

All About Municipal Bonds and Accountability

What is a Municipal Bond? Municipal bonds are debt securities issued by states, cities, counties and other governmental entities to fund day-to-day obligations and to finance capital projects such as building schools, highways or sewer systems. By purchasing municipal bonds, you are in effect lending money to the bond issuer in exchange for a promise of regular interest payments, usually semi-annually, and the return of the original investment, or “principal” (debt service payments). A municipal bond’s maturity date (the date when the issuer of the bond repays the principal) may be years in the future. (Investor.gov)

What is the process for making debt service payments? Each bond issuance produces a document “Official Statement” which provides information for investors, including the terms of the bond and financial information on the issuer. They also typically contain information regarding the purpose of the bond, whether the issuer can redeem the bond prior to maturity; and when and how principal and interest on the bond will be repaid.

There is also another document “Indenture of Trust” which is a contract or legal document that records the obligations of the bond issuer and the Trustee. The document specifies the agreement to follow the pledge of revenues, receipt, deposit and application of revenues, accounts needed and investments.

The City of Beaumont is responsible for sending the collected assessments for the debt service to the Trustee. The Trustee sends the City an invoice for debt service that is due and collects the funds in time to make the debt service payments to the investors. Debt service payments are due semi-annually on September 1st and March 1st of each fiscal year.

What is Continuing Disclosure? Government issuers must provide to the market annual financial and operating information, notice of occurrence of certain material events, and notice of any failure of the issuer to provide the annual financial and operating information. A material event would include principal and interest payment delinquencies, nonpayment related defaults, unscheduled draws on debt service reserves reflecting financial difficulties, unscheduled draws on credit enhancements reflecting financial difficulties, substitution of credit or liquidity providers or their failure to perform, adverse tax opinions or events affecting the tax-exempt status of the security, modifications of rights to security holders, bonds calls, defeasances, release, substitution, or sale of property securing payment of the securities, and rating changes.

Where can I find continuing disclosure notices? <https://emma.msrb.org/>

Search by State, then type in search box “Beaumont”

How are the funds spent? When the City has an eligible expenditure (use of the bond proceeds), the City submits to the trustee with a requisition to release the funds to the City. The requisition must include the support needed to allow the release of the funds. Requisitions are available for view on the City Website public documents search. They are in the bonds folder and then requisitions folder.

<http://publicdocs.beaumontca.gov/WebLink/Browse.aspx?id=149406&dbid=0&repo=Beaumont>

Where can I see what bonds the City has outstanding? The City's Annual Comprehensive Financial Report is a great place to see all outstanding debts related to the City. You can find this in the Notes to the Basic Financial Statements Note 6, Long-Term Obligations. Below is a snapshot for both Governmental and Business type activities.

Beaumont Public Financing Authority						
1994 Revenue Bonds, Series A	2,530,000	-	(560,000)	1,970,000	600,000	1,370,000
2011 Revenue Bonds, Series A & B	11,930,000	-	(11,930,000)	-	-	-
2012 Revenue Bonds, Series A	5,600,000	-	(5,600,000)	-	-	-
2012 Revenue Bonds, Series B	2,955,000	-	(2,955,000)	-	-	-
2012 Revenue Bonds, Series C	3,345,000	-	(3,345,000)	-	-	-
2013 Revenue Bonds, Series A	6,014,700	-	(6,014,700)	-	-	-
2013 Refunding Revenue Bonds, Series B	8,680,000	-	(8,680,000)	-	-	-
2015 Refunding Revenue Bonds, Series A	10,000,000	-	(230,000)	9,770,000	235,000	9,535,000
2015 Refunding Revenue Bonds, Series B	16,810,000	-	(790,000)	16,020,000	805,000	15,215,000
2015 Refunding Revenue Bonds, Series C	4,265,000	-	(225,000)	4,040,000	235,000	3,805,000
2015 Refunding Revenue Bonds, Series D	6,320,000	-	(335,000)	5,985,000	340,000	5,645,000
2019 Refunding Revenue Bonds, Series A	5,375,000	-	(290,000)	5,085,000	330,000	4,755,000
2020 Revenue Bonds, Series A	-	17,200,000	-	17,200,000	485,000	16,715,000
2021 Revenue Bonds, Series A	-	18,675,000	-	18,675,000	-	18,675,000
Bond premium-2019 revenue bond series A	1,014,920	-	(78,071)	936,849	78,071	858,778
Total Revenue Bonds	84,839,620	35,875,000	(41,032,771)	79,681,849	3,108,071	76,573,778
Business-Type Activities:						
Wastewater Revenue Bonds	\$ 80,105,000	\$ -	\$ (1,245,000)	\$ 78,860,000	\$ 1,295,000	\$ 77,565,000
Bond Premium	8,495,497	-	(652,849)	7,842,648	652,849	7,189,799

As of June 30, 2021, debt without City or BFA/BPIA commitment is as follows:

	Balance June 30, 2021
1994 Special Tax Bonds, Series A	\$ 1,970,000
2015 Special Tax Bonds, Series A	9,770,000
2015 Special Tax Bonds, Series B	16,020,000
2015 Special Tax Bonds, Series C	4,040,000
2015 Special Tax Bonds, Series D	5,985,000
2019 Refunding Revenue Bonds, Series A	5,085,000
2020 Refunding Revenue Bond, Series A	17,200,000
2021 Refunding Revenue Bond, Series A	18,675,000
Subtotal	78,745,000
2017 Special Tax Refunding Bonds, Series A	82,601,097
2018 Special Tax Bonds, Series A	33,160,000
2018 Special Tax Bonds, 1A 7B	2,150,000
2018 Special Tax Bonds, 1A 7D	3,560,000
2018 Special Tax Bonds, 1A 8E	12,455,000
2019 Special Tax Bonds, 1A 2016-1	8,630,000
Total Limited Obligation Bond Debt	\$ 221,301,097

Management Reporting – Management reports bond activity to the Finance and Audit Committee and City Council within the quarterly Investment Reports. All debt activity is reported within the Annual Comprehensive Financial Report. See below for current Maturity Date report which can be found in the quarterly reports to the Finance and Audit Committee and City Council.

City of Beaumont Maturity Dates (all issues)

		MATURITY DATE
Beaumont CFD 93-1 1994 Financing Authority	Authority	9/1/2023
Beaumont CFD 93-1 1994 IA1	CFD	9/1/2023
Beaumont CFD 93-1 1994 IA2	CFD	9/1/2023
Beaumont CFD 93-1 1994 IA4	CFD	9/1/2023
Beaumont CFD 93-1 1994 IA5	CFD	9/1/2023
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Beaumont CFD93-1 2011A Financing Authority	Authority	9/1/2021
Beaumont CFD93-1 2011A IA17B	CFD	9/1/2021
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Beaumont CFD93-1 2012A Financing Authority	Authority	9/1/2022
Beaumont CFD93-1 2012A IA8C	CFD	9/1/2022
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Beaumont CFD93-1 2012B Financing Authority	Authority	9/1/2022
Beaumont CFD93-1 2012B IA20	CFD	9/1/2022
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Beaumont CFD93-1 2012CDEF Financing Authority	Authority	9/1/2022
Beaumont CFD93-1 2012C IA7B	CFD	9/1/2022
Beaumont CFD93-1 2012D IA7B	CFD	9/1/2022
Beaumont CFD93-1 2012E IA7C	CFD	9/1/2022
Beaumont CFD93-1 2012F IA7C	CFD	9/1/2022
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Beaumont CFD93-1 2013A Financing Authority	Authority	9/1/2023

Beaumont CFD93-1 2013A IA19C	CFD	9/1/2023
Beaumont CFD93-1 2013A Financing Authority	Authority	9/1/2023
Beaumont CFD93-1 2013A IA17A	CFD	9/1/2023
Beaumont CFD93-1 2015A Financing Authority	Authority	9/1/2045
Beaumont CFD93-1 2015A IA7A1	CFD	9/1/2045
Beaumont CFD93-1 2015B Financing Authority	Authority	9/1/2035
Beaumont CFD93-1 2015B IA19A	CFD	9/1/2035
Beaumont CFD93-1 2015C Financing Authority	Authority	9/1/2034
Beaumont CFD93-1 2015C IA18	CFD	9/1/2034
Beaumont CFD93-1 2015D Financing Authority	Authority	9/1/2034
Beaumont CFD93-1 2015D IA16	CFD	9/1/2034
Beaumont 93-1 2017A IA6A1	Authority	9/1/2035
Beaumont 93-1 2017A IA8	Authority	9/1/2032
Beaumont 93-1 2017A IA8A	Authority	9/1/2035
Beaumont 93-1 2017A IA8B	Authority	9/1/2037
Beaumont 93-1 2017A IA8C	Authority	9/1/2038

Beaumont 93-1 2017A IA8D	Authority	9/1/2039
Beaumont 93-1 2017A 1A14	Authority	9/1/2032
Beaumont 93-1 2017A IA14A	Authority	9/1/2033
Beaumont 93-1 2017A IA14B	Authority	9/1/2037
Beaumont 93-1 2017A IA19C	Authority	9/1/2036
Beaumont 93-1 2018A IA7B	Authority	9/1/2039
Beaumont 93-1 2018A IA7D	Authority	9/1/2048
Beaumont 93-1 2018A IA8C	Authority	9/1/2048
Beaumont 93-1 2018A IA8D	Authority	9/1/2048
Beaumont 93-1 2018A IA8E	Authority	9/1/2048
Beaumont 93-1 2018A IA17C	Authority	9/1/2048
Beaumont Pub Imp WW Rev Bds 2018	WasteWater	9/1/2049

Beaumont BPIA LRBS Series 2019	Authority	9/1/1932
Beaumont CFD 93-1 2019 IA3	CFD	9/1/2032
Beaumont CFD 93-1 2019 IA9	CFD	9/1/2032
Beaumont CFD 93-1 2019 IA10A	CFD	9/1/2032
Beaumont CFD 93-1 2019 IA11	CFD	9/1/2032
Beaumont CFD 93-1 2019 IA12	CFD	9/1/2032
Beaumont 2016-1 (Fariway Cyn) IA 19C 2019	Authority	9/1/2049
Beaumont CFD 2016-2 2019 (Sundance)	Authority	9/1/2049
Beaumont CFD 2016-4 2019	Authority	9/1/2049
Beaumont CFD 93-1 2020 IA8F	Authority	9/1/2050
Beaumont CFD 2019-1 2020	Authority	9/1/2050
Beaumont CFD93-1 2020 Financing Authority		9/1/2042
Beaumont CFD 93-1 2020 IA8C		9/1/2042
Beaumont CFD 93-1 2020 IA17B		9/1/2042