>994,000</u>	<u>1,021,800</u>	<u>996,371</u>	<u>25,429</u>
Excess (deficiency) of revenues over (under) expenditures	<u>63,300</u>	<u>40,300</u>	<u>78,028</u>	<u>37,728</u>
Net change in fund balance	63,300	40,300	78,028	37,728
Fund balance - July 1	222,900	222,900	222,873	(27)
Fund balance - June 30	<u>\$ 286,200</u>	<u>263,200</u>	<u>300,901</u>	<u>37,701</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ 3,150	1,800	2,673	873
Intergovernmental revenues	793,400	765,500	804,069	38,569
Total revenues	<u>796,550</u>	<u>767,300</u>	<u>806,742</u>	<u>39,442</u>
<b>EXPENDITURES</b>				
Current:				
General government	72,450	71,250	68,788	2,462
Community development	6,500	6,500	6,445	55
Public works	106,850	99,700	86,534	13,166
Capital outlay:				
Streets, sidewalks and signals	1,381,250	578,000	525,082	52,918
Total expenditures	<u>1,567,050</u>	<u>755,450</u>	<u>686,849</u>	<u>68,601</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(770,500)</u>	<u>11,850</u>	<u>119,893</u>	<u>108,043</u>
Net change in fund balance	(770,500)	11,850	119,893	108,043
Fund balance - July 1	830,350	830,350	830,320	(30)
Fund balance - June 30	<u>\$ 59,850</u>	<u>842,200</u>	<u>950,213</u>	<u>108,013</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest and use of property	\$ 650	500	582	82
Intergovernmental revenues	595,050	574,100	601,116	27,016
Total revenues	595,700	574,600	601,698	27,098
<b>EXPENDITURES</b>				
Current:				
General government	61,850	58,350	55,011	3,339
Public works	13,250	12,800	11,987	813
Capital outlay:				
Streets, sidewalks and signals	530,000	673,600	647,386	26,214
Total expenditures	605,100	744,750	714,384	30,366
Excess (deficiency) of revenues over (under) expenditures	(9,400)	(170,150)	(112,686)	57,464
Net change in fund balance	(9,400)	(170,150)	(112,686)	57,464
Fund balance - July 1	288,750	288,750	288,705	(45)
Fund balance - June 30	\$ 279,350	118,600	176,019	57,419

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Sewer Reconstruction Fees**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ 500	450	467	17
Charges for services	1,000	1,500	1,265	(235)
Total revenues	<u>1,500</u>	<u>1,950</u>	<u>1,732</u>	<u>(218)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,500</u>	<u>1,950</u>	<u>1,732</u>	<u>(218)</u>
Net change in fund balance	1,500	1,950	1,732	(218)
Fund balance - July 1	190,700	190,700	190,672	(28)
Fund balance - June 30	<u>\$ 192,200</u>	<u>192,650</u>	<u>192,404</u>	<u>(246)</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest and use of property	\$ 550	500	723	223
Charges for services	40,000	35,000	33,460	(1,540)
Total revenues	40,550	35,500	34,183	(1,317)
<b>EXPENDITURES</b>				
Capital outlay:				
Other	6,000	6,000	350	5,650
Total expenditures	6,000	6,000	350	5,650
Excess (deficiency) of revenues over (under) expenditures	34,550	29,500	33,833	4,333
Net change in fund balance	34,550	29,500	33,833	4,333
Fund balance - July 1	273,700	273,700	273,670	(30)
Fund balance - June 30	\$ 308,250	303,200	307,503	4,303

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Public Access Fees**  
**For the Year Ended June 30, 2015**

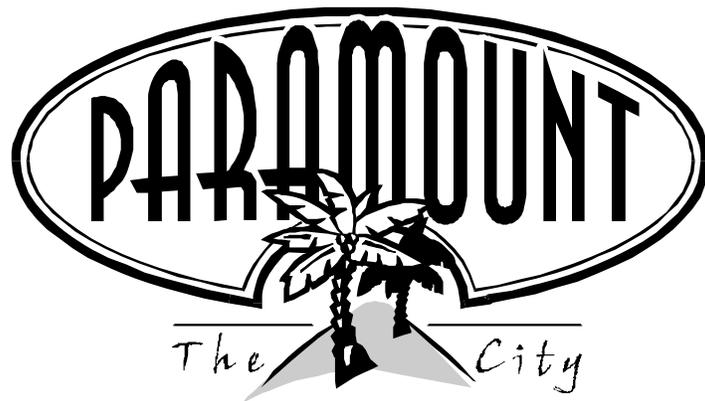
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ 350	350	480	130
Charges for services	35,000	35,000	38,908	3,908
Total revenues	<u>35,350</u>	<u>35,350</u>	<u>39,388</u>	<u>4,038</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,350</u>	<u>35,350</u>	<u>39,388</u>	<u>4,038</u>
Net change in fund balance	35,350	35,350	39,388	4,038
Fund balance - July 1	185,400	185,400	185,391	(9)
Fund balance - June 30	<u>\$ 220,750</u>	<u>220,750</u>	<u>224,779</u>	<u>4,029</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Plan and Storm Drain Fees**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ 2,150	1,750	1,995	245
Charges for services	30,000	30,000	28,893	(1,107)
Total revenues	<u>32,150</u>	<u>31,750</u>	<u>30,888</u>	<u>(862)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,150</u>	<u>31,750</u>	<u>30,888</u>	<u>(862)</u>
Net change in fund balance	32,150	31,750	30,888	(862)
Fund balance - July 1	800,200	800,200	800,183	(17)
Fund balance - June 30	<u>\$ 832,350</u>	<u>831,950</u>	<u>831,071</u>	<u>(879)</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Service Assessments**  
**For the Year Ended June 30, 2015**

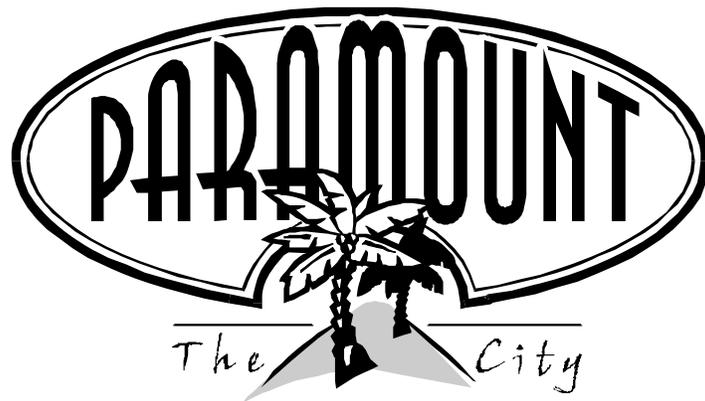
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 14,150	14,650	14,070	(580)
Total revenues	<u>14,150</u>	<u>14,650</u>	<u>14,070</u>	<u>(580)</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,950	3,700	3,438	262
Public works	<u>10,200</u>	<u>10,950</u>	<u>10,632</u>	<u>318</u>
Total expenditures	<u>14,150</u>	<u>14,650</u>	<u>14,070</u>	<u>580</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>



**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.



## **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.

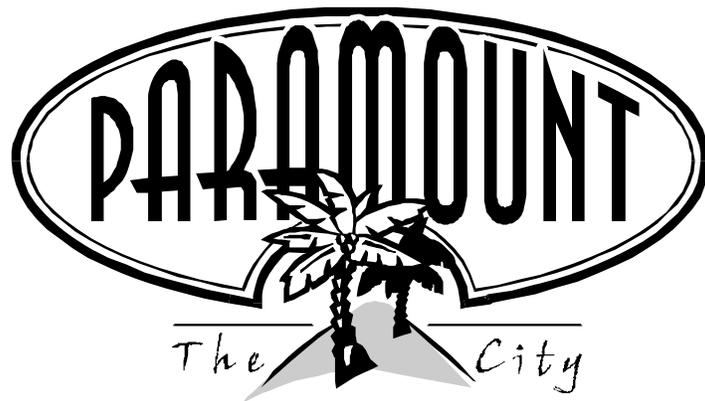
**City of Paramount**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2015**

	<b>City Agency Fund Balance July 1, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>City Agency Fund Balance June 30, 2015</b>
<b>ASSETS</b>				
Cash and investments	\$ 105,775	207,378	204,861	108,292
Total assets	<u>\$ 105,775</u>	<u>207,378</u>	<u>204,861</u>	<u>108,292</u>
<b>LIABILITIES</b>				
Deposits payable	\$ 105,775	207,378	204,861	108,292
Total liabilities	<u>\$ 105,775</u>	<u>207,378</u>	<u>204,861</u>	<u>108,292</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.

<b>CONTENTS</b>	<b>PAGE</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	87
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the government's most significant local revenue source, sales tax.	92
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	95
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	100
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	102



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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
Governmental activities:										
Net Investment in capital assets	32,676,329	39,357,410	44,654,340	48,150,435	50,147,948	50,945,270	86,007,798	84,587,747	82,967,732	79,511,962
Restricted	19,195,609	19,935,917	23,444,172	29,186,563	41,555,278	17,403,559	6,772,029	5,656,443	6,373,039	6,647,656
Unrestricted	<u>(38,113,358)</u>	<u>10,323,000</u>	<u>6,745,848</u>	<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>
Total governmental activities net position	<u>13,758,580</u>	<u>69,616,327</u>	<u>74,844,360</u>	<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>
Business-type activities:										
Invested in capital assets, net of related debt	15,956,183	16,066,232	16,436,063	17,804,035	17,605,165	17,688,156	17,403,891	16,723,703	16,918,341	16,981,731
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>4,242,577</u>	<u>3,462,876</u>	<u>3,205,320</u>	<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>
Total business-type activities net position	<u>20,198,760</u>	<u>19,529,108</u>	<u>19,641,383</u>	<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>
Primary government:										
Net investment in capital assets	48,632,512	55,423,642	61,090,403	65,954,470	67,753,113	68,633,426	103,411,689	101,311,450	99,886,073	96,493,693
Restricted	19,195,609	19,935,917	23,444,172	29,186,563	41,555,278	17,403,559	6,772,029	5,656,443	6,373,039	6,647,656
Unrestricted	<u>(33,870,781)</u>	<u>13,785,876</u>	<u>9,951,168</u>	<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>
Total primary government net position	<u>33,957,340</u>	<u>89,145,435</u>	<u>94,485,743</u>	<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>

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

Source:  
 City of Paramount audited financial statements

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities:										
General government	5,320,073	5,529,020	6,429,059	6,812,964	6,818,842	5,469,257	6,280,451	6,012,729	6,202,608	6,409,474
Community development	2,827,260	2,470,499	3,690,435	3,812,374	3,918,089	3,678,782	3,009,795	6,180,794	2,148,884	2,172,414
Public safety	9,546,368	10,006,645	10,721,738	10,794,168	10,594,311	10,582,669	10,753,840	10,336,307	10,284,334	10,662,749
Community services and recreation	5,006,678	6,898,749	8,238,673	8,254,309	8,074,433	8,088,802	6,346,691	5,970,063	5,804,838	6,074,382
Public works	5,643,670	8,552,162	8,602,996	8,710,324	9,262,534	10,084,805	9,693,782	10,362,260	9,994,449	10,015,353
Community redevelopment	1,649,888	1,394,511	1,555,768	1,946,270	6,196,770	8,645,684	1,141,067	-	-	-
Interest on long-term debt	2,744,317	2,701,373	2,628,676	2,545,180	2,451,888	3,039,106	1,783,849	-	-	-
Total governmental activities expenses	<u>32,738,254</u>	<u>37,552,959</u>	<u>41,867,345</u>	<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>
Business-type activities:										
Water	<u>5,758,320</u>	<u>6,830,701</u>	<u>6,624,587</u>	<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>
Total business-type activities expenses	<u>5,758,320</u>	<u>6,830,701</u>	<u>6,624,587</u>	<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>
Total primary government expenses	<u>38,496,574</u>	<u>44,383,660</u>	<u>48,491,932</u>	<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>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	95,958	95,983	89,985	101,626	111,866	151,009	238,127	247,460	168,882	291,859
Community development	473,812	582,851	755,958	905,248	282,665	325,171	266,767	294,847	404,963	347,387
Public safety	85,007	88,184	89,746	107,211	92,904	99,339	85,670	113,786	134,285	125,707
Community services and recreation	216,225	212,021	282,115	306,538	282,769	289,723	376,772	277,548	266,170	257,191
Public works	733,527	681,316	753,732	643,687	575,668	621,214	564,201	575,323	595,654	528,391
Operating grants and contributions	8,363,176	10,617,732	9,258,333	9,608,946	10,054,988	10,873,994	8,587,267	8,696,248	8,240,015	8,035,786
Capital grants and contributions	<u>2,306,358</u>	<u>2,077,009</u>	<u>3,757,038</u>	<u>5,564,936</u>	<u>4,228,554</u>	<u>1,543,737</u>	<u>1,713,695</u>	<u>5,814,106</u>	<u>2,508,509</u>	<u>1,564,891</u>
Total governmental activities										
program revenues	<u>12,274,063</u>	<u>14,355,096</u>	<u>14,986,907</u>	<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>
Business-type activities:										
Charges for services:										
Water	<u>5,878,703</u>	<u>5,874,275</u>	<u>6,229,434</u>	<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>
Total business-type activities										
program revenues	<u>5,878,703</u>	<u>5,874,275</u>	<u>6,229,434</u>	<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>
Total primary government										
program revenues	<u>18,152,766</u>	<u>20,229,371</u>	<u>21,216,341</u>	<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>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net revenues (expenses):										
Governmental activities	(20,464,191)	(23,197,863)	(26,880,438)	(25,637,397)	(31,687,453)	(35,684,918)	(27,176,976)	(22,842,835)	(22,116,635)	(24,183,160)
Business-type activities	120,383	(956,426)	(395,153)	(16,289)	(264,377)	(310,394)	(446,499)	(567,650)	333,541	(351,234)
Total net revenues (expenses)	<u>(20,343,808)</u>	<u>(24,154,289)</u>	<u>(27,275,591)</u>	<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>
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Sales tax	5,703,612	5,846,708	5,358,500	4,622,695	4,486,955	5,047,746	5,886,981	5,721,757	5,770,919	5,568,430
In-Lieu Sales Tax	1,223,458	2,024,022	2,097,186	1,699,533	1,516,398	1,563,529	1,710,472	2,164,088	1,951,154	1,916,619
Utility Users tax	2,182,016	2,276,391	2,278,389	2,252,103	2,294,472	2,302,120	2,426,819	2,361,447	2,185,548	2,289,871
Franchise Tax	1,583,480	1,592,811	1,627,368	1,689,404	1,521,380	1,591,111	1,616,412	1,607,796	1,650,478	1,706,318
Property Tax	10,374,540	11,463,905	13,296,138	13,999,604	14,465,733	12,503,501	6,837,573	2,288,559	1,882,437	2,041,764
Business License	975,533	1,030,858	1,041,162	1,037,306	1,061,236	1,059,526	1,039,603	1,000,305	1,015,413	990,573
Investment earnings	879,733	1,161,324	1,051,723	656,750	328,071	224,101	165,976	43,815	37,375	40,885
Motor Vehicle license fees, unrestricted	4,141,672	4,561,957	5,166,096	5,264,621	4,913,105	4,967,795	4,811,668	5,007,600	5,179,714	5,346,425
Other revenues	257,425	572,525	191,908	294,256	368,195	365,529	459,967	1,188,517	264,751	518,840
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	-
Transfers	-	-	-	-	-	(175,151)	-	-	-	-
Total governmental activities	<u>27,321,469</u>	<u>30,530,501</u>	<u>32,108,470</u>	<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>
Business-type activities:										
Investment income	149,503	152,590	143,845	57,706	15,876	12,322	6,188	4,342	4,461	9,144
Other revenues	11,883	134,184	363,583	101,774	375,077	61,246	51,576	83,937	88,688	117,285
Extraordinary item-Redevelopment Agency	-	-	-	-	-	-	-	-	-	528,516
Transfers	-	-	-	-	-	175,151	-	-	-	-
Total business-type activities	<u>161,386</u>	<u>286,774</u>	<u>507,428</u>	<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>
Total primary government	<u>27,482,855</u>	<u>30,817,275</u>	<u>32,615,898</u>	<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>
Changes in net position										
Governmental activities	6,857,278	7,332,638	5,228,032	5,878,875	(731,908)	(6,235,111)	37,231,955	(8,969,423)	3,487,439	(3,763,435)
Business-type activities	281,769	(669,652)	112,275	143,191	126,576	(61,675)	(388,735)	(479,371)	426,690	303,711
Total primary government	<u>7,139,047</u>	<u>6,662,986</u>	<u>5,340,307</u>	<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>

Source:  
 City of Paramount audited financial statements

**Table 3**  
**City of Paramount**  
**Fund Balances of Governmental Funds**

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund:										
Reserved	2,036,909	1,668,615	1,691,404	1,662,949	1,653,977	-	-	-	-	-
Unreserved	13,597,729	15,301,149	14,263,552	14,207,001	12,523,340	-	-	-	-	-
Nonspendable	-	-	-	-	-	6,043,142	6,147,210	60,472	3,510,869	3,605,980
Assigned	-	-	-	-	-	3,053,827	3,053,827	3,053,827	3,213,827	3,563,827
Unassigned	-	-	-	-	-	11,120,183	11,335,035	11,464,951	11,618,168	11,809,618
Total general fund	<u>15,634,638</u>	<u>16,969,764</u>	<u>15,954,956</u>	<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>
All other governmental funds:										
Reserved	9,436,341	9,398,406	14,565,988	19,876,202	21,536,092	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	4,815,902	5,360,166	4,809,227	5,006,526	4,841,547	-	-	-	-	-
Capital projects funds	8,349,444	9,556,950	7,742,835	7,049,992	17,691,872	-	-	-	-	-
Nonspendable	-	-	-	-	-	2,339,413	806,732	535,000	535,000	535,000
Restricted	-	-	-	-	-	14,976,708	5,192,466	4,147,477	4,764,186	4,974,082
Committed	-	-	-	-	-	1,257,482	928,290	973,966	1,073,853	1,138,574
Assigned	-	-	-	-	-	13,076,247	-	-	-	-
Unassigned	-	-	-	-	-	(1,500,983)	-	-	-	-
Total all other governmental funds	<u>22,601,687</u>	<u>24,315,522</u>	<u>27,118,050</u>	<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>

Note:

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

Source:

City of Paramount audited financial statements

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues:</b>										
Taxes	22,311,254	24,234,695	25,698,743	25,300,645	25,346,174	24,067,533	19,517,860	15,143,952	14,455,949	14,513,575
Licenses and permits	746,452	663,601	761,667	679,181	596,140	624,664	620,042	606,991	658,584	640,375
Fines & Penalties	539,507	561,921	592,659	690,102	677,284	556,008	697,242	686,297	702,539	680,755
Interest & use of property	1,400,456	1,795,099	1,606,507	939,237	504,937	435,759	337,192	185,157	97,981	149,617
Intergovernmental revenues	12,945,754	14,494,904	15,980,261	18,573,826	17,468,665	15,807,584	13,518,656	17,521,505	12,854,869	13,162,209
Charges for services	859,329	997,261	1,211,464	1,384,539	749,192	817,150	780,270	786,309	867,591	820,285
Other	2,127,469	2,884,311	2,101,820	2,166,334	2,227,108	2,754,980	2,315,994	2,471,296	1,328,269	2,898,830
<b>Total revenues</b>	<b>40,930,221</b>	<b>45,631,792</b>	<b>47,953,121</b>	<b>49,733,864</b>	<b>47,569,500</b>	<b>45,063,678</b>	<b>37,787,256</b>	<b>37,401,507</b>	<b>30,965,782</b>	<b>32,865,646</b>
<b>Expenditures</b>										
<b>Current:</b>										
General government	4,851,170	5,114,536	5,506,308	5,168,229	5,689,639	5,183,944	5,209,576	4,975,287	5,108,701	5,621,050
Community development	1,635,134	1,645,416	1,741,338	2,103,743	2,268,946	2,368,309	2,288,451	6,112,305	2,040,185	2,155,118
Public safety	9,618,181	9,984,527	10,730,186	10,807,568	10,421,752	10,427,873	10,648,671	10,255,992	10,238,432	10,672,716
Community services & recreation	4,507,373	6,640,571	7,742,804	7,335,361	6,790,109	7,326,727	5,133,584	4,666,373	4,635,635	4,667,924
Public works	5,418,692	6,018,786	5,689,682	5,852,803	5,245,307	5,421,821	6,064,354	5,857,785	5,751,998	5,807,592
Pass through and other fees	733,645	734,745	1,200,682	1,362,002	1,639,522	1,178,733	619,608	-	-	-
Community redevelopment	2,618,098	1,649,375	2,548,013	2,952,287	7,181,530	10,179,894	2,142,400	-	-	-
<b>Debt service:</b>										
Principal retirement	2,160,000	2,215,000	2,260,000	2,335,000	2,450,000	2,560,000	2,628,019	-	-	-
Interest and fiscal charges	2,658,833	2,602,919	2,532,302	2,437,344	2,332,658	2,618,909	1,475,925	-	-	-
<b>Capital Outlay</b>										
Water	-	-	-	-	-	175,151	851,396	-	-	-
Streets, sidewalks and signals	2,094,183	3,974,643	3,081,304	1,914,302	3,756,589	1,999,609	1,071,402	1,675,407	1,369,624	1,921,144
Parks	3,107,979	438,260	1,214,579	3,829,126	334,774	235,637	284,389	4,695,650	468,524	788,748
Other	465,334	1,689,295	1,796,415	309,463	1,157,623	2,974,885	1,145,428	1,189,175	156,017	320,176
<b>Total expenditures</b>	<b>39,868,622</b>	<b>42,708,073</b>	<b>46,043,613</b>	<b>46,407,228</b>	<b>49,268,449</b>	<b>52,651,492</b>	<b>39,563,203</b>	<b>39,427,974</b>	<b>29,769,116</b>	<b>31,954,468</b>
Excess (deficiency) of revenues over (under) expenditures	1,061,599	2,923,719	1,909,508	3,326,636	(1,698,949)	(7,587,814)	(1,775,947)	(2,026,467)	1,196,666	911,178
<b>Other financing sources (uses):</b>										
Transfers in	3,957,074	5,188,312	5,944,602	6,535,576	17,299,664	12,544,932	4,071,946	-	-	-
Transfers out	(4,553,763)	(5,184,426)	(6,066,390)	(6,532,548)	(17,299,399)	(12,544,932)	(4,071,946)	-	(170,000)	-
Issuance of bonds	-	-	-	1,400,000	12,290,000	-	-	-	-	-
Bond discounts	-	-	-	-	(147,158)	-	-	-	-	-
Capital Lease	58,667	121,356	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(538,022)</b>	<b>125,242</b>	<b>(121,788)</b>	<b>1,403,028</b>	<b>12,143,107</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(170,000)</b>	<b>-</b>
<b>Extraordinary and special items:</b>										
Special item-Housing Authority	-	-	-	-	-	-	(689,800)	-	-	-
Special item-housing assets	-	-	-	-	-	-	776,760	-	-	-
Extraordinary item-RDA	-	-	-	-	-	-	(21,213,472)	(5,201,400)	3,453,544	-
<b>Total extraordinary and special items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,126,512)</b>	<b>(5,201,400)</b>	<b>3,453,544</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>523,577</b>	<b>3,048,961</b>	<b>1,787,720</b>	<b>4,729,664</b>	<b>10,444,158</b>	<b>(7,587,814)</b>	<b>(22,902,459)</b>	<b>(7,227,867)</b>	<b>4,480,210</b>	<b>911,178</b>
<b>Debt service as a percentage of noncapital expenditures</b>										
	14.0%	13.3%	12.0%	11.8%	10.7%	10.9%	10.1%	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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Apparel Stores	15,255	17,616	18,353	9,639	9,897	12,742	19,369	21,505	23,100	22,999
Food Stores	20,955	23,120	22,196	21,501	19,460	22,530	23,844	25,460	25,097	24,989
Eating and Drinking Places	34,739	36,401	38,382	38,745	36,145	37,361	41,717	45,700	47,485	51,696
Building Materials	114,372	117,254	84,260	64,682	54,036	55,789	59,313	60,174	63,384	64,578
Auto Dealers and Supplies	21,233	24,210	25,919	20,218	16,730	13,851	13,840	14,271	14,941	13,531
Service Stations	72,921	77,955	93,018	107,514	77,646	89,818	107,582	107,611	100,545	98,520
Other Retail Stores	127,238	125,505	116,573	116,787	105,034	107,307	102,001	101,673	101,401	101,268
All Other Outlets	323,493	353,794	360,778	361,386	276,413	291,824	374,435	389,616	387,318	391,536
<b>Total</b>	<b>730,206</b>	<b>775,855</b>	<b>759,479</b>	<b>740,472</b>	<b>595,361</b>	<b>631,222</b>	<b>742,101</b>	<b>766,010</b>	<b>763,271</b>	<b>769,117</b>
Sales and Use Tax rate	8.25%	8.25%	8.25%	8.25%	9.75%	9.75%	8.75%	8.75%	9.00%	9.00%

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 <u>December 31</u>	City Direct Rate	L.A. County Transportation Authority	L.A. County Transportation Commission	<u>Local Rate Levied by State</u>		State of California	Total Sales Tax Rate
				County Transportation	City Operations		
2005	0.00%	0.00%	1.00%	0.25%	0.75%	6.25%	8.25%
2006	0.00%	0.00%	1.00%	0.25%	0.75%	6.25%	8.25%
2007	0.00%	0.00%	1.00%	0.25%	0.75%	6.25%	8.25%
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%

Notes:

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

Sources:

California State Board of Equalization  
 The HdL Companies

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

2015		2006	
Arco AM PM	Service Stations	A Quality Auto Sales	Used Automotive Dealers
Arco AM PM	Service Stations	A1 Scaffold & Shoring	Light Industrial/Printers
Arco AM PM	Service Stations	Arco AM PM	Service Stations
Ardyss International	Specialty Stores	Arco AM PM	Service Stations
Chao Petroleum	Service Stations	Arco AM PM	Service Stations
Chemco	Drugs/Chemicals	Caltrol	Light Industrial/Printers
Chevron	Service Stations	Chemco	Drugs/Chemicals
Cort Furniture Rental	Home Furnishings	Chevron	Service Stations
Drees Wood Products	Contractors	Cool Fuel	Petroleum Product/Equipment
Falcon Fuels	Petroleum Product/Equipment	Cort Furniture Rental	Home Furnishings
Golden State Enterprises	Service Stations	Drees Wood Products	Contractors
Hardy Roofing Materials	Contractors	Falcon Fuels	Petroleum Product/Equipment
HD Supply	Contractors	Firestone Tires	Automotive Supply Stores
Home Depot	Lumber/Building Materials	Hardy Roofing Materials	Contractors
Jankovich	Petroleum Product/Equipment	Home Depot	Lumber/Building Materials
Kalmar USA	Heavy Industrial	Jankovich	Petroleum Product/Equipment
Lindsay Lumber	Lumber/Building Materials	Lindsay Lumber	Lumber/Building Materials
Mid Cities Motorsport	Boats/Motorcycles	Mid Cities Motorsport	Boats/Motorcycles
Northgate Market	Grocery Stores Liquor	Northgate Gonzalez Market	Grocery Stores Liquor
Petro Bras	Service Stations	Oasis Oil	Service Stations
Ross	Family Apparel	Paramount Petroleum	Petroleum Product/Equipment
Sams Roofing Material	Lumber/Building Materials	Petroleum Mgmt	Petroleum Product/Equipment
Stater Bros	Grocery Stores Liquor	Rapid Gas	Service Stations
TJ Maxx	Family Apparel	Walmart	Discount Department Stores
Walmart	Discount Department Stores	White Cap Industries	Plumbing/Electrical Supplies

Percent of Fiscal Year Total 63.38% 63.90%

Period: April 2014 through March 2015 April 2005 through March 2006

Notes:  
 Firms listed alphabetically

Sources:  
 State of California Board of Equalization  
 The HdL Companies

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

Fiscal Year Ended June 30	<u>Governmental Activities</u>				<u>Business-type Activities</u>		Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Loan Payable	Tax Allocation Bonds	Capital Leases	Total Governmental Activities	Loan and Notes Payable	Total Business-type Activities			
2006	665,000	61,146,263	97,962	61,909,225	688,282	688,282	62,597,507	8.20%	1,087.01
2007	605,000	59,255,090	147,144	60,007,234	1,959,758	1,959,758	61,966,992	7.88%	1,077.12
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		

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>			Per Capita
	Tax Allocation Bonds	Total	Percent of Assessed Value	
2006	61,146,263	61,146,263	2.59%	1,063
2007	59,255,090	59,255,090	2.24%	1,030
2008	57,338,221	57,338,221	1.85%	994
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%	-

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, 2015

City Assessed Valuation		\$ 2,041,858,063	
Redevelopment Agency Incremental Valuation		<u>1,321,473,720</u>	
Total Assessed Valuation		<u>\$ 3,363,331,783</u>	
	Percentage Applicable (2)	Outstanding Debt 6/30/14	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Metropolitan Water District (1)	0.210%	53,296,395	111,905
Cerritos Community College District Debt Service	0.006%	286,615,023	16,312
Compton Community College District Debt Service	19.313%	75,625,035	14,605,333
Compton Unified School District Debt Service	0.714%	48,586,020	347,043
Downey Unified School District Debt Service	0.022%	62,220,256	13,672
Paramount Unified School District 1998 Debt Service	0.000%	-	-
Paramount Unified School District 2005/2006 Debt Service	65.793%	<u>116,337,807</u>	<u>76,542,006</u>
Total overlapping debt repaid with property taxes		<u>642,680,536</u>	<u>91,636,271</u>
Total overlapping debt		<u>\$ 642,680,536</u>	91,636,271
City direct debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 91,636,271</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 2014/2015 Lien Date Tax Rolls  
HdL Coren & Cone

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed valuation	2,360,810,823	2,649,737,057	3,104,657,300	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
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	590,202,706	662,434,264	776,164,325	802,135,098	750,376,319	738,672,301	760,116,976	786,363,447	814,364,172	840,832,946
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	88,530,406	99,365,140	116,424,649	120,320,265	112,556,448	110,800,845	114,017,546	117,954,517	122,154,626	126,124,942
Total net debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>88,530,406</u>	<u>99,365,140</u>	<u>116,424,649</u>	<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>
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 2014/2015 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	
2006	5,890,586	5,074,033	816,553	31,255	26.13	8,367,331	2,110,000	2,617,125	1.77
2007	6,008,459	6,148,703	(140,244)	31,255	(4.49)	9,371,141	2,155,000	2,571,781	1.98
2008	6,593,017	5,889,271	703,746	31,255	22.52	11,147,751	2,195,000	2,503,638	2.37
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	-	-	-	-

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>
2004	57,559	\$705,527	\$12,257	9.7%
2005	57,697	\$730,528	\$12,661	8.0%
2006	57,587	\$763,706	\$13,262	7.2%
2007	57,530	\$785,902	\$13,661	7.6%
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%

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

<b>Employer</b>	<b>2015</b>		<b>2006</b>	
	<b>Number of Employees</b>	<b>Percent of Total Employment</b>	<b>Number of Employees</b>	<b>Percent of Total Employment</b>
Paramount Unified School District	2,050	16.1%	1,568	
Promise Hospital	577	4.5%	500	
Weber Metals	521	4.1%	208	
Ralphs Grocery #403	379	3.0%		
City of Paramount	371	2.9%	242	
Carlton Forge Works	310	2.4%	249	
Wal-Mart Store # 2110	259	2.0%	276	
Golden State Engineering, Inc.	250	2.0%	150	
The Home Depot #1037	196	1.5%	207	
Paramount Meadows	189	1.5%		
Paramount Petroleum			175	
Royal Body Truck			173	
<b>Total</b>	<b>5,102</b>	<b>40.0%</b>	<b>3,748</b>	

Note:  
 Blank areas denote information that is unavailable.

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

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

Function	Full-time and Part-time Employees as of June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	24.1	25.0	26.3	27.8	26.8	25.6	23.4	26.0	25.0	26.7
Community Development	10.0	11.0	11.0	11.0	11.0	11.0	9.0	8.0	8.5	8.6
Public Safety	23.4	24.6	24.7	25.6	26.4	27.2	26.2	25.8	24.9	24.1
Community Services and Recreation	45.4	64.1	98.3	99.1	93.6	79.6	85.3	85.7	81.1	81.1
Public Works	49.7	48.7	44.9	48.5	46.6	45.2	43.4	47.2	44.4	45.6
Total	152.6	173.4	205.2	212.0	204.4	188.6	187.3	192.7	183.9	186.1

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Community Development										
Permits	1,855	1,643	1,442	1,326	1,042	1,264	1,005	1,017	1,292	
Inspections	17,411	14,623	12,751	9,605	7,801	7,567	6,384	5,030	8,059	
Public Safety:										
Arrests	2,373	2,455	2,036	2,204	1,841	1,601	1,545	1,549	1,689	1,670
Parking Citations Issued	14,824	14,090	14,769	13,799	13,082	11,452	11,524	10,806	12,239	11,187
Community Services and Recreation:										
Number of Recreation Classes	18	25	22	20	34	31	33	41	20	24
Number of Facility Rentals	1,254	501	679	673	703	527	543	601	591	621
Public Works:										
Street Resurfacing (miles)	1.2	2.8	2.1	3.2	3.2	1.3	1.5	1.1	0.77	1.18
Water:										
Average Daily Consumption (thousands of gallons)	6,712	6,883	6,736	6,567	5,992	6,053	6,131	6,074	5,923	5,710

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Community Services and Recreation:										
Parks	10	9	9	9	9	9	9	10	10	10
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	2,810	2,810	2,810	3,082	3,087	3,087	3,087	3,087
Traffic Signals	45	45	48	49	55	55	55	55	55	55
Water:										
Water Mains (miles)	127	127	127	127	127	127	127	127	127	127
Number of Service Connections	7,477	7,477	7,475	7,491	7,517	7,543	7,538	7,542	7,351	7,356
Average Daily Consumption (gallons)	6,712,000	6,883,116	6,735,553	6,567,000	5,991,567	6,053,015	6,131,505	6,074,084	5,922,666	5,709,551
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.