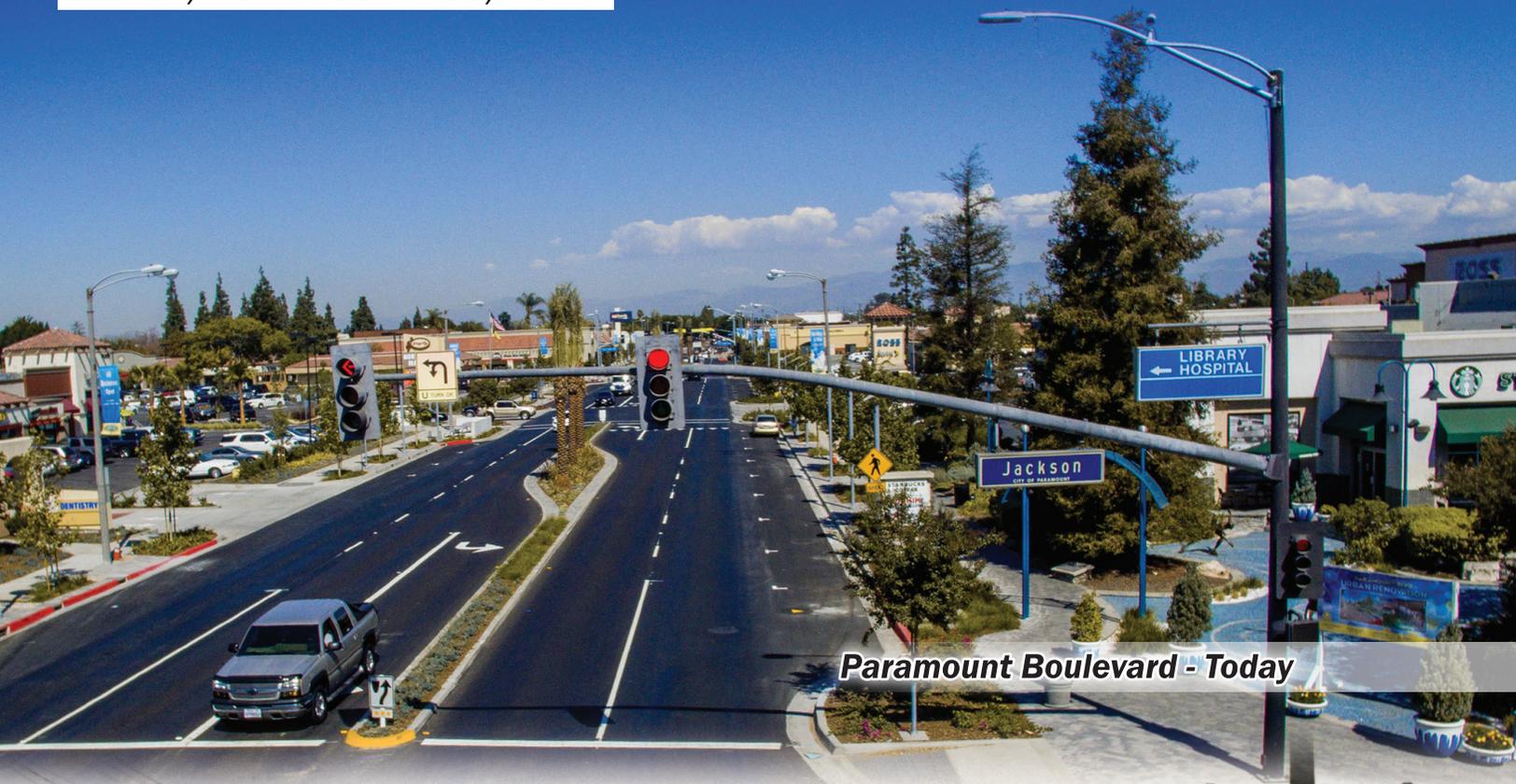


*City of Paramount, CA*

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR 2016**

**JULY 1, 2015 - JUNE 30, 2016**



*Paramount Boulevard - Today*



*Paramount Boulevard - Same View, 1930s*



# Comprehensive Annual Financial Report

CITY OF PARAMOUNT, CA  
FISCAL YEAR ENDED  
JUNE 30, 2016

PARAMOUNT CITY COUNCIL

---

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

JOHN MORENO, CITY MANAGER

Prepared by the Finance Department



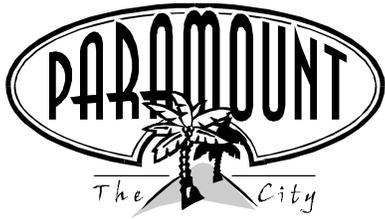
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DARYL HOFMEYER  
Mayor

PEGGY LEMONS  
Vice Mayor

GENE DANIELS  
Councilmember

TOM HANSEN  
Councilmember

DIANE J. MARTINEZ  
Councilmember

December 13, 2016

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, 2016. The responsibility for the accuracy of the presented data and the completeness and fairness of the presentation rests with the City's management. The report includes the combined transactions and financial position of all funds of the City of Paramount, including its blended component units for which the City Council is also the governing body:

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

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

- Introduction - Letter of transmittal, a roster of officials, an organizational chart, and prior year award for financial reporting.
- Financial - Independent Auditors' Report, Management's Discussion and Analysis (MD&A), basic financial statements, accompanying notes to 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.)

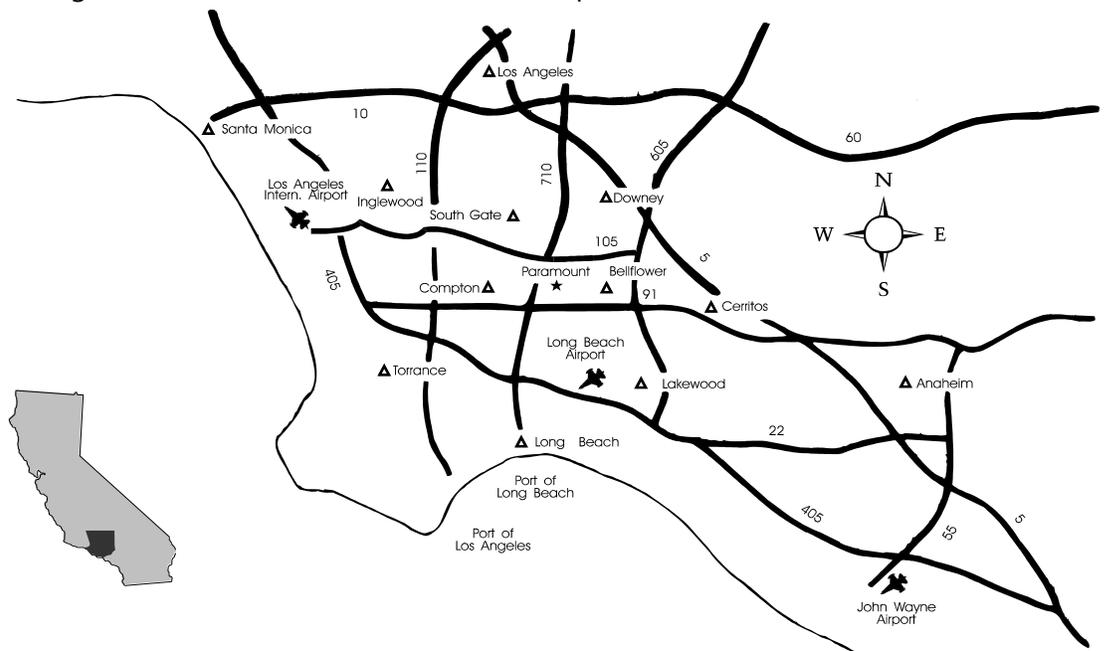
To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and fairly presents the financial position and results of operations of the City of Paramount and its related organizations. We have an established internal control structure designed to ensure accurate financial 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 joined together under the common name of Paramount in 1948, grew steadily, and in 1957 was incorporated as a City.

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

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



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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. Revisions that change the total appropriation at the activity and fund level are usually made by the City Council at midyear and year-end budget reviews. In addition, the City Manager is authorized to make necessary changes and adjustments to the approved appropriations up to \$10,000 in order to assure adequate and proper standards of service and to achieve the intent of the City Council in providing municipal services.

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**CASH  
MANAGEMENT  
POLICIES &  
PRACTICES**

Under the direction of the City's Finance Department, cash temporarily idle during the year was invested in the Local Agency Investment Fund (LAIF). The average yield on investments for the fiscal year was 0.43% for the entire portfolio.

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

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

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**RISK  
MANAGEMENT**

The City 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 (P.xx) 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 2016, posting a modest operational surplus of approximately \$284,970. 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 lingering effects of 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

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

loss of Paramount Redevelopment Agency funds for capital projects and other critical infrastructure needs is still being felt. In an effort to expand reliable sources of local funding that Sacramento can't touch and ensure that taxpayer dollars be used effectively for City programs and services, Measure P was overwhelmingly passed by Paramount voters, with 76% approving, in March 2015. The measure provided an increase of 2-1/2% to the local utility user's tax. In addition, the City has worked steadily to attract new retail establishments to town to increase its tax base, with a recent string of successes in the dining sector that will see the opening of nine new eateries in town.

### Capital Improvements

During Fiscal Year 2016, we continued our maintenance and renovation of city parks and facilities including playground equipment upgrade at various parks. At All American Park, considerable new outdoor lighting was installed which provided both an aesthetic improvement and enhanced security at this highly utilized facility. 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 resurfacing of neighborhood streets.

Complementing our public improvements, in FY 2016 we continued our successful private property assistance programs that have helped transform the look of the City and promote neighborhood pride. In addition, the City began the transformation 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 is very close to completion and will better connect Town Centers West and East and provide a link to the new restaurants opening at Clearwater Crossing (the corner of Paramount Boulevard and Alondra Boulevard).

### New Developments/Continuing Programs

Overall, in the public improvement area, we have budgeted \$3,615,950 in street and sidewalk improvements, \$255,000 in water improvements, \$806,500 in park improvements, and about \$210,250 on a variety of special projects for FY 2017. In terms of private property assistance programs, we have budgeted \$318,250 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 started the design and drilling of a new water well located at Garfield and Jackson. We anticipate seeking additional funding through outside sources to complete the rest of the well construction. 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 2017, for single-family residential service, our typical bimonthly bill of \$106.96 was lower than 11 of 14 neighboring water agencies.

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**CERTIFICATES  
OF  
ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Paramount for its comprehensive annual financial report for the fiscal year ended June 30, 2015. The City has received 33 Certificate of Achievement Awards from the GFOA since 1982. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principals and applicable legal requirements.

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

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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, 2016

## **CITY COUNCIL**

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

## **Parks & Recreation Commission**

Charles Garcia, Chairman  
Charlene Landry, Vice Chairman  
Maria Angel, Commissioner  
Frank Barraza, Commissioner  
Vilma Stallings, Commissioner

## **Planning Commission**

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

## **Public Safety Commission**

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

## **Public Works Commission**

Rosemary Vasquez, Chairman  
Rosemary Mendez, Vice Chairman  
Eileen Aparicio, Commissioner  
Alexander Garcia, Commissioner  
Linda Timmons, Commissioner

## **Senior Services Commission**

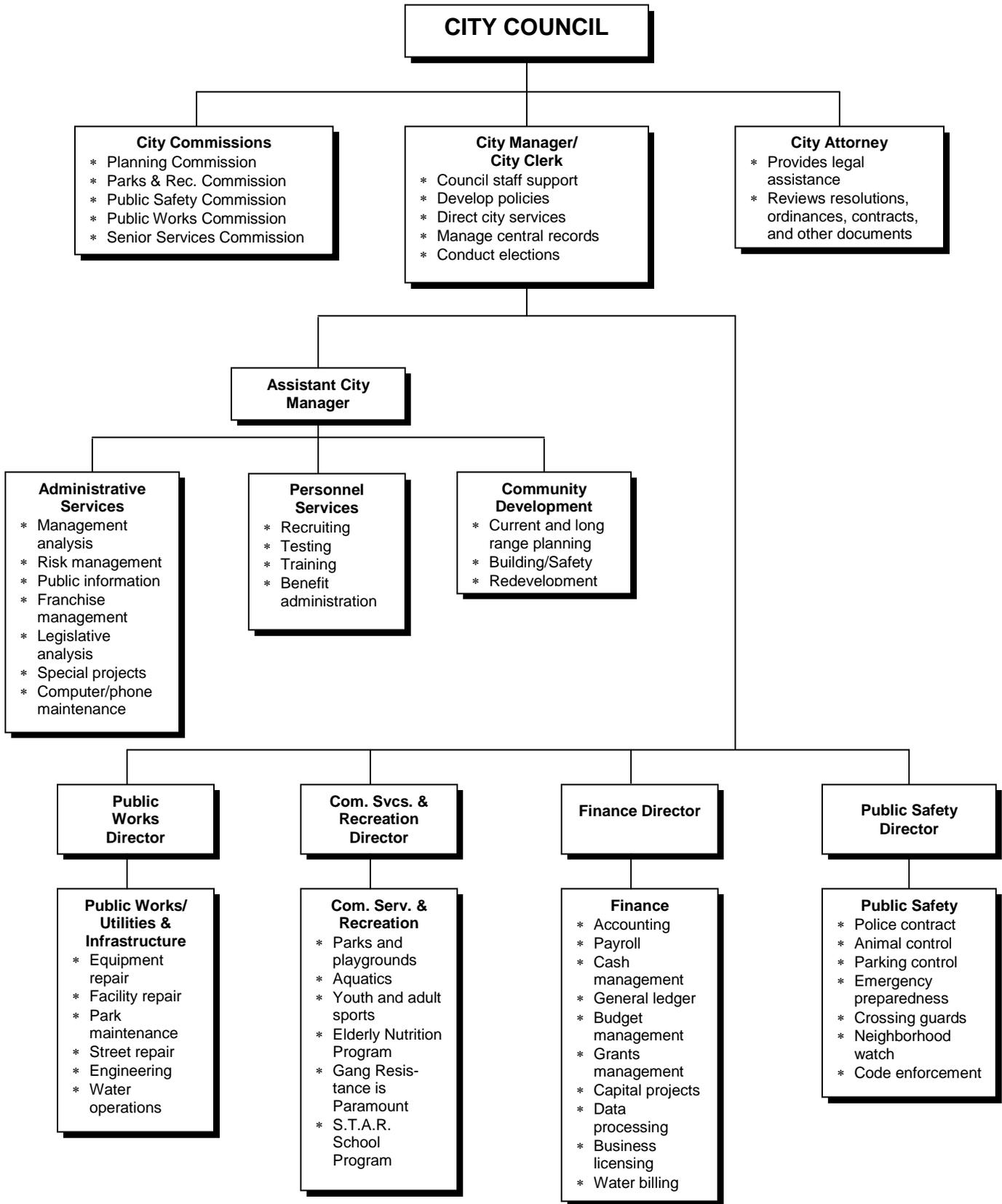
Shirley Grayson, Chairman  
Claudia Quinones, Vice Chairman  
Maria Espinoza, Commissioner  
Cleone Hatwan, Commissioner  
James Stevens, Commissioner

## **City Officials**

John Moreno, City Manager  
John E. Cavanaugh, City Attorney  
Kevin Chun, 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, 2016

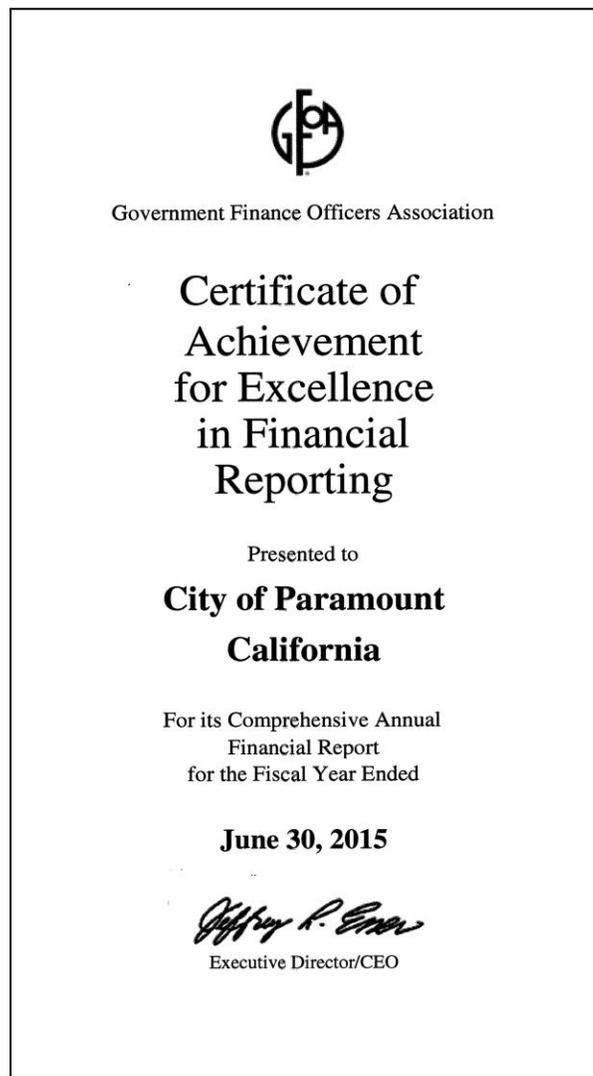


## Award for Financial Reporting

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, 2015.

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Other Grants Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective July 1, 2015. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, the schedule of the City's proportionate share of the net pension liability, the schedule of contributions and other postemployment benefits schedule 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 introductory section, individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2016, 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 the City's internal control over financial reporting and compliance.



Rancho Cucamonga, California  
December 8, 2016

City of Paramount  
**Management's Discussion and Analysis**  
June 30, 2016

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, 2016. 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 2016 by \$102,623,126 (net position). This amount decreased by \$3,439,957 from last year.
- As of June 30, 2016, the City's governmental funds reported combined fund balances of \$22,014,645. Of this amount, \$890,213 or approximately 4% of the total fund balances is nonspendable, \$4,309,004 or approximately 20% is restricted, \$1,130,117 or approximately 5% is committed, \$3,563,827 or approximately 16% is assigned and \$12,121,484 or approximately 55% is unassigned and available for spending at the City's discretion.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$12,121,484, or about 43% of the total General Fund expenditures.
- On February 1, 2012, the Paramount Redevelopment Agency (PRA), along with all local redevelopment agencies in California, was dissolved pursuant to Assembly Bill 1X 26. As a result, the City assumed the role of Successor Agency to wind down the affairs of the PRA including payment of approved obligations. The balances of the Successor Agency are reported in a private-purpose trust fund (fiduciary fund) and are excluded from the government-wide statements. Detailed information can be found in Notes 14 of the Notes to Basic Financial Statements.

**Overview of the Financial Statements**

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

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

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City 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, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 26,334,659	\$ 29,872,848	\$ 3,784,376	\$ 4,127,353	\$ 30,119,035	\$ 34,000,201
Capital assets, net	79,690,688	79,511,962	22,844,671	22,268,890	102,535,359	101,780,852
Total assets	106,025,347	109,384,810	26,629,047	26,396,243	132,654,394	135,781,053
Deferred Outflows of Resources	2,030,110	1,477,636	284,480	204,536	2,314,590	1,682,172
Current liabilities	3,435,414	3,252,855	779,416	999,769	4,214,830	4,252,624
Long-term liabilities	19,626,517	15,622,003	7,389,176	7,199,003	27,015,693	22,821,006
Total liabilities	23,061,931	18,874,858	8,168,592	8,198,772	31,230,523	27,073,630
Deferred Inflows of Resources	984,990	3,800,449	130,345	526,062	1,115,335	4,326,511
Net position						
Net investment in capital assets	79,690,688	79,511,962	17,905,387	16,981,731	97,596,075	96,493,693
Restricted	4,309,004	6,647,656	-	-	4,309,004	6,647,656
Unrestricted	8,844	2,027,521	709,203	894,214	718,047	2,921,735
Total net position	\$ 84,008,536	\$ 88,187,139	\$ 18,614,590	\$ 17,875,945	\$ 102,623,126	\$ 106,063,084

The City's total assets decreased from \$135,781,053 to \$132,654,394 in the fiscal year and the City's total liabilities increased from \$27,073,630 to \$31,230,523. Pension related deferred outflows of resources increased from \$1,682,172 to \$2,314,590 and deferred inflows of resources decreased from \$4,326,511 to \$1,115,335. As a whole, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$102,623,126 at June 30, 2016, a decrease of \$3,439,957 from the prior year, primarily due to

City of Paramount  
Management's Discussion and Analysis  
June 30, 2016

GASB 68 Pension Obligation implementation, and the recognition of the net pension liability in the amount of \$16,053,473, deferred outflows/inflows net of \$1,199,255 and a change in net position of \$3,439,958.

**Governmental activities.** The following condensed summary of activities of the City's governmental activities for the year ended June 30, 2016 shows total net position equal to \$84,008,536 or \$4,178,603 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 increased from \$17,875,945 to \$18,614,590. Total charges for services decreased \$68,880 reflecting the water conservation. On the other hand, there was an increase in expenses totaling \$293,382. The primary source of this increase was the implementation of GASB 68.

City of Paramount - Summary of Changes in Net Position  
Year Ended June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program revenues						
Charges for services	\$ 1,851,099	\$ 1,550,535	\$ 6,972,036	\$ 7,040,916	\$ 8,823,135	\$ 8,591,451
Operating contributions and grants	7,541,476	8,035,786	-	-	7,541,476	8,035,786
Capital contributions and grants	2,419,414	1,564,891	-	-	2,419,414	1,564,891
General revenues						
Sales tax	6,129,480	5,568,430	-	-	6,129,480	5,568,430
In-lieu sales tax	1,293,617	1,916,619	-	-	1,293,617	1,916,619
Utility user's tax	3,981,658	2,289,871	-	-	3,981,658	2,289,871
Property tax	2,052,016	2,041,764	-	-	2,052,016	2,041,764
Other taxes	2,612,673	2,696,891	-	-	2,612,673	2,696,891
Investment earnings	64,064	40,885	13,483	9,144	77,547	50,029
Motor vehicle license fee	5,468,904	5,346,425	-	-	5,468,904	5,346,425
Other revenue	386,535	518,840	54,673	117,285	441,208	636,125
Total revenues	<u>33,800,936</u>	<u>31,570,937</u>	<u>7,040,192</u>	<u>7,167,345</u>	<u>40,841,128</u>	<u>38,738,282</u>
Program Expenses						
General government	6,846,940	6,409,474	-	-	6,846,940	6,409,474
Community development	5,007,589	2,172,414	-	-	5,007,589	2,172,414
Public safety	11,218,541	10,662,749	-	-	11,218,541	10,662,749
Community services & recreation	5,830,850	6,074,382	-	-	5,830,850	6,074,382
Public works	10,571,784	10,015,353	-	-	10,571,784	10,015,353
Water	-	-	7,685,532	7,392,150	7,685,532	7,392,150
Total expenses	<u>39,475,704</u>	<u>35,334,372</u>	<u>7,685,532</u>	<u>7,392,150</u>	<u>47,161,236</u>	<u>42,726,522</u>
Excess (deficiency) before contributions, special and extraordinary items & transfers	(5,674,768)	(3,763,435)	(645,340)	(224,805)	(6,320,108)	(3,988,240)
Extraordinary item-Redevelopment Agency	1,496,165	-	1,383,986	528,516	2,880,151	528,516
Change in net position	(4,178,603)	(3,763,435)	738,646	303,711	(3,439,957)	(3,459,724)
Net position, beginning of year	88,187,139	91,950,574	17,875,944	17,572,234	106,063,083	109,522,808
Net position, end of year	<u>\$ 84,008,536</u>	<u>\$ 88,187,139</u>	<u>\$ 18,614,590</u>	<u>\$ 17,875,945</u>	<u>\$ 102,623,126</u>	<u>\$ 106,063,084</u>

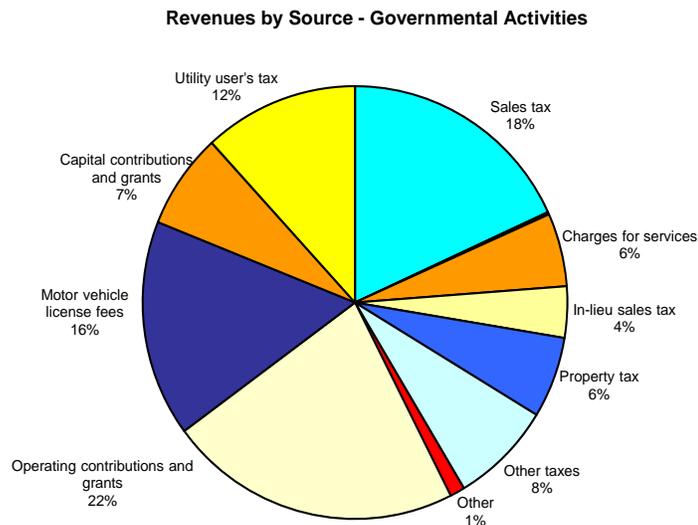
**Revenues**

- The increase in charges for services in the amount of \$300,564 is mainly due to two major construction activities in the City with related fees.
- The increase in Utility User's Tax of \$1,691,787 is due to the increase in Tax rate from 3% to 5.5% when the Measure P was passed in March 2015 and took effect in June of 2015.
- The net increase in capital contributions and grants of \$854,523 is primarily due to the increase in I-710 Early Action grant that the City received in the amount of \$1,023,225 and decrease in Gas Tax revenue in the amount of 260,257.

- Sales tax and sales tax in-lieu revenues decreased a total of \$61,952 in FY 2016 mainly related to continued lower fuel prices.
- Miscellaneous revenues fluctuate every year. In FY 2016, the decrease of \$132,305 is mainly due to lower receipt of various mandated claims received in current fiscal year compared to previous fiscal year.

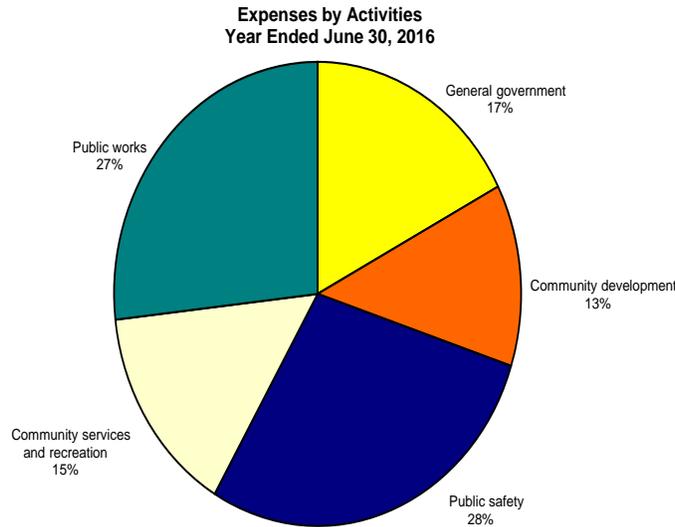
**Expenses**

- The increase in general government of \$437,466 is mainly the result of increases in utilities and professional technical services such as the communication consultant and ADA consultant.
- The increase in community development of \$2,835,175 is mainly the result of transfer of two properties to the developers.
- The increase in public safety of \$555,792 is mainly the result of increase in the cost of general law services.
- The decrease in community services and recreation of \$243,532 is mainly due to the Splash Pad project done in FY 2015.
- The increase in public works of \$556,431 is mainly the result of increase in the number of projects.
- The decrease in water expenses relates to the lowered production cost as water consumption decreased from citywide water conservation efforts.



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
  - \$1,112,445 I-710 Early Action Grant
  - \$993,684 Proposition A Transit Tax
  - \$757,970 Community Development Block Grant



- The top three expense activities were Public Safety 28%, Public Works 27% and General Government at 17%.

**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 \$22,014,645, an decrease of \$3,612,436 in comparison with the prior year. The decrease was primarily related the transfer of properties to developers. Approximately 55% of the ending balance, \$12,121,484, 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 4% or \$890,213 consists of nonspendable fund balances for the Paramount Parking Authority (\$535,000), Land Held for Resale (\$771,544) and Prepaids/Deposits (\$118,669); approximately 20% or \$4,309,004 consists of the restricted fund balances of various grants and fees (\$3,062,369) and the Paramount Housing Authority (\$1,246,635); approximately 5% or \$1,130,117 consists of committed fund balances for Public Art (\$242,961) and General Plan/Storm Drain (\$887,156); and approximately 16% 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 \$12,121,484, while total fund balance reached \$16,040,524. 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 43% of total General Fund expenditures, while total fund balance represents 57% of that same amount.

The fund balance of the City's General Fund decreased by \$2,938,901 during the current year mainly due to transfer of properties to developers.

The Other Grants Fund has a fund balance of \$273,857 or \$94,563 less than prior year. During FY 2016, 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 \$709,203 or \$185,011 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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes	\$ 16,769,550	\$ 15,943,550	\$ 16,069,444	\$ 125,894
Intergovernmental revenues	5,398,800	5,468,800	5,468,904	104
Other revenues	3,229,250	3,428,750	3,695,746	266,996
Total revenues	<u>25,397,600</u>	<u>24,841,100</u>	<u>25,234,094</u>	<u>392,994</u>
Expenditures				
Operations	26,408,900	26,709,550	26,244,840	464,710
Capital outlay	2,208,200	2,315,800	1,928,155	387,645
Total expenditures	<u>28,617,100</u>	<u>29,025,350</u>	<u>28,172,995</u>	<u>852,355</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,219,500)</u>	<u>(4,184,250)</u>	<u>(2,938,901)</u>	<u>1,245,349</u>
Net change in fund balances	(3,219,500)	(4,184,250)	(2,938,901)	1,245,349
Fund balance - July 1	18,979,450	18,979,450	18,979,425	(25)
Fund balance - June 30	<u>\$ 15,759,950</u>	<u>\$ 14,795,200</u>	<u>\$ 16,040,524</u>	<u>\$ 1,245,324</u>

### Changes between the Original Budget and the Final Budget

On the revenue side, there was a decrease of \$556,500 between the original budget and the final amended budget. The main portion of the decrease was related to lower revenue projection for sales tax (\$466,650) due to lower fuel cost and volume. On the other hand, there was an increase of \$300,650 in appropriations for operations and \$107,600 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 \$392,994 higher than the final amended amounts. On the expenditure side, there was an overall decrease totaling \$852,355 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, 2016 amounted to \$102,535,355 (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 Paramount Boulevard Urban Revitalization project and construction of various street and sidewalk improvements.

**City of Paramount - Capital Assets  
(Net of Accumulated Depreciation)  
June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 14,849,080	\$ 14,849,080	\$ 2,270,763	\$ 2,270,763	\$ 17,119,843	\$ 17,119,843
Construction in progress	4,186,018	1,672,127	1,916,002	532,016	6,102,020	2,204,143
Land improvements	6,241,973	6,954,159	-	-	6,241,973	6,954,159
Building and improvements	8,257,462	8,957,307	7,444,849	7,756,622	15,702,311	16,713,929
Machinery and equipment	783,338	699,214	371,611	443,314	1,154,949	1,142,528
Infrastructure	45,372,817	46,380,075	10,841,446	11,266,175	56,214,263	57,646,250
Total	\$ 79,690,688	\$ 79,511,962	\$ 22,844,671	\$ 22,268,890	\$ 102,535,359	\$ 101,780,852

Additional information on the City's capital assets can be found in Note 7 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 \$27,015,693. Of this amount, \$7,389,176 is a liability of the Business-Type Activity.

**City of Paramount - Outstanding Debt  
June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Notes payable	\$ -	\$ -	\$ 4,939,285	\$ 5,287,159	\$ 4,939,285	\$ 5,287,159
OPEB payable	4,861,484	4,447,832	433,509	419,161	5,294,993	4,866,993
Net pension liability	14,092,633	10,417,558	1,960,840	1,442,009	16,053,473	11,859,567
Employee leave payable	672,400	756,613	55,542	50,674	727,942	807,287
Total	\$ 19,626,517	\$ 15,622,003	\$ 7,389,176	\$ 7,199,003	\$ 27,015,693	\$ 22,821,006

The City's total debt had a net increase of \$4,194,687 during the current fiscal year, largely due to 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 \$129,062,773 based on the assessed value of all real and personal property of the City, all of which is excess because the City has no outstanding general obligation debt.

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

**Economic Factors and Next Year's Budget**

The City prides itself on providing high quality local services for its residents. The City is committed to transparent, responsible budgetary and financial practices and this strategy has allowed the continued provision of critical services, despite the lingering effects of 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 loss of Paramount Redevelopment Agency funds for capital projects and other critical infrastructure needs is still being felt. In an effort to expand reliable sources of local funding that Sacramento can't touch and ensure that taxpayer dollars be used effectively for City programs and services, Measure P was overwhelmingly passed by Paramount voters, with 76% approving, in March 2015. The measure provided an increase of 2-1/2% to the local utility user's tax. In addition, the City has worked steadily to attract new retail establishments to town to increase its tax base, with a recent string of successes in the dining sector that will see the opening of nine new eateries in town.

### **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, 2016**

	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 20,491,048	3,309,625	23,800,673
Receivables:			
Accounts	4,357,250	301,857	4,659,107
Interest	25,808	4,240	30,048
Notes	570,340	-	570,340
Prepaid expenses and deposits	118,669	7,107	125,776
Inventories	-	161,547	161,547
Land held for resale	771,544	-	771,544
Capital assets			
Not being depreciated:			
Land and water rights	14,849,080	2,270,763	17,119,843
Construction in progress	4,186,018	1,916,002	6,102,020
Being depreciated, net of accumulated depreciation:			
Property and equipment	654,309	371,611	1,025,920
Buildings, building and land improvements	14,235,194	7,444,849	21,680,043
Water mains	-	9,374,360	9,374,360
Water distribution equipment	-	1,467,086	1,467,086
Vehicles	393,272	-	393,272
Infrastructure	45,372,815	-	45,372,815
Total assets	<u>106,025,347</u>	<u>26,629,047</u>	<u>132,654,394</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows-Pensions	<u>2,030,110</u>	<u>284,480</u>	<u>2,314,590</u>
<b>LIABILITIES</b>			
Accounts payable	3,337,508	454,040	3,791,548
Due to other governmental agencies	41,359	-	41,359
Accrued interest payable	-	67,317	67,317
Deposits payable	56,547	258,059	314,606
Long term liabilities:			
Due within one year	73,263	169,297	242,560
Due in more than one year	5,460,621	5,259,039	10,719,660
Net pension liability	14,092,633	1,960,840	16,053,473
Total liabilities	<u>23,061,931</u>	<u>8,168,592</u>	<u>31,230,523</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows-Pensions	<u>984,990</u>	<u>130,345</u>	<u>1,115,335</u>
<b>NET POSITION</b>			
Net investment in capital assets	79,690,688	17,905,387	97,596,075
Restricted for:			
General government	533,709	-	533,709
Community development	2,185,124	-	2,185,124
Public safety	174,479	-	174,479
Community services & recreation	278,055	-	278,055
Public works	1,137,637	-	1,137,637
Unrestricted	8,844	709,203	718,047
Total net position	<u>\$ 84,008,536</u>	<u>18,614,590</u>	<u>102,623,126</u>

See accompanying notes to basic financial statements.

**City of Paramount**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

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	\$ 6,846,940	\$ 199,877	\$ 1,336,779	-	\$ (5,310,284)	-	\$ (5,310,284)
Community development	5,007,589	508,124	390,028	-	(4,109,437)	-	(4,109,437)
Public safety	11,218,541	119,425	1,543,039	-	(9,556,077)	-	(9,556,077)
Community services and recreation	5,830,850	264,633	2,653,927	33,724	(2,878,566)	-	(2,878,566)
Public works	10,571,784	759,040	1,617,703	2,385,690	(5,809,351)	-	(5,809,351)
Total governmental activities	<u>39,475,704</u>	<u>1,851,099</u>	<u>7,541,476</u>	<u>2,419,414</u>	<u>(27,663,715)</u>		<u>(27,663,715)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water	7,685,532	6,972,036	-	-	-	(713,496)	(713,496)
Total primary government	<u>\$ 47,161,236</u>	<u>\$ 8,823,135</u>	<u>\$ 7,541,476</u>	<u>\$ 2,419,414</u>	<u>\$ (27,663,715)</u>	<u>\$ (713,496)</u>	<u>\$ (28,377,211)</u>
<b>GENERAL REVENUES:</b>							
Taxes:							
Sales tax					6,129,480	-	6,129,480
In-lieu sales tax					1,293,617	-	1,293,617
Utility users tax					3,981,658	-	3,981,658
Franchise tax					1,635,366	-	1,635,366
Property tax					2,052,016	-	2,052,016
Business license tax					977,307	-	977,307
Investment earnings					64,064	13,483	77,547
Unrestricted motor vehicle license fee					5,468,904	-	5,468,904
Other revenue					386,535	54,673	441,208
Total general revenues					<u>21,988,947</u>	<u>68,156</u>	<u>22,057,103</u>
Extraordinary item (see note 12)					1,496,165	1,383,986	2,880,151
Change in net position					(4,178,603)	738,646	(3,439,957)
Net position, beginning of year					88,187,139	17,875,944	106,063,083
Net position, end of year					<u>\$ 84,008,536</u>	<u>\$ 18,614,590</u>	<u>\$ 102,623,126</u>

See accompanying notes to basic financial statements.

**City of Paramount**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	<u>Special Revenue</u>			
	<u>General</u>	<u>Other Grants</u>	<u>Other Governmental Funds</u>	
<b>ASSETS</b>				
Cash and investments	\$ 14,765,528	-	4,790,970	\$ 19,556,498
Accounts receivable	2,739,126	1,276,004	342,120	4,357,250
Interest receivable	19,068	320	5,234	24,622
Due from other funds	956,302	-	-	956,302
Prepaid expenditures and deposits	118,669	-	-	118,669
Notes receivable	-	-	570,340	570,340
Land held for resale	236,544	-	535,000	771,544
Total assets	<u>\$ 18,835,237</u>	<u>1,276,324</u>	<u>6,243,664</u>	<u>\$ 26,355,225</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,716,654	190,652	379,066	\$ 3,286,372
Deposits payable	36,700	-	19,847	56,547
Due to other governmental agencies	41,359	-	-	41,359
Due to other funds	-	811,815	144,487	956,302
Total liabilities	<u>2,794,713</u>	<u>1,002,467</u>	<u>543,400</u>	<u>4,340,580</u>
<b>Fund balances:</b>				
Nonspendable	355,213	-	535,000	890,213
Restricted	-	273,857	4,035,147	4,309,004
Committed	-	-	1,130,117	1,130,117
Assigned	3,563,827	-	-	3,563,827
Unassigned	12,121,484	-	-	12,121,484
Total fund balances	<u>16,040,524</u>	<u>273,857</u>	<u>5,700,264</u>	<u>22,014,645</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,835,237</u>	<u>1,276,324</u>	<u>6,243,664</u>	<u>\$ 26,355,225</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, 2016**

Fund Balances of Governmental Funds (page 14)	\$	22,014,645
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.		78,066,563
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated absences		(672,400)
Net OPEB obligation		(4,861,484)
Net pension liability		(14,092,633)
Deferred outflows related to pensions		2,030,110
Deferred inflows related to pensions		(984,990)
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		2,508,725
Net Position of Governmental Activities	\$	84,008,536

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, 2016**

	<u>Special Revenue</u>			<b>Total Governmental Funds</b>
	<u>General</u>	<u>Other Grants</u>	<u>Other Governmental Funds</u>	
<b>REVENUES</b>				
Taxes	\$ 16,069,444	-	-	\$ 16,069,444
Licenses and permits	788,472	-	-	788,472
Fines and penalties	727,000	-	-	727,000
Interest and use of property	133,361	975	18,432	152,768
Intergovernmental revenues	5,468,904	1,410,707	6,748,765	13,628,376
Charges for services	589,864	-	395,360	985,224
Other revenues	1,457,049	-	4,719	1,461,768
Total revenues	<u>25,234,094</u>	<u>1,411,682</u>	<u>7,167,276</u>	<u>33,813,052</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,102,077	21,246	410,489	5,533,812
Community development	4,557,516	-	350,978	4,908,494
Public safety	10,264,142	172,284	643,755	11,080,181
Community services and recreation	2,143,451	-	2,718,516	4,861,967
Public works	4,177,654	131,435	1,864,672	6,173,761
Capital outlay:				
Streets, sidewalks and signals	975,278	1,147,556	1,635,388	3,758,222
Parks	532,377	33,724	-	566,101
Other	420,500	-	122,450	542,950
Total expenditures	<u>28,172,995</u>	<u>1,506,245</u>	<u>7,746,248</u>	<u>37,425,488</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,938,901)</u>	<u>(94,563)</u>	<u>(578,972)</u>	<u>(3,612,436)</u>
Net change in fund balances	(2,938,901)	(94,563)	(578,972)	(3,612,436)
Fund balances - July 1	<u>18,979,425</u>	<u>368,420</u>	<u>6,279,236</u>	<u>25,627,081</u>
Fund balances - June 30	<u>\$ 16,040,524</u>	<u>273,857</u>	<u>5,700,264</u>	<u>\$ 22,014,645</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, 2016**

Net Change in Fund Balances - Total Governmental Funds (page 16) \$ (3,612,436)

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	5,797,377
Depreciation expense	(5,604,699)

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.	84,213
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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.	(413,652)
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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	(3,675,075)
Net change in deferred outflows of resources related to pensions	1,217,597
Net change in deferred intflows of resources related to pensions	2,150,336

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.	(15,843)
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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.	(106,421)
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Change in Net Position of Governmental Activities	<u>\$ (4,178,603)</u>
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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, 2016**

	<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	\$ 16,769,550	15,943,550	16,069,444	125,894
Licenses and permits	630,700	737,800	788,472	50,672
Fines and penalties	678,800	696,950	727,000	30,050
Interest and use of property	125,000	113,000	133,361	20,361
Intergovernmental revenues	5,398,800	5,468,800	5,468,904	104
Charges for services	437,800	508,050	589,864	81,814
Other revenues	1,356,950	1,372,950	1,457,049	84,099
Total revenues	<u>25,397,600</u>	<u>24,841,100</u>	<u>25,234,094</u>	<u>392,994</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,204,650	5,300,750	5,102,077	198,673
Community development	4,102,700	4,645,550	4,557,516	88,034
Public safety	10,563,600	10,422,100	10,264,142	157,958
Community services and recreation	2,150,700	2,212,500	2,143,451	69,049
Public works	4,387,250	4,128,650	4,177,654	(49,004)
Capital Outlay:				
Streets, sidewalks and signals	1,287,300	1,323,450	975,278	348,172
Parks	521,600	557,750	532,377	25,373
Other	399,300	434,600	420,500	14,100
Total expenditures	<u>28,617,100</u>	<u>29,025,350</u>	<u>28,172,995</u>	<u>852,355</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,219,500)</u>	<u>(4,184,250)</u>	<u>(2,938,901)</u>	<u>1,245,349</u>
Net change in fund balance	(3,219,500)	(4,184,250)	(2,938,901)	1,245,349
Fund balance - July 1	18,979,450	18,979,450	18,979,425	(25)
Fund balance - June 30	<u>\$ 15,759,950</u>	<u>14,795,200</u>	<u>16,040,524</u>	<u>1,245,324</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, 2016**

	<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	975	525
Intergovernmental revenues	1,798,500	1,341,700	1,410,707	69,007
Total revenues	<u>1,798,950</u>	<u>1,342,150</u>	<u>1,411,682</u>	<u>69,532</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,700	6,700	21,246	(14,546)
Public safety	131,250	172,700	172,284	416
Public works	112,650	112,650	131,435	(18,785)
Capital Outlay:				
Streets, sidewalks and signals	1,650,050	1,100,100	1,147,556	(47,456)
Parks	-	60,000	33,724	26,276
Total expenditures	<u>1,900,650</u>	<u>1,452,150</u>	<u>1,506,245</u>	<u>(54,095)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(101,700)</u>	<u>(110,000)</u>	<u>(94,563)</u>	<u>15,437</u>
Net change in fund balance	(101,700)	(110,000)	(94,563)	15,437
Fund balance - July 1	368,450	368,450	368,420	(30)
Fund balance - June 30	<u>\$ 266,750</u>	<u>258,450</u>	<u>273,857</u>	<u>15,407</u>

See accompanying notes to the basic financial statements.

**City of Paramount**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**

	<b>Business-type Activities- Water Enterprise Fund</b>	<b>Governmental Activities- Internal Service Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,309,625	\$ 934,550
Accounts receivable	301,857	-
Interest receivable	4,240	1,186
Prepaid items	7,107	-
Inventory	161,547	-
Total current assets	3,784,376	935,736
Noncurrent assets:		
Capital assets:		
Construction in progress	1,916,002	-
Land and water rights	2,270,763	-
Land improvements	-	36,272
Buildings and well improvements	10,879,460	2,256,065
Water mains	21,614,830	-
Water distribution equipment	6,953,290	-
Other water equipment	1,775,230	-
Furniture, machinery and equipment	420,521	596,009
Vehicles	366,520	653,350
Less accumulated depreciation	(23,351,945)	(1,917,571)
Total noncurrent assets	22,844,671	1,624,125
Total assets	26,629,047	2,559,861
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows-Pensions	284,480	-
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	454,040	51,136
Deposits payable	258,059	-
Interest payable	67,317	-
Current portion of employee leave payable	4,592	-
Current portion of notes payable	164,705	-
Total current liabilities	948,713	51,136
Noncurrent liabilities:		
Employee leave payable-long term portion	50,951	-
Net OPEB obligation	433,509	-
Net pension liability	1,960,840	-
Notes payable-long term portion	4,774,579	-
Total noncurrent liabilities	7,219,879	-
Total liabilities	8,168,592	51,136
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows-Pensions	130,345	-
<b>NET POSITION</b>		
Net investment in capital assets	17,905,387	1,624,125
Unrestricted	709,203	884,600
Total net position	\$ 18,614,590	\$ 2,508,725

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, 2016**

	<b>Business-type Activities- Water Enterprise Fund</b>	<b>Governmental Activities- Internal Service Fund</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 6,972,036	-
Other revenues	54,673	-
Total operating revenues	<u>7,026,709</u>	<u>-</u>
<b>OPERATING EXPENSES</b>		
Water commission	2,111	-
Water system administration	1,136,532	-
Water production	3,679,915	-
Water distribution	1,081,354	-
Water customer service	273,418	-
Water billing	324,774	-
Equipment maintenance	-	10,921
Other operating expenses	131,495	-
Depreciation	889,744	99,227
Total operating expenses	<u>7,519,343</u>	<u>110,148</u>
Operating income/(loss)	<u>(492,634)</u>	<u>(110,148)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest revenue	13,483	3,727
Interest expense	(166,189)	-
Total nonoperating revenue (expense)	<u>(152,706)</u>	<u>3,727</u>
Income/(loss) before transfers	<u>(645,340)</u>	<u>(106,421)</u>
<b>EXTRAORDINARY ITEMS</b>		
Extraordinary item (see note 13)	1,383,986	
Change in net position	738,646	(106,421)
Total net position - July 1	17,875,944	2,615,146
Total net position - June 30	<u>\$ 18,614,590</u>	<u>2,508,725</u>

See accompanying notes to the basic financial statements.

**City of Paramount**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	<b>Business-type Activities- Water Enterprise Fund</b>	<b>Governmental Activities- Internal Service Fund</b>
	<u>                    </u>	<u>                    </u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 6,788,921	-
Payments to suppliers	(5,848,463)	39,781
Payments to employees	(925,868)	-
Other receipts	54,673	-
Net cash provided (used) in operating activities	<u>69,263</u>	<u>39,781</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(81,539)	(85,276)
Principal paid on capital debt	(347,874)	-
Interest paid on capital debt	(168,010)	-
Net cash provided (used) in capital and related financing activities	<u>(597,423)</u>	<u>(85,276)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	<u>11,895</u>	<u>3,199</u>
Increase/(decrease) in cash and cash equivalents	(516,265)	(42,296)
Cash and cash equivalents, July 1	3,825,890	976,846
Cash and cash equivalents, June 30	<u>\$ 3,309,625</u>	<u>934,550</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (492,634)	(110,148)
Adjustments to reconcile operating income (loss) to net cash provided (used) in operating activities:		
Depreciation expense	889,744	99,227
Increase in prepaid expense and deposits	(1,248)	-
Increase in inventory	12,661	-
(Increase)/decrease in accounts receivable	(183,115)	-
Increase/(decrease) in accounts payable and accrued liabilities	(224,837)	50,702
Increase in deposits payable	6,305	-
Increase in employee leave payable	4,869	-
Increase in net pension liability	43,170	-
Increase in OPEB obligation	14,348	-
Net cash provided (used) in operating activities	<u>\$ 69,263</u>	<u>39,781</u>

See accompanying notes to the basic financial statements.

**City of Paramount**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

	<b>Successor Agency for the Paramount Redevelopment Agency</b>	<b>City Agency Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 5,809,835	102,719
Restricted cash and investments	1,593,678	-
Interest receivable	8,221	-
Notes receivable	783	-
Prepaid insurance	27,499	-
Total current assets	7,440,016	102,719
Noncurrent assets:		
Prepaid insurance	167,288	-
Capital assets:		
Buildings and building improvements	358,066	-
Infrastructure	4,277,466	-
Less accumulated depreciation	(2,055,624)	-
Total noncurrent assets	2,747,196	-
Total assets	10,187,212	102,719
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	159,278	-
Deposits payable	-	102,719
Interest payable	719,404	-
Bond debt-current portion	3,409,767	-
Total current liabilities	4,288,449	102,719
Noncurrent liabilities:		
Bond debt-long term portion	43,252,548	-
Loans payable-long term portion	232,452	-
Deferred pass through payments	930,740	-
Total noncurrent liabilities	44,415,740	-
Total liabilities	48,704,189	102,719
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred amount on refunding	623,923	
<b>NET POSITION (DEFICIT)</b>		
Held in trust for other governments	\$ (39,140,900)	

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, 2016**

	<b>Successor Agency for the Paramount Redevelopment Agency</b>
<b>Additions:</b>	
Taxes	\$ 5,067,518
Interest and use of property	21,162
Other revenues	749
Total additions	5,089,429
<b>Deductions:</b>	
Program expenses	144,608
Administrative expenses	250,000
Depreciation	278,175
Interest and fiscal agent expenses of the former redevelopment agency	1,794,628
Total deductions	2,467,411
<b>Extraordinary Items</b>	
Extraordinary item (see note 13)	(2,880,151)
Change in net position	(258,133)
Net position - July 1	(38,882,767)
Net position - June 30	\$ (39,140,900)

See accompanying notes to the basic financial statements.

City of Paramount, CA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2016

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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 2016 fiscal year, there was no financial activity for this entity.
- The Paramount Public Financing Authority (Financing Authority) was established in July of 1991 pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the State of California Government Code. The Financing Authority is governed by a board composed of City Council members. Additionally, the Financing Authority provides services entirely to the City. The primary purpose of the Financing Authority is to purchase bonds issued by the Redevelopment Agency for financing and refinancing public capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits, as determined by the Redevelopment Agency. On February 1, 2012 all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities consequently, no separate annual financial report is issued for the PRA [Note 13].

B. New Accounting Pronouncements

Implemented during 2015-16

**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 implemented this pronouncement effective July 1, 2015.

**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 implemented this pronouncement effective July 1, 2015. The City has determined that this statement does not have a material impact on the financial statements.

#### **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 determined that this statement does not have a material impact on the financial statements.

#### Effective in Future Accounting Periods

#### **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 inter-period 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. 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.

#### **GASB Statement No. 78**

In December 2015, GASB issued Statement No. 78 - *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that 1) is not a state or local governmental pension plan, 2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and 3) has no predominant state or local governmental employer. This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. 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.

#### **GASB Statement No. 80**

In January 2016, GASB issued Statement No. 80 - *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*. This Statement was issued to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirement established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of

Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The City has not yet determined the impact of this Statement.

#### **GASB Statement No. 81**

In March 2016, GASB issued Statement No. 81 – *Irrevocable Split Interest Agreements*. This Statement was issued to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. The City has not yet determined the impact of this Statement.

#### **GASB Statement No. 82**

In March 2016, GASB issued Statement No. 82 – *Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement was issued to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The City has early implemented this pronouncement, with the exception of the requirements of paragraph 7. The City has not yet determined the effect for the provision of paragraph 7 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 he may transfer appropriations within a fund without City Council approval, provided the total appropriation at the activity level and the fund level does not change. Budgetary changes, including supplemental appropriations or appropriation reductions, are made by the City Council at a midyear budget review and at a year-end budget review. Expenditures may not exceed budgeted appropriations at the activity level.
3. The budget is formally integrated into the accounting system and employed as a management control device during the year for all funds.
4. Budgets for the governmental fund types are adopted on a basis consistent with generally accepted accounting principles (GAAP). The modified accrual basis of accounting is employed in the preparation of the budget. Unencumbered budget appropriations lapse at the end of the fiscal year.
5. Under the California Constitution Article XIII B (commonly referred to as the Gann Appropriations Limitation), the City is restricted as to the amount of its annual appropriations. If proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rates or revised fee schedules. For the fiscal year ending June 30, 2016, appropriations subject to this limit were below the maximum allowed.
6. In the fund level of the Special Revenue Funds, expenditures in Waste Reduction Fees, AB2766 Subvention Fund, Proposition A Transit Tax, Public Art Fees, Service Assessments and Other Grants funds exceeded budget estimates by \$694, \$45,862, \$2,436, \$45,185, \$379 and \$54,095 respectively. In the activity level of the Community Development Block Grant, expenditure exceeded budget estimates in general government by \$6,799; in Proposition A Transit Tax, expenditure exceeded budget estimates by \$4,198 in general government, \$1,302 in community services and recreation and \$758 in public works; In Proposition C Transit Tax, expenditure exceeds budget estimates in general government by \$477; in Public Art Fees, expenditure exceeded budget estimates by \$45,200 in capital outlay; and in Other Grants, expenditure exceeded budget estimates by \$14,456 in general government, \$18,785 in public works and \$47,456 in street projects. 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, 2016, property tax revenue to the City totaled \$2,052,016.

O. Prepays/Deposits

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

P. Estimates

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

Q. Amortization of Premiums

Original issue premium on the issuance of long term debt is amortized on a straight-line basis over the life of the debt. Unamortized premium related to the Tax Allocation Bonds of the former Paramount Redevelopment Agency has been included in the Successor Agency Trust [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, 2016.

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, 2016 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 23,800,673
Fiduciary funds:	
Cash and investments	5,912,554
Cash and investments - restricted	1,593,678
Total cash and investments	<u>\$ 31,306,905</u>
Cash and investments as of June 30, 2016 consist of the following:	
Cash on hand	\$ 4,125
Deposits with financial institutions	2,071,834
Investments	29,230,946
Total cash and investments	<u>\$ 31,306,905</u>

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

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

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

**Investments Authorized by Debt Agreements**

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

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

**Disclosures Relating to Interest Rate Risk**

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

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

Investment	Amount	Maturity of 12 Months or Less
State investment pool (LAIF)	\$ 27,637,268	\$ 27,637,268
Money Market	1,593,678	1,593,678
Total	<u>\$ 29,230,946</u>	<u>\$ 29,230,946</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, 2016, \$4,018,201 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, 2016, the carrying amount (at amortized cost) of the pool was \$75,395,751,048 and the estimated fair value of the pool was \$75,442,588,513. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-back securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The City relied upon information provided by the State Treasurer in estimating the City's fair value position of its LAIF holding, which totaled \$27,654,436 at June 30, 2016.

**(3) Fair Value Measurements**

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

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

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

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

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

Fair value of assets measured on a recurring basis at June 30, 2016, are as follows:

June 30, 2016	Fair Value	Uncategorized
Money Market Account by Fair Market Value	\$ 1,593,678	\$ 1,593,678
California Local Agency Investment Fund	27,637,268	27,637,268
Totals	<u>\$ 29,230,946</u>	<u>\$ 29,230,946</u>

Investments do not fall under the fair value hierarchy (i.e. Uncategorized) as there is no active market for the investments.

**(4) Retirement Plan and Other Post Retirement Benefits**

**Defined Benefit Pension Plan**

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's separate Miscellaneous Employee Pension 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, 2016, are summarized as follows:

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

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 2016, 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 \$1,752,953.

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
	<u>FY 2016</u>
Miscellaneous Plan	<u>\$ 16,053,473</u>

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, 2015, 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, 2014, rolled forward to June 30, 2015, 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, 2014 and 2015 was as follows:

	<u>Miscellaneous Plan</u>
Proportion - June 30 , 2014	0.190590%
Proportion - June 30 , 2015	0.532394%
Change - Increase	<u>0.341804%</u>

During the year ended June 30, 2016, the City recognized pension expense of \$1,094,802.

As of the fiscal year ended June 30, 2016, 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	\$ 1,402,641	
Difference between expected and actual experience	78,524	
Change in assumptions		(742,907)
Difference between actual contributions and proportionate share of contributions	74,557	
Net differences between projected and actual earnings on plan investments		(372,428)
Changes in proportions	758,868	
Total	<u>\$ 2,314,590</u>	<u>(1,115,335)</u>

The amount of \$1,402,641 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>
2017	\$ (32,735)
2018	(32,735)
2019	(44,810)
2020	(93,106)
2021	-

Actuarial Assumptions

The total pension liability in the June 30, 2014 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	7.65%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.50%
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

Discount Rate

The Discount rate used to measure the total pension liability was 7.65% 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 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% 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.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Years 1-10*</u>
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	<u>100.00%</u>		

\* 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:

	<u>Discount Rate - 1%</u>	<u>Discount Rate</u>	<u>Discount Rate + 1%</u>
	<u>(6.65%)</u>	<u>(7.65%)</u>	<u>(8.65%)</u>
Plan's Net Pension Liability/(Asset)	\$ 25,943,019	16,053,473	7,888,921

#### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See page 50 for the Required Supplementary Schedules.

#### Other Post Retirement Benefits Other than Pensions

The City provides an agent multiple-employer defined benefit healthcare plan and pays certain post-retirement health insurance premium payments on behalf of qualifying retired employees and their eligible dependents or survivors. The 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, 59 retirees meet these requirements and are covered under the eligibility requirements but only 36 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 40% for the 2015-16 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 2016, based on the June 30, 2013 actuarial valuation, was \$1,305,000.

#### 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 (closed) 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, 2015, the most recent valuation date, the accrued liability for benefits is estimated at \$14,582,000, and the actuarial value of assets was \$2,025,000, resulting in an unfunded actuarial liability (UAAL) of \$12,557,000 and a funded ratio (actuarial value of assets as a percentage of the actuarial liability) of 13.9 percent. The covered payroll (annual payroll of active employees) was \$5.84 million and the ratio of UAAL to the covered payroll was 214.9 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, 2016 was 22 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, 2016, CALPERS-administered health plan expenditures amounted to \$313,050. Implied Subsidy amounted to \$76,000. The City also funded the California Employers' Retiree Benefit Trust (CERBT) in the amount of \$445,950 for fiscal year 2015-16. The pre-funding requirement for fiscal year 2015-16 was \$445,950.

	<u>June 30, 2016</u>
Annual required contribution (ARC)	\$ 1,305,000
Interest on Net OPEB Obligation	276,000
Net OPEB Obligation Amortization	<u>(318,000)</u>
Annual OPEB Cost	\$ 1,263,000
Contributions made	
Pay-as-you-go cost	(313,050)
Implied Subsidy	(76,000)
CERBT Funding	<u>(445,950)</u>
Increase in net OPEB obligation	\$ 428,000
Net OPEB Obligation, Beginning of Year	<u>4,866,993</u>
Net OPEB Obligation, End of Year	<u>\$ 5,294,993</u>

#### Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2014	\$ 1,448,000	53.31%	\$ 4,450,993
06/30/2015	1,198,000	65.28%	4,866,993
06/30/2016	1,263,000	66.11%	5,294,993

### **(5) Deferred Compensation Plan**

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

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

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

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

Governmental activities:

	Balance			Balance June 30, 2016	Due Within One Year
	July 1, 2015	Additions	Reductions		
Employee leave payable	\$ 756,613		\$ 84,213	\$ 672,400	\$ 73,263
OPEB Obligation	4,447,832	1,102,280	688,628	4,861,484	-
Net pension liability	10,417,558	4,751,169	1,076,094	14,092,633	-
<b>Total Governmental Activity</b>	<b>\$ 15,622,003</b>	<b>\$ 5,853,449</b>	<b>\$ 1,848,935</b>	<b>\$ 19,626,517</b>	<b>\$ 73,263</b>

Business-type activities:

	Balance			Balance June 30, 2016	Due Within One Year
	July 1, 2015	Additions	Reductions		
Loan Payable	\$ 85,275		\$ 26,996	\$ 58,279	\$ 28,346
Note Payable - WRD	188,888		188,888	-	-
Note Payable - I Bank	5,012,996		131,990	4,881,006	136,359
Employee leave payable	50,674	4,868		55,542	4,592
OPEB Obligation	419,161	160,720	146,372	433,509	-
Net pension liability	1,442,009	667,785	148,954	1,960,840	-
<b>Total Business Type Activities</b>	<b>\$ 7,199,003</b>	<b>\$ 833,373</b>	<b>\$ 643,200</b>	<b>\$ 7,389,176</b>	<b>\$ 169,297</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 \$230,921 were recognized in the current year. During the year, interest of \$4,264 and principal of \$26,996 was paid, leaving a balance of \$58,279.

Below is a schedule of the remaining debt service:

Fiscal Year Ending June 30	Fiscal Year		
	Principal	Interest	Total
2017	\$ 28,346	\$ 2,914	\$ 31,260
2018	29,933	1,497	31,430
<b>Total</b>	<b>\$ 58,279</b>	<b>\$ 4,411</b>	<b>\$ 62,690</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 final payment of \$188,888 was made during the year ended June 30, 2016.

**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 \$230,921 were recognized in the current year. During the year, interest of \$163,746 and principal of \$131,990 was paid leaving an outstanding balance of \$4,881,006.

Below is a schedule of the remaining debt service:

Fiscal Year Ending June 30	Principal	Interest	Total
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	155,329	140,020	295,349
2022 - 2026	857,255	618,158	1,475,413
2027 - 2031	1,008,839	464,065	1,472,904
2032 - 2036	1,187,227	282,725	1,469,952
2037 - 2040	1,099,238	74,250	1,173,488
	<u>\$ 4,881,006</u>	<u>\$ 2,188,294</u>	<u>\$ 7,069,300</u>

### **(7) Capital Assets and Depreciation**

The following table presents the capital assets activity for the year ended June 30, 2016.

	Beginning Balance July 1, 2015	Increases	Decreases	Ending Balance June 30, 2016
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 14,849,080	\$ -	\$ -	\$ 14,849,080
Construction in progress	1,672,127	3,763,190	1,249,299	4,186,018
Total capital asset not being depreciated	<u>16,521,207</u>	<u>3,763,190</u>	<u>1,249,299</u>	<u>19,035,098</u>
Capital assets, being depreciated:				
Land Improvements	20,083,003	-	-	20,083,003
Buildings and improvements	18,122,462	190,790	104,284	18,208,968
Fine Arts	1,040,702	-	-	1,040,702
Computer equipment	168,550	12,430	-	180,980
Vehicles	3,144,727	123,438	94,332	3,173,833
Other equipment	1,708,771	174,739	-	1,883,510
Infrastructure	103,388,595	2,768,137	-	106,156,732
Total capital asset being depreciated	<u>147,656,810</u>	<u>3,269,534</u>	<u>198,616</u>	<u>150,727,728</u>
Less accumulated depreciation for:				
Land Improvements	13,128,844	712,186	-	13,841,030
Buildings and improvements	9,453,379	866,655	104,284	10,215,750
Fine Arts	752,478	23,980	-	776,458
Computer equipment	147,159	8,513	-	155,672
Vehicles	2,708,443	166,451	94,332	2,780,562
Other equipment	1,467,232	51,519	-	1,518,751
Infrastructure	57,008,520	3,775,395	-	60,783,915
Total accumulated depreciation	<u>84,666,055</u>	<u>5,604,699</u>	<u>198,616</u>	<u>90,072,138</u>
Total capital assets, being depreciated, net	<u>62,990,755</u>	<u>(2,335,165)</u>	<u>-</u>	<u>60,655,590</u>
Governmental activities capital assets, net	<u>\$ 79,511,962</u>	<u>\$ 1,428,025</u>	<u>\$ 1,249,299</u>	<u>\$ 79,690,688</u>

	Beginning Balance July 1, 2015	Increases	Decreases	Ending Balance June 30, 2016
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,270,763	\$ -	\$ -	\$ 2,270,763
Construction in progress	532,016	1,383,986	-	1,916,002
Total capital asset not being depreciated	2,802,779	1,383,986	-	4,186,765
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	1,775,230	-	-	1,775,230
Tools	23,089	-	-	23,089
Vehicles	366,520	-	-	366,520
Computer equipment	315,893	81,539	-	397,432
Total capital asset being depreciated	41,928,312	81,539	-	42,009,851
Less accumulated depreciation for:				
Buildings and wells	3,122,838	311,773	-	3,434,611
Mains	11,885,798	354,672	-	12,240,470
Distribution equipment	5,416,147	70,057	-	5,486,204
Other equipment	1,346,783	143,929	-	1,490,712
Tools	23,089	-	-	23,089
Vehicles	366,520	-	-	366,520
Computer equipment	301,026	9,313	-	310,339
Total accumulated depreciation	22,462,201	889,744	-	23,351,945
Total capital assets, being depreciated, net	19,466,111	(808,205)	-	18,657,906
Business type activities capital assets, net	\$ 22,268,890	\$ 575,781	\$ -	\$ 22,844,671

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

Governmental Activities:	
General government	\$ 996,693
Community development	11,134
Public safety	44,720
Community services and recreation	1,091,976
Public works	3,460,176
Total depreciation expense – governmental activities	<u>\$ 5,604,699</u>
Business Type Activities:	
Water	<u>\$ 889,744</u>

**(8) Interfund Transactions**

Interfund Balances

The following summarizes interfund receivables and payables at June 30, 2016:

Due to the General Fund from:	
<u>Major Fund</u>	
Other Grants	\$ 811,815
<u>Non-major Funds</u>	
Community Development Block Grant	5,306
After School Education and Safety	132,715
Traffic Safety	6,334
Service Assessments	132
Total Non-major Funds	<u>\$ 956,302</u>

Due To/From

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

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

The following is a summary of notes receivable by fund at June 30, 2016

<u>HOME Partnership Act</u>	
Home Improvement Loan Program	\$ 97,732
<u>Paramount Housing Authority</u>	
Affordable Home Ownership Program-Clearwater Court	424,186
Microburst Loan Program	7,417
Home Improvement Loan Program	41,005
ERAF Loan from Low/Mod Housing	0
Paramount Housing Authority Total	<u>\$ 472,608</u>
TOTAL NOTES RECEIVABLE – Governmental Activities	<u>\$ 570,340</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 \$97,732 at June 30, 2016.

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, 2016. 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, 2016. 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 \$41,005 at June 30, 2016. 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 2016 the amount of \$245 was paid and \$0 amount remains outstanding as of June 30.

**(10) Fund Balance**

The City's governmental fund balances at June 30, 2016 are presented below:

	General	Other Grants	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Prepaid Items	\$ 118,669			\$ 118,669
Land Held for Resale	236,544		535,000	771,544
	<u>\$ 355,213</u>	<u>-</u>	<u>535,000</u>	<u>\$ 890,213</u>
<b>Restricted for:</b>				
Environmental Concerns		81,428	384,684	466,112
Housing Programs			774,027	774,027
Housing Programs-Notes Receivable			570,340	570,340
Special Event Services		115,146		115,146
Equipment Purchases		59,333		59,333
After School Program		17,950	56,978	74,928
Disability Access and Education			5,170	5,170
Public Access			265,554	265,554
Public Transit			376,494	376,494
Park Maintenance				
Road Maintenance			1,402,285	1,402,285
Sewer Maintenance			199,615	199,615
	<u>\$ -</u>	<u>273,857</u>	<u>4,035,147</u>	<u>\$ 4,309,004</u>
<b>Committed to:</b>				
Community Cultural Services			242,961	242,961
General Plan/Storm Drain			887,156	887,156
	<u>\$ -</u>	<u>-</u>	<u>1,130,117</u>	<u>\$ 1,130,117</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>	12,121,484			12,121,484
<b>Total fund balance</b>	<u>\$ 16,040,524</u>	<u>273,857</u>	<u>5,700,264</u>	<u>\$ 22,014,645</u>

**(11) Insurance**

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

**A. California Joint Powers Insurance Authority (CJPIA)**

The City of Paramount is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. 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 2015-16 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million excess \$2 million layer, and (b) \$3 million annual aggregate deductible in the \$5 million excess \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million excess \$5 million layer, however it is fully covered under a separate policy and therefore not retained by the Authority.

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 2015-16 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 \$55,668,042. 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 \$4,746,683. 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 2015-16.

- Claims Activity  
For the fiscal year ended 2016, there was \$0 deductible claims paid by the City.

B. Automobile Comprehensive and Collision Insurance

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

C. Health Insurance

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

**(12) 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.

**(13) 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 2016 one capital project in the amount of \$1,496,165 was transferred to the City for completion of the project and one capital project in the amount of \$1,383,986 was transferred to the Water Enterprise for completion of the project.

B. Extraordinary Item Reported in Governmental Activities

Governmental Activities	
Extraordinary gain - Transfer of Paramount Blvd. Urban Renovation project from the Successor Agency to Governmental Activities	<u>\$ 1,496,165</u>

C. Extraordinary Item Reported in Enterprise Fund

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

Water Enterprise Fund	
Extraordinary gain - Transfer of Long Beach Joint Water Well project from the Successor Agency to the Water Enterprise Fund pursuant to a California Department of Finance approved Long-Range Property Management Plan	<u>\$ 1,383,986</u>

**(14) Successor Agency Trust For Assets of Former Redevelopment Agency**

A. General Discussion

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

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

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

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

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

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

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

Cash and investments as of June 30, 2016 are classified in the accompanying fiduciary financial statements as follows:

Redevelopment Obligation Retirement Private-Purpose Trust Fund	
Cash and investments	\$ 5,809,835
Cash and investments – restricted	<u>1,593,678</u>
Total cash and investments	<u>\$ 7,403,513</u>

Cash and investments as of June 30, 2016 consist of the following:

Deposits with financial institutions	\$ 902,396
Investments	<u>6,501,117</u>
Total cash and investments	<u>\$ 7,403,513</u>

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

	Balance July 1, 2015	New Debt Incurred	Compounded Interest	Debt Retired	Balance June 30, 2016	Due Within One Year
1998 Tax Allocation Bonds	\$ 7,826,370	\$ -	\$ 424,311	\$ -	8,250,681	-
2015 Refunding Bonds	23,665,000				23,665,000	2,480,000
Unamortized premium-2015	2,795,361			345,818	2,449,543	345,818
Deferred amount of refunding-2015	829,049			102,563	726,486	102,563
2010 Tax Allocation Bonds	12,290,000				12,290,000	490,000
Unamortized discount	(104,087)			(8,614)	(95,473)	(8,614)
Deferred Pass Through	930,740				930,740	-
City Loan	198,637			12,674	185,963	-
Housing Authority Loan	49,659			3,169	46,490	-
Total Successor Agency	<u>\$ 48,480,729</u>	<u>\$ -</u>	<u>\$ 424,311</u>	<u>\$ 455,610</u>	<u>\$ 48,449,430</u>	<u>\$ 3,409,767</u>

**1. 1998 Tax Allocation Refunding Bonds**

In February 1998, the Agency issued \$3,122,050 of Tax Allocation Refunding Bonds to refund the 1993B Compound Interest Tax Allocation Bonds and provide additional funds in furtherance of the Redevelopment Plan. The 1998 Bonds have a maturity value of \$14,050,000 with all interest and principal payable at maturity. The bonds mature August 1, 2026 and are compounded annually at 5.35%. Accordingly, as of June 30, 2016, accumulated interest payable of \$424,311 was added to the outstanding debt.

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

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

**2. 2010 Tax Allocation Bonds**

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

Below is a schedule of the remaining debt service:

Fiscal Year Ending June 30	Principal	Interest	Total
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	1,065,000	489,235	1,554,235
2021	1,130,000	426,718	1,556,718
2022-2026	5,960,000	1,211,391	7,171,391
2027-2028	1,685,000	73,097	1,758,097
Total	<u>\$ 12,290,000</u>	<u>\$ 4,003,599</u>	<u>\$ 16,293,599</u>

**3. 2015 Tax Allocation Refunding Bonds**

In June 2015, the Successor Agency issued \$23,665,000 of 2015 Tax allocation Refunding Bonds to current refund the 2003 Tax Allocation Refunding Bonds. The 2015 Tax Allocation Refunding Bonds consist of \$23,665,000 of Serial Bonds with coupon rates ranging from 2% to 5%. Interest is paid semi-annually on February 1 and August 1 of each year and the annual debt service payments are kept at approximately \$3,650,000.

Below is a schedule of the remaining debt service:

Fiscal Year Ending June 30	Principal	Interest	Total
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	3,010,000	563,250	3,573,250
2022 - 2024	9,960,000	738,250	10,698,250
	<u>\$ 23,665,000</u>	<u>\$ 4,879,225</u>	<u>\$ 28,544,225</u>

**4. 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, 2016 of \$185,963 and \$46,490 in the General Fund and Paramount Housing Authority respectively is included in accounts receivable.

**5. Deferred Pass-Through-Los Angeles County**

On June 4, 1991 the Paramount Redevelopment Agency entered into a tax sharing agreement with the County of Los Angeles. As part of that agreement, the County deferred receipt of its share of the annual tax increment revenue generated by Project Area #2 until July 1, 2031. As of June 30, 2016 the balance due is \$930,740.

D. Capital Assets and Depreciation

	Balance July 1, 2015	Increases	Decreases	Transfer to City	Balance June 30, 2016
<b>Governmental Activities:</b>					
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	\$ 227,534	\$ 32,720	\$ -	\$ -	\$ 260,254
Infrastructure	1,549,915	245,455	-	-	1,795,370
Total accumulated depreciation	1,777,449	278,175	-	-	2,055,624
Total capital assets, being depreciated, net	2,858,084	(278,175)	-	-	2,579,909
Governmental activities capital assets, net	\$ 2,858,084	\$ (278,175)	\$ -	\$ -	\$ 2,579,909

E. Notes Receivable

1. Summary of Notes Receivable

The following is a summary of notes receivable for the Successor Agency at June 30, 2016:

Commercial Rehabilitation Loan Program	\$ 783
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2. 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 \$783 at June 30, 2016.

**(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 2017 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, 2016

**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**As of June 30, 2016**  
**Last Ten Fiscal Years\***

	Measurement Date 06/30/2014	Measurement Date 06/30/2015
Plan's Proportion of the Net Pension Liability/(Asset)	0.19059%	0.53239%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 11,859,567	\$ 16,053,473
Plan's Covered Payroll	\$ 6,334,225	\$ 6,029,967
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	187.23%	266.23%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	79.82%	78.40%

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

**Notes to Schedule:**

*Changes in Assumptions*

For the 2016 fiscal year the discount rate was changed from 7.50% (net of administrative expense) to 7.65% to correct for an adjustment to exclude administrative expenses.

**Schedule of the City's Pension Plan Contributions**  
**As of June 30, 2016**  
**Last Ten Fiscal Years\***

	2015	2016
Actuarially determined contribution	\$ 1,225,048	\$ 1,402,641
Contributions in relation to the actuarially determined contribution	(1,225,048)	(1,402,641)
Contribution deficiency (excess)	-	-
Covered payroll	\$ 6,029,967	\$ 6,206,549
Contributions as a percentage of covered payroll	20.316%	22.599%

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

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

Actuarial Valuation Date June 30	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a % of Payroll
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%	6,085,000	210.9%
2015	14,582,000	2,025,000	12,557,000	13.9%	5,843,000	214.9%

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

**City of Paramount**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	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	\$ -	7,123	774,027	-	819,921
Accounts receivable	76,547	31,478	-	189,750	739
Interest receivable	-	-	-	171	1,013
Notes receivable	-	97,732	472,608	-	-
Land held for resale	-	-	-	-	-
Total assets	<u>\$ 76,547</u>	<u>136,333</u>	<u>1,246,635</u>	<u>189,921</u>	<u>821,673</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 71,241	18,754	-	228	148,366
Deposit payable	-	19,847	-	-	-
Due to other funds	5,306	-	-	132,715	-
Total liabilities	<u>76,547</u>	<u>38,601</u>	<u>-</u>	<u>132,943</u>	<u>148,366</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	97,732	1,246,635	56,978	673,307
Committed	-	-	-	-	-
Total fund balances	<u>-</u>	<u>97,732</u>	<u>1,246,635</u>	<u>56,978</u>	<u>673,307</u>
Total liabilities and fund balances	<u>\$ 76,547</u>	<u>136,333</u>	<u>1,246,635</u>	<u>189,921</u>	<u>821,673</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>
-	178,980	178,746	4,839	473,774	468,155	267,570
6,334	7,717	18,921	325	24	-	-
-	223	290	6	583	577	272
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,334</u>	<u>186,920</u>	<u>197,957</u>	<u>5,170</u>	<u>474,381</u>	<u>468,732</u>	<u>267,842</u>
-	193	-	-	97,887	4,469	3,127
-	-	-	-	-	-	-
6,334	-	-	-	-	-	-
<u>6,334</u>	<u>193</u>	<u>-</u>	<u>-</u>	<u>97,887</u>	<u>4,469</u>	<u>3,127</u>
-	-	-	-	-	-	-
-	186,727	197,957	5,170	376,494	464,263	264,715
-	-	-	-	-	-	-
-	<u>186,727</u>	<u>197,957</u>	<u>5,170</u>	<u>376,494</u>	<u>464,263</u>	<u>264,715</u>
<u>6,334</u>	<u>186,920</u>	<u>197,957</u>	<u>5,170</u>	<u>474,381</u>	<u>468,732</u>	<u>267,842</u>

Continued on the following page.

**City of Paramount**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Special Revenue				
	Sewer Reconstruction Fees	Public Art Fees	Public Access Fees	General Plan/ Storm Drain Fees	Service Assessments
<b>ASSETS</b>					
Cash and investments	\$ 199,363	277,047	255,365	886,060	-
Accounts receivable	-	-	9,870	-	415
Interest receivable	252	414	319	1,114	-
Notes receivable	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	<u>\$ 199,615</u>	<u>277,461</u>	<u>265,554</u>	<u>887,174</u>	<u>415</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	34,500	-	18	283
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	132
Total liabilities	<u>-</u>	<u>34,500</u>	<u>-</u>	<u>18</u>	<u>415</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	199,615	-	265,554	-	-
Committed	-	242,961	-	887,156	-
Total fund balances	<u>199,615</u>	<u>242,961</u>	<u>265,554</u>	<u>887,156</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 199,615</u>	<u>277,461</u>	<u>265,554</u>	<u>887,174</u>	<u>415</u>

<b>Special Revenue</b>	<b>Capital Projects</b>		
	<b>Paramount Parking Authority</b>	<b>Total</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Total</b>			
4,790,970	-	-	\$ 4,790,970
342,120	-	-	342,120
5,234	-	-	5,234
570,340	-	-	570,340
-	535,000	535,000	535,000
<u>5,708,664</u>	<u>535,000</u>	<u>535,000</u>	<u>\$ 6,243,664</u>
379,066	-	-	\$ 379,066
19,847	-	-	19,847
144,487	-	-	144,487
<u>543,400</u>	<u>-</u>	<u>-</u>	<u>543,400</u>
-	535,000	535,000	535,000
4,035,147	-	-	4,035,147
1,130,117	-	-	1,130,117
<u>5,165,264</u>	<u>535,000</u>	<u>535,000</u>	<u>5,700,264</u>
<u>5,708,664</u>	<u>535,000</u>	<u>535,000</u>	<u>\$ 6,243,664</u>

**City of Paramount**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**

	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	\$ -	-	-	1,231	3,500
Intergovernmental revenues	757,970	312,558	-	1,897,500	1,193,269
Charges for services	-	-	-	2,655	-
Other revenues	-	-	3,169	1,550	-
Total revenues	<u>757,970</u>	<u>312,558</u>	<u>3,169</u>	<u>1,902,936</u>	<u>1,196,769</u>
<b>EXPENDITURES</b>					
Current:					
General government	143,899	16,929	-	-	-
Community development	47,043	256,579	-	-	-
Public safety	426,510	-	-	-	-
Community services and recreation	-	-	-	1,897,829	-
Public works	140,518	-	-	-	1,538,638
Capital outlay:					
Streets, sidewalks and signals	-	-	-	-	-
Other	-	-	-	-	-
Total expenditures	<u>757,970</u>	<u>273,508</u>	<u>-</u>	<u>1,897,829</u>	<u>1,538,638</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>39,050</u>	<u>3,169</u>	<u>5,107</u>	<u>(341,869)</u>
Net change in fund balances	-	39,050	3,169	5,107	(341,869)
Fund balances - July 1	-	58,682	1,243,466	51,871	1,015,176
Fund balances - June 30	<u>\$ -</u>	<u>97,732</u>	<u>1,246,635</u>	<u>56,978</u>	<u>673,307</u>

**Special  
Revenue**

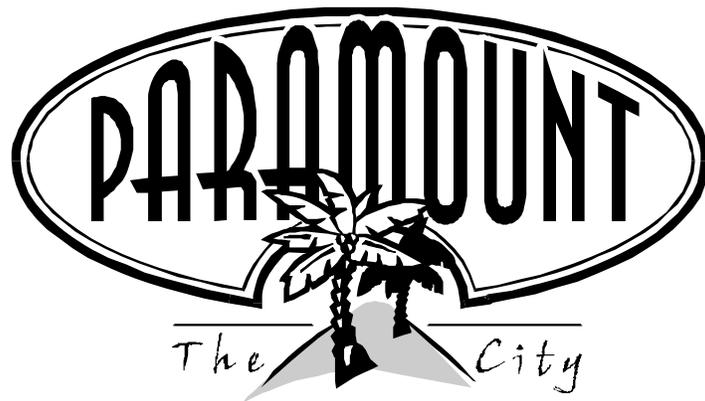
<b>Traffic Safety</b>	<b>Waste Reduction Fees</b>	<b>AB2766 Subvention</b>	<b>Disability Access and Education</b>	<b>Proposition A Transit Tax</b>	<b>Proposition C Transit Tax</b>	<b>Measure R</b>
-	657	911	17	1,671	3,022	1,063
78,261	-	70,325	-	993,685	826,647	618,550
-	72,549	-	1,550	95,923	-	-
-	-	-	-	-	-	-
<u>78,261</u>	<u>73,206</u>	<u>71,236</u>	<u>1,567</u>	<u>1,091,279</u>	<u>829,669</u>	<u>619,613</u>
-	50,144	3,450	-	86,398	54,277	50,472
-	-	47,356	-	-	-	-
78,261	-	47,356	-	91,628	-	-
-	-	-	-	768,152	-	-
-	-	-	-	69,508	89,774	16,625
-	-	-	-	-	1,171,568	463,820
-	-	-	-	-	-	-
<u>78,261</u>	<u>50,144</u>	<u>98,162</u>	<u>-</u>	<u>1,015,686</u>	<u>1,315,619</u>	<u>530,917</u>
-	23,062	(26,926)	1,567	75,593	(485,950)	88,696
-	23,062	(26,926)	1,567	75,593	(485,950)	88,696
-	163,665	224,883	3,603	300,901	950,213	176,019
-	186,727	197,957	5,170	376,494	464,263	264,715

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, 2016**

	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	\$ 769	1,265	941	3,385	-
Intergovernmental revenues	-	-	-	-	-
Charges for services	6,442	109,178	39,834	52,700	14,529
Other revenues	-	-	-	-	-
Total revenues	<u>7,211</u>	<u>110,443</u>	<u>40,775</u>	<u>56,085</u>	<u>14,529</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	4,920
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Community services and recreation	-	52,535	-	-	-
Public works	-	-	-	-	9,609
Capital outlay:					
Streets, sidewalks and signals	-	-	-	-	-
Other	-	122,450	-	-	-
Total expenditures	<u>-</u>	<u>174,985</u>	<u>-</u>	<u>-</u>	<u>14,529</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,211</u>	<u>(64,542)</u>	<u>40,775</u>	<u>56,085</u>	<u>-</u>
Net change in fund balances	7,211	(64,542)	40,775	56,085	-
Fund balances - July 1	192,404	307,503	224,779	831,071	-
Fund balances - June 30	<u>\$ 199,615</u>	<u>242,961</u>	<u>265,554</u>	<u>887,156</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>	
18,432	-	-	\$ 18,432
6,748,765	-	-	6,748,765
395,360	-	-	395,360
4,719	-	-	4,719
<u>7,167,276</u>	<u>-</u>	<u>-</u>	<u>7,167,276</u>
410,489	-	-	410,489
350,978	-	-	350,978
643,755	-	-	643,755
2,718,516	-	-	2,718,516
1,864,672	-	-	1,864,672
1,635,388	-	-	1,635,388
122,450	-	-	122,450
<u>7,746,248</u>	<u>-</u>	<u>-</u>	<u>7,746,248</u>
(578,972)	-	-	(578,972)
(578,972)	-	-	(578,972)
<u>5,744,236</u>	<u>535,000</u>	<u>535,000</u>	<u>6,279,236</u>
<u>5,165,264</u>	<u>535,000</u>	<u>535,000</u>	<u>\$ 5,700,264</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, 2016**

	<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	\$ 890,350	1,060,450	757,970	(302,480)
<b>EXPENDITURES</b>				
Current:				
General government	137,100	137,100	143,899	(6,799)
Community development	125,000	253,800	47,043	206,757
Public safety	486,950	463,700	426,510	37,190
Public works	141,300	140,850	140,518	332
Capital outlay:				
Parks	-	65,000	-	65,000
Total expenditures	<u>890,350</u>	<u>1,060,450</u>	<u>757,970</u>	<u>302,480</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 584,800	286,300	312,558	26,258
EXPENDITURES				
Current:				
General government	22,300	22,300	16,929	5,371
Community development	562,500	264,000	256,579	7,421
Total expenditures	584,800	286,300	273,508	12,792
Excess (deficiency) of revenues over (under) expenditures	-	-	39,050	39,050
Net change in fund balance	-	-	39,050	39,050
Fund balance - July 1	58,700	58,700	58,682	(18)
Fund balance - June 30	\$ 58,700	58,700	97,732	39,032

**City of Paramount**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Paramount Housing Authority**  
**For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other revenues	\$ 3,150	3,150	3,169	19
EXPENDITURES				
Current:				
Community development	400,000	-	-	-
Total expenditures	400,000	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(396,850)	3,150	3,169	19
Net change in fund balance	(396,850)	3,150	3,169	19
Fund balance - July 1	1,243,500	1,243,500	1,243,466	(34)
Fund balance - June 30	<u>\$ 846,650</u>	<u>1,246,650</u>	<u>1,246,635</u>	<u>(15)</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest and use of property	\$ 450	900	1,231	331
Intergovernmental revenues	1,897,500	1,897,500	1,897,500	-
Charges for services	13,000	2,600	2,655	55
Other revenues	1,500	1,000	1,550	550
Total revenues	1,912,450	1,902,000	1,902,936	936
<b>EXPENDITURES</b>				
Current:				
Community services and recreation	1,897,500	1,902,500	1,897,829	4,671
Excess (deficiency) of revenues over (under) expenditures	14,950	(500)	5,107	5,607
Net change in fund balance	14,950	(500)	5,107	5,607
Fund balance - July 1	51,900	51,900	51,871	(29)
Fund balance - June 30	\$ 66,850	51,400	56,978	5,578

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**State Gas Tax**  
**For the Year Ended June 30, 2016**

	<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	\$ 1,300	1,300	3,500	2,200
Intergovernmental revenues	1,232,500	1,233,250	1,193,269	(39,981)
Total revenues	<u>1,233,800</u>	<u>1,234,550</u>	<u>1,196,769</u>	<u>(37,781)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	<u>1,517,650</u>	<u>1,572,250</u>	<u>1,538,638</u>	<u>33,612</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(283,850)</u>	<u>(337,700)</u>	<u>(341,869)</u>	<u>(4,169)</u>
Net change in fund balance	(283,850)	(337,700)	(341,869)	(4,169)
Fund balance - July 1	1,015,200	1,015,200	1,015,176	(24)
Fund balance - June 30	<u>\$ 731,350</u>	<u>677,500</u>	<u>673,307</u>	<u>(4,193)</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Traffic Safety**  
**For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ 105,000	105,000	78,261	(26,739)
EXPENDITURES				
Current:				
Public safety	105,000	105,000	78,261	26,739
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - July 1	-	-	-	-
Fund balance - June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Waste Reduction Fees**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest and use of property	\$ 300	300	657	357
Charges for services	68,000	68,000	72,549	4,549
Total revenues	68,300	68,300	73,206	4,906
<b>EXPENDITURES</b>				
Current:				
General government	53,550	49,450	50,144	(694)
Excess (deficiency) of revenues over (under) expenditures	14,750	18,850	23,062	4,212
Net change in fund balance	14,750	18,850	23,062	4,212
Fund balance - July 1	163,700	163,700	163,665	(35)
Fund balance - June 30	\$ 178,450	182,550	186,727	4,177

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**AB2766 Subvention Funds**  
**For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ 250	250	911	661
Intergovernmental revenues	66,000	66,000	70,325	4,325
Total revenues	<u>66,250</u>	<u>66,250</u>	<u>71,236</u>	<u>4,986</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,300	4,300	3,450	850
Community development	48,000	48,000	47,356	644
Public safety	48,000	48,000	47,356	644
Total expenditures	<u>100,300</u>	<u>100,300</u>	<u>98,162</u>	<u>2,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34,050)</u>	<u>(34,050)</u>	<u>(26,926)</u>	<u>7,124</u>
Net change in fund balance	(34,050)	(34,050)	(26,926)	7,124
Fund balance - July 1	224,900	224,900	224,883	(17)
Fund balance - June 30	<u>\$ 190,850</u>	<u>190,850</u>	<u>197,957</u>	<u>7,107</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Disability Access and Education**  
**For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ 50	50	17	(33)
Charges for services	1,500	1,500	1,550	50
Total revenues	<u>3,050</u>	<u>1,550</u>	<u>1,567</u>	<u>17</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,050</u>	<u>1,550</u>	<u>1,567</u>	<u>17</u>
Net change in fund balance	3,050	1,550	1,567	17
Fund balance - July 1	3,650	3,650	3,603	(47)
Fund balance - June 30	<u>\$ 6,700</u>	<u>5,200</u>	<u>5,170</u>	<u>(30)</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest and use of property	\$ 600	600	1,671	1,071
Intergovernmental revenues	994,100	994,100	993,685	(415)
Charges for services	105,000	105,000	95,923	(9,077)
Total revenues	1,099,700	1,099,700	1,091,279	(8,421)
<b>EXPENDITURES</b>				
Current:				
General government	82,200	82,200	86,398	(4,198)
Public safety	95,450	95,450	91,628	3,822
Community services and recreation	773,300	766,850	768,152	(1,302)
Public works	64,200	68,750	69,508	(758)
Total expenditures	1,015,150	1,013,250	1,015,686	(2,436)
Excess (deficiency) of revenues over (under) expenditures	84,550	86,450	75,593	(10,857)
Net change in fund balance	84,550	86,450	75,593	(10,857)
Fund balance - July 1	300,950	300,950	300,901	(49)
Fund balance - June 30	\$ 385,500	387,400	376,494	(10,906)

**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, 2016**

	<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	\$ 1,800	1,800	3,022	1,222
Intergovernmental revenues	824,550	824,550	826,647	2,097
Total revenues	<u>826,350</u>	<u>826,350</u>	<u>829,669</u>	<u>3,319</u>
<b>EXPENDITURES</b>				
Current:				
General government	55,100	53,800	54,277	(477)
Community development	6,500	-	-	-
Public works	95,300	95,300	89,774	5,526
Capital outlay:				
Streets, sidewalks and signals	1,463,750	1,609,000	1,171,568	437,432
Total expenditures	<u>1,620,650</u>	<u>1,758,100</u>	<u>1,315,619</u>	<u>442,481</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(794,300)</u>	<u>(931,750)</u>	<u>(485,950)</u>	<u>445,800</u>
Net change in fund balance	(794,300)	(931,750)	(485,950)	445,800
Fund balance - July 1	950,250	950,250	950,213	(37)
Fund balance - June 30	<u>\$ 155,950</u>	<u>18,500</u>	<u>464,263</u>	<u>445,763</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, 2016**

	<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	500	1,063	563
Intergovernmental revenues	618,400	618,400	618,550	150
Total revenues	<u>618,900</u>	<u>618,900</u>	<u>619,613</u>	<u>713</u>
<b>EXPENDITURES</b>				
Current:				
General government	53,950	52,500	50,472	2,028
Public works	17,800	17,800	16,625	1,175
Capital outlay:				
Streets, sidewalks and signals	505,000	535,000	463,820	71,180
Total expenditures	<u>576,750</u>	<u>605,300</u>	<u>530,917</u>	<u>74,383</u>
Excess (deficiency) of revenues over (under) expenditures	<u>42,150</u>	<u>13,600</u>	<u>88,696</u>	<u>75,096</u>
Net change in fund balance	42,150	13,600	88,696	75,096
Fund balance - July 1	176,050	176,050	176,019	(31)
Fund balance - June 30	<u>\$ 218,200</u>	<u>189,650</u>	<u>264,715</u>	<u>75,065</u>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ 450	450	769	319
Charges for services	1,500	1,500	6,442	4,942
Total revenues	<u>1,950</u>	<u>1,950</u>	<u>7,211</u>	<u>5,261</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,950</u>	<u>1,950</u>	<u>7,211</u>	<u>5,261</u>
Net change in fund balance	1,950	1,950	7,211	5,261
Fund balance - July 1	192,450	192,450	192,404	(46)
Fund balance - June 30	<u>\$ 194,400</u>	<u>194,400</u>	<u>199,615</u>	<u>5,215</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, 2016**

	<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	500	1,265	765
Charges for services	40,000	35,000	109,178	74,178
Total revenues	<u>40,500</u>	<u>35,500</u>	<u>110,443</u>	<u>74,943</u>
<b>EXPENDITURES</b>				
Current:				
Community services and recreation	56,000	52,550	52,535	15
Capital outlay:				
Other	6,000	77,250	122,450	(45,200)
Total expenditures	<u>62,000</u>	<u>129,800</u>	<u>174,985</u>	<u>(45,185)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,500)</u>	<u>(94,300)</u>	<u>(64,542)</u>	<u>29,758</u>
Net change in fund balance	(21,500)	(94,300)	(64,542)	29,758
Fund balance - July 1	307,550	307,550	307,503	(47)
Fund balance - June 30	<u>\$ 286,050</u>	<u>213,250</u>	<u>242,961</u>	<u>29,711</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Public Access Fees**  
**For the Year Ended June 30, 2016**

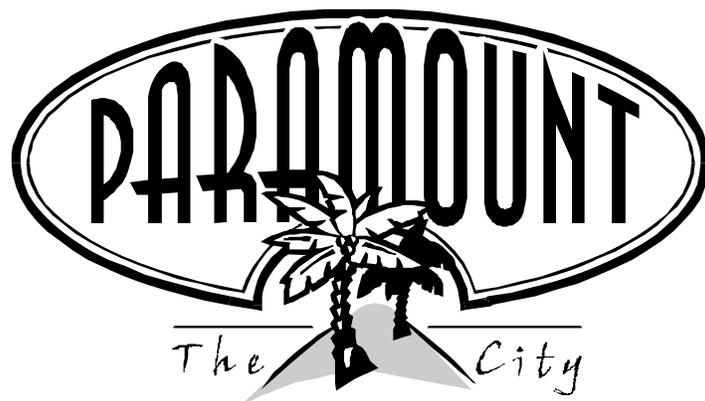
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ 350	350	941	591
Charges for services	35,000	50,000	39,834	(10,166)
Total revenues	<u>35,350</u>	<u>50,350</u>	<u>40,775</u>	<u>(9,575)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,350</u>	<u>50,350</u>	<u>40,775</u>	<u>(9,575)</u>
Net change in fund balance	35,350	50,350	40,775	(9,575)
Fund balance - July 1	224,800	224,800	224,779	(21)
Fund balance - June 30	<u>\$ 260,150</u>	<u>275,150</u>	<u>265,554</u>	<u>(9,596)</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ 1,750	1,750	3,385	1,635
Charges for services	30,000	30,000	52,700	22,700
Total revenues	<u>31,750</u>	<u>31,750</u>	<u>56,085</u>	<u>24,335</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,750</u>	<u>31,750</u>	<u>56,085</u>	<u>24,335</u>
Net change in fund balance	31,750	31,750	56,085	24,335
Fund balance - July 1	831,100	831,100	831,071	(29)
Fund balance - June 30	<u>\$ 862,850</u>	<u>862,850</u>	<u>887,156</u>	<u>24,306</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Service Assessments**  
**For the Year Ended June 30, 2016**

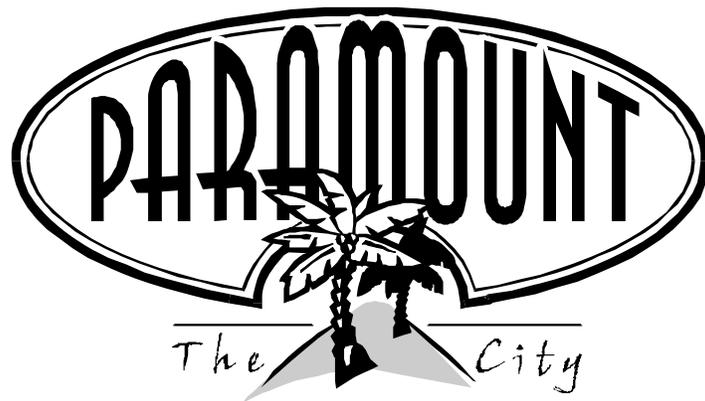
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 14,150	14,150	14,529	379
EXPENDITURES				
Current:				
General government	3,700	3,700	4,920	(1,220)
Public works	10,450	10,450	9,609	841
Total expenditures	<u>14,150</u>	<u>14,150</u>	<u>14,529</u>	<u>(379)</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.

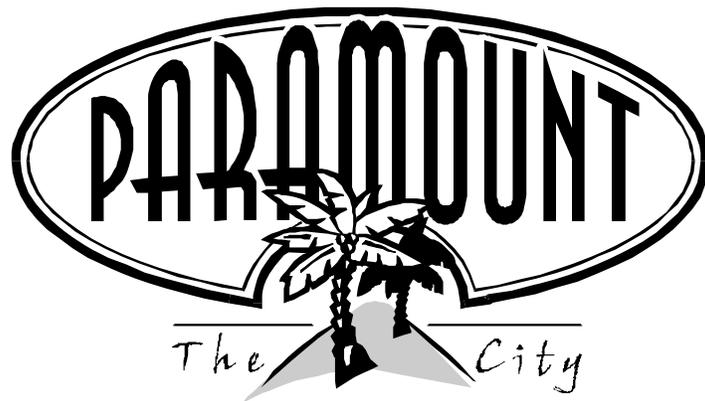
**City of Paramount**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2016**

	<b>City Agency Fund Balance July 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>City Agency Fund Balance June 30, 2016</b>
<b>ASSETS</b>				
Cash and investments	\$ 108,292	100,029	105,602	102,719
<b>LIABILITIES</b>				
Deposits payable	\$ 108,292	205,630	211,203	102,719

## 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015*	2016
Governmental activities:										
Net Investment in capital assets	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	79,690,688
Restricted	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	4,309,004
Unrestricted	<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>	<u>8,844</u>
Total governmental activities net position	<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>	<u>84,008,536</u>
Business-type activities:										
Invested in capital assets, net of related debt	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	17,905,387
Unrestricted	<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>	<u>709,203</u>
Total business-type activities net position	<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>	<u>18,614,590</u>
Primary government:										
Net investment in capital assets	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	97,596,075
Restricted	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	4,309,004
Unrestricted	<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>	<u>718,047</u>
Total primary government net position	<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>	<u>102,623,126</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental activities:										
General government	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	6,846,940
Community development	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	5,007,589
Public safety	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	11,218,541
Community services and recreation	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	5,830,850
Public works	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	10,571,784
Community redevelopment	1,394,511	1,555,768	1,946,270	6,196,770	8,645,684	1,141,067	-	-	-	-
Interest on long-term debt	2,701,373	2,628,676	2,545,180	2,451,888	3,039,106	1,783,849	-	-	-	-
Total governmental activities expenses	<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>	<u>39,475,704</u>
Business-type activities:										
Water	6,830,701	6,624,587	6,652,637	7,180,097	7,237,610	7,817,399	8,407,375	7,481,502	7,392,150	7,685,532
Total business-type activities expenses	<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>	<u>7,685,532</u>
Total primary government expenses	<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>	<u>47,161,236</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	95,983	89,985	101,626	111,866	151,009	238,127	247,460	168,882	291,859	199,877
Community development	582,851	755,958	905,248	282,665	325,171	266,767	294,847	404,963	347,387	508,124
Public safety	88,184	89,746	107,211	92,904	99,339	85,670	113,786	134,285	125,707	119,425
Community services and recreation	212,021	282,115	306,538	282,769	289,723	376,772	277,548	266,170	257,191	264,633
Public works	681,316	753,732	643,687	575,668	621,214	564,201	575,323	595,654	528,391	759,040
Operating grants and contributions	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	7,541,476
Capital grants and contributions	2,077,009	3,757,038	5,564,936	4,228,554	1,543,737	1,713,695	5,814,106	2,508,509	1,564,891	2,419,414
Total governmental activities										
program revenues	<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>	<u>11,811,989</u>
Business-type activities:										
Charges for services:										
Water	5,874,275	6,229,434	6,636,348	6,915,720	6,927,216	7,370,900	7,839,725	7,815,043	7,040,916	6,972,036
Total business-type activities										
program revenues	<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>	<u>6,972,036</u>
Total primary government										
program revenues	<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>	<u>18,784,025</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net revenues (expenses):										
Governmental activities	(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)	(27,663,715)
Business-type activities	(956,426)	(395,153)	(16,289)	(264,377)	(310,394)	(446,499)	(567,650)	333,541	(351,234)	(713,496)
Total net revenues (expenses)	<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>	<u>(28,377,211)</u>
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Sales tax	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	6,129,480
In-Lieu Sales Tax	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	1,293,617
Utility Users tax	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	3,981,658
Franchise Tax	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	1,635,366
Property Tax	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	2,052,016
Business License	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	977,307
Investment earnings	1,161,324	1,051,723	656,750	328,071	224,101	165,976	43,815	37,375	40,885	64,064
Motor Vehicle license fees, unrestricted	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	5,468,904
Other revenues	572,525	191,908	294,256	368,195	365,529	459,967	1,188,517	264,751	518,840	386,535
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>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>	<u>21,988,947</u>
Business-type activities:										
Investment income	152,590	143,845	57,706	15,876	12,322	6,188	4,342	4,461	9,144	13,483
Other revenues	134,184	363,583	101,774	375,077	61,246	51,576	83,937	88,688	117,285	54,673
Extraordinary item-Redevelopment Agency	-	-	-	-	-	-	-	-	528,516	1,383,986
Transfers	-	-	-	-	175,151	-	-	-	-	-
Total business-type activities	<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>	<u>1,452,142</u>
Total primary government	<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>	<u>23,441,089</u>
Changes in net position										
Governmental activities	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)	(5,674,768)
Business-type activities	(669,652)	112,275	143,191	126,576	(61,675)	(388,735)	(479,371)	426,690	303,711	738,646
Total primary government	<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>	<u>(4,936,122)</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund:										
Reserved	1,668,615	1,691,404	1,662,949	1,653,977	-	-	-	-	-	-
Unreserved	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	355,213
Assigned	-	-	-	-	3,053,827	3,053,827	3,053,827	3,213,827	3,563,827	3,563,827
Unassigned	-	-	-	-	11,120,183	11,335,035	11,464,951	11,618,168	11,809,618	12,121,484
Total general fund	<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>	<u>16,040,524</u>
All other governmental funds:										
Reserved	9,398,406	14,565,988	19,876,202	21,536,092	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	5,360,166	4,809,227	5,006,526	4,841,547	-	-	-	-	-	-
Capital projects funds	9,556,950	7,742,835	7,049,992	17,691,872	-	-	-	-	-	-
Nonspendable	-	-	-	-	2,339,413	806,732	535,000	535,000	535,000	535,000
Restricted	-	-	-	-	14,976,708	5,192,466	4,147,477	4,764,186	4,974,082	4,309,004
Committed	-	-	-	-	1,257,482	928,290	973,966	1,073,853	1,138,574	1,130,117
Assigned	-	-	-	-	13,076,247	-	-	-	-	-
Unassigned	-	-	-	-	(1,500,983)	-	-	-	-	-
Total all other governmental funds	<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>	<u>5,974,121</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Taxes	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	16,069,444
Licenses and permits	663,601	761,667	679,181	596,140	624,664	620,042	606,991	658,584	640,375	788,472
Fines & Penalties	561,921	592,659	690,102	677,284	556,008	697,242	686,297	702,539	680,755	727,000
Interest & use of property	1,795,099	1,606,507	939,237	504,937	435,759	337,192	185,157	97,981	149,617	152,768
Intergovernmental revenues	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	13,628,376
Charges for services	997,261	1,211,464	1,384,539	749,192	817,150	780,270	786,309	867,591	820,285	985,224
Other	<u>2,884,311</u>	<u>2,101,820</u>	<u>2,166,334</u>	<u>2,227,108</u>	<u>2,754,980</u>	<u>2,315,994</u>	<u>2,471,296</u>	<u>1,328,269</u>	<u>2,898,830</u>	<u>1,461,768</u>
Total revenues	<u>45,631,792</u>	<u>47,953,121</u>	<u>49,733,864</u>	<u>47,569,500</u>	<u>45,063,678</u>	<u>37,787,256</u>	<u>37,401,507</u>	<u>30,965,782</u>	<u>32,865,646</u>	<u>33,813,052</u>
<b>Expenditures</b>										
<b>Current:</b>										
General government	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	5,533,812
Community development	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	4,908,494
Public safety	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	11,080,181
Community services & recreation	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	4,861,967
Public works	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	6,173,761
Pass through and other fees	734,745	1,200,682	1,362,002	1,639,522	1,178,733	619,608	-	-	-	-
Community redevelopment	1,649,375	2,548,013	2,952,287	7,181,530	10,179,894	2,142,400	-	-	-	-
<b>Debt service:</b>										
Principal retirement	2,215,000	2,260,000	2,335,000	2,450,000	2,560,000	2,628,019	-	-	-	-
Interest and fiscal charges	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	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	3,758,222
Parks	438,260	1,214,579	3,829,126	334,774	235,637	284,389	4,695,650	468,524	788,748	566,101
Other	<u>1,689,295</u>	<u>1,796,415</u>	<u>309,463</u>	<u>1,157,623</u>	<u>2,974,885</u>	<u>1,145,428</u>	<u>1,189,175</u>	<u>156,017</u>	<u>320,176</u>	<u>542,950</u>
Total expenditures	<u>42,708,073</u>	<u>46,043,613</u>	<u>46,407,228</u>	<u>49,268,449</u>	<u>52,651,492</u>	<u>39,563,203</u>	<u>39,427,974</u>	<u>29,769,116</u>	<u>31,954,468</u>	<u>37,425,488</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,923,719</u>	<u>1,909,508</u>	<u>3,326,636</u>	<u>(1,698,949)</u>	<u>(7,587,814)</u>	<u>(1,775,947)</u>	<u>(2,026,467)</u>	<u>1,196,666</u>	<u>911,178</u>	<u>(3,612,436)</u>
<b>Other financing sources (uses):</b>										
Transfers in	5,188,312	5,944,602	6,535,576	17,299,664	12,544,932	4,071,946	-	-	-	-
Transfers out	(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	<u>121,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>125,242</u>	<u>(121,788)</u>	<u>1,403,028</u>	<u>12,143,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170,000)</u>	<u>-</u>	<u>-</u>
<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	-	-
Total extraordinary and special items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,126,512)</u>	<u>(5,201,400)</u>	<u>3,453,544</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>3,048,961</u>	<u>1,787,720</u>	<u>4,729,664</u>	<u>10,444,158</u>	<u>(7,587,814)</u>	<u>(22,902,459)</u>	<u>(7,227,867)</u>	<u>4,480,210</u>	<u>911,178</u>	<u>(3,612,436)</u>
<b>Debt service as a percentage of noncapital expenditures</b>										
	13.0%	12.1%	11.9%	11.1%	10.8%	12.0%	0.0%	0.0%	0.0%	0.0%

Source:  
City of Paramount audited financial statements

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

	Calendar Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Apparel Stores	17,616	18,353	9,639	9,897	12,742	19,369	21,505	23,100	22,999	22,718
Food Stores	23,120	22,196	21,501	19,460	22,530	23,844	25,460	25,097	24,989	25,551
Eating and Drinking Places	36,401	38,382	38,745	36,145	37,361	41,717	45,700	47,485	51,696	57,716
Building Materials	117,254	84,260	64,682	54,036	55,789	59,313	60,174	63,384	64,578	85,481
Auto Dealers and Supplies	24,210	25,919	20,218	16,730	13,851	13,840	14,271	14,941	13,531	15,294
Service Stations	77,955	93,018	107,514	77,646	89,818	107,582	107,611	100,545	98,520	81,019
Other Retail Stores	125,505	116,573	116,787	105,034	107,307	102,001	101,673	101,401	101,268	101,743
All Other Outlets	353,794	360,778	361,386	276,413	291,824	374,435	389,616	387,318	391,536	331,778
<b>Total</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>	<b>721,300</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		
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%
2015	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

2016		2007	
76	Service Stations	A Quality Auto Sales	Used Automotive Dealers
Arco AM PM	Service Stations	Arco AM PM	Service Stations
Arco AM PM	Service Stations	Arco AM PM	Service Stations
Arco AM PM	Service Stations	Arco AM PM	Service Stations
Chemco	Drugs/Chemicals	Ardyssa California	Family Apparel
Chevron	Service Stations	Caltrol	Light Industrial/Printers
Cort Furniture Rental	Home Furnishings	Chemco	Drugs/Chemicals
Drees Wood Products	Contractors	Chevron	Service Stations
Falcon Fuels	Petroleum Product/Equipment	Cool Fuel	Petroleum Product/Equipment
GCR Tire Center	Automotive Supply Stores	Cort Furniture Rental	Home Furnishings
Hardy Roofing Materials	Contractors	Drees Wood Products	Contractors
HD Supply	Contractors	Falcon Fuels	Petroleum Product/Equipment
Home Depot	Lumber/Building Materials	Firestone Tires	Automotive Supply Stores
Hub Construction Specialties	Contractors	Hardy Roofing Materials	Contractors
Jankovich	Petroleum Product/Equipment	HD Supply	Lumber/Building Materials
Kalmar USA	Heavy Industrial	Home Depot	Lumber/Building Materials
McDonalds	Quick-Service Restaurants	Jankovich	Petroleum Product/Equipment
Northgate Market	Grocery Stores Liquor	Lindsay Lumber	Lumber/Building Materials
Petro Bras	Service Stations	Mid Cities Motorsport	Boats/Motorcycles
Ross	Family Apparel	Northgate Gonzalez Market	Grocery Stores Liquor
Sams Roofing Material	Lumber/Building Materials	Paramount Petroleum	Petroleum Product/Equipment
Stater Bros	Grocery Stores Liquor	Petroleum Mgmt	Petroleum Product/Equipment
TJ Maxx	Family Apparel	Rapid Gas	Service Stations
United Oil	Service Stations	Walmart	Discount Department Stores
Walmart	Discount Department Stores	White Cap Industries	Plumbing/Electrical Supplies

Percent of Fiscal Year Total

58.77%

63.33%

Period: April 2015 through March 2016

April 2006 through March 2007

**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			
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	0.68%	93.74
2016	-	-	-	-	4,939,285	4,939,285	4,939,285		

Notes:

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

Blank areas denote information that is unavailable.

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

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

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

Fiscal Year Ended June 30	<u>Outstanding General Bonded Debt</u>		Percent of Assessed Value	Per Capita
	Tax Allocation Bonds	Total		
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%	-
2016	-	-	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, 2016

City Assessed Valuation		\$ 2,139,267,521	
Redevelopment Agency Incremental Valuation		<u>1,302,406,431</u>	
Total Assessed Valuation		<u>\$ 3,441,673,952</u>	
	Percentage Applicable (2)	Outstanding Debt 6/30/16	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Metropolitan Water District (1)	0.208%	44,916,916	93,419
Cerritos Community College District Debt Service	0.006%	274,447,224	16,193
Compton Community College District Debt Service	18.899%	75,260,027	14,223,174
Compton Unified School District Debt Service	0.689%	44,183,625	304,582
Downey Unified School District Debt Service	0.023%	108,575,256	24,556
Paramount Unified School District 2005/2006 Debt Service	64.881%	<u>113,267,807</u>	<u>73,489,741</u>
Total overlapping debt repaid with property taxes		<u>660,650,855</u>	<u>88,151,665</u>
Total overlapping debt		<u>\$ 660,650,855</u>	88,151,665
City direct debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 88,151,665</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 2015/2016 Lien Date Tax Rolls  
HdL Coren & Cone

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed valuation	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	3,441,673,952
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	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	860,418,488
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	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	129,062,773
Total net debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>129,062,773</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	
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	-	-	-	-
2016	7,026,709	6,629,599	397,110	326,996	1.21	-	-	-	-

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>
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%
2015	56,400	\$776,609	\$13,769	7.9%

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>2016</b>		<b>2007</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	2,091	13.5%	1,568	13.1%
Promise Hospital	545	3.5%	361	3.0%
Weber Metals	510	3.3%	241	2.0%
Ralphs Grocery #403	408	2.6%		
Wal-Mart Store # 2110	403	2.6%	359	3.0%
City of Paramount	395	2.5%	242	2.0%
Carlton Forge Works	310	2.0%	399	3.3%
Golden State Engineering, Inc.	220	1.4%	170	1.4%
Paramount Meadows	189	1.2%		
The Home Depot #1037	188	1.2%	222	1.9%
Paramount Petroleum			262	2.2%
Royal Body Truck			286	2.4%
<b>Total</b>	<b>5,259</b>	<b>33.8%</b>	<b>4,110</b>	<b>34.3%</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

<u>Function</u>	Full-time and Part-time Employees as of June 30									
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
General Government	25.0	26.3	27.8	26.8	25.6	23.4	26.0	25.0	26.7	25.7
Community Development	11.0	11.0	11.0	11.0	11.0	9.0	8.0	8.5	8.6	8.8
Public Safety	24.6	24.7	25.6	26.4	27.2	26.2	25.8	24.9	24.1	27.7
Community Services and Recreation	64.1	98.3	99.1	93.6	79.6	85.3	85.7	81.1	81.1	84.8
Public Works	48.7	44.9	48.5	46.6	45.2	43.4	47.2	44.4	45.6	47.9
Total	<u>173.4</u>	<u>205.2</u>	<u>212.0</u>	<u>204.4</u>	<u>188.6</u>	<u>187.3</u>	<u>192.7</u>	<u>183.9</u>	<u>186.1</u>	<u>194.9</u>

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Community Development										
Permits	1,643	1,442	1,326	1,042	1,264	1,005	1,017	1,292	1,260	
Inspections	14,623	12,751	9,605	7,801	7,567	6,384	5,030	8,059	8,336	
Public Safety:										
Arrests	2,455	2,036	2,204	1,841	1,601	1,545	1,549	1,689	1,670	1,523
Parking Citations Issued	14,090	14,769	13,799	13,082	11,452	11,524	10,806	12,239	11,187	14,348
Community Services and Recreation:										
Number of Recreation Classes	25	22	20	34	31	33	41	20	24	29
Number of Facility Rentals	501	679	673	703	527	543	601	591	621	683
Public Works:										
Street Resurfacing (miles)	2.8	2.1	3.2	3.2	1.3	1.5	1.1	0.8	1.18	1.25
Water:										
Average Daily Consumption (thousands of gallons)	6,883	6,736	6,567	5,992	6,053	6,131	6,074	5,923	5,710	5,250

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Community Services and Recreation:										
Parks	9	9	9	9	9	9	10	10	10	11
Community Centers	5	5	5	5	5	5	5	5	5	5
Public Works:										
Streets (miles)	73	73	73	73	73	73	73	73	73	73
Streetlights	2,810	2,810	2,810	2,810	3,082	3,087	3,087	3,087	3,087	3,087
Traffic Signals	45	48	49	55	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	7,475	7,491	7,517	7,543	7,538	7,542	7,351	7,356	7,378
Average Daily Consumption (gallons)	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	5,249,976
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.