



City of Beaumont

Beaumont, California

Annual Comprehensive Financial Report

For the Year Ended June 30, 2021

City of Beaumont, California

**ANNUAL COMPREHENSIVE
FINANCIAL
REPORT**

For the fiscal year ended June 30, 2021

Prepared by the Finance Department

Jennifer Ustation, Finance Director
Lisa Leach, Assistant Finance Director
Jacqueline Miranda, Accounting Technician
Tara Astran, Budget Specialist
Justine Wickman, Accounting Technician

City of Beaumont
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

Table of Contents

Draft - for discussion purposes only - 12/17/21

This page intentionally left blank.

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Annual Comprehensive Financial Report
For the Year Ended June 30, 2021**

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of transmittal.....	i
Principal Officers.....	x
Organization chart.....	xi
FINANCIAL SECTION	
Independent Auditor’s Report on Financial Statements	1
Management’s Discussion and Analysis	5
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	18
Fund Financial Statements:	
<i>Governmental Fund Financial Statements:</i>	
Balance Sheet	21
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balance	24
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Government-Wide Statement of Activities	26
<i>Proprietary Fund Financial Statements:</i>	
Statement of Net Position	28
Statement of Revenues, Expenses, and Changes in Net Position	29
Statement of Cash Flows	30
<i>Fiduciary Fund Financial Statements:</i>	
Statement of Fiduciary Net Position	33
Statement of Changes in Fiduciary Net Position	34
Notes to the Basic Financial Statements	37
Required Supplementary Information (Unaudited):	
Budgetary Information	92
Budgetary Comparison Schedule – General Fund	93

CITY OF BEAUMONT

**Annual Financial Report
For the Year Ended June 30, 2021**

Table of Contents (Continued)

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Required Supplementary Information (Unaudited):	
Budgetary Comparison Schedule – Community Facilities Districts (CFD) Special Revenue Fund	94
Budgetary Comparison Schedule – Development Impact Fees (DIF) Special Revenue Fund	95
Schedule of Proportionate Share of the Net Pension Liability and related ratios	96
Schedule of Pension Plan Contributions	98
Supplementary Information:	
<i>Major Governmental Funds:</i>	
Community Facilities District (CFD) Fund	100
General Capital Project Fund	101
Beaumont Financing Authority Fund.....	102
<i>Non-Major Governmental Funds:</i>	
Combining Balance Sheet	103
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	106
Budgetary Comparison Schedules	
State Gas Tax Fund	109
Road Maintenance and Rehabilitation Act Fund	110
Measure A	111
AB 2766 Fund	112
PEG Fund.....	113
Other Federal Grants Fund	114
COPS Grand Fund.....	115
State Asset Seizure Fund.....	116
Other Special Revenue Fund	117
<i>Fiduciary Funds:</i>	
Combining Statement of Fiduciary Net Position	118
Combining Statement of Changes in Fiduciary Net Position	119

CITY OF BEAUMONT

**Annual Financial Report
For the Year Ended June 30, 2021**

Table of Contents (Continued)

	<u>Page</u>
<u>STATISTICAL SECTION (UNAUDITED)</u>	
Net Position by Component.....	120
Changes in Net Position	122
Governmental Activities Tax and Assessments Revenues by Sources.....	126
Fund Balances of Governmental Funds	127
Changes in Fund Balances of Governmental Funds	129
General Fund Tax Revenue by Source	131
Top 25 Sales Tax Producers	132
Taxable Sales by Category.....	134
Assessed Value and Estimated Actual Value of Taxable Property.....	135
Direct and Overlapping Property Tax Rate	136
Principal Property Taxpayers.....	137
Property Tax Levies and Collections	138
Ratios of Outstanding Debt by Type	139
Direct and Overlapping Governmental Activities Debt.....	140
Computation of Legal Debt Margin	142
Pledge Revenue Coverage.....	144
Demographic and Economic Statistics	145
Principal Employers	146
Full-Time Equivalent City Governmental Employees by Function	147
Operating Indicators by Function	148
Capital Assets Statistics by Function	149

Draft - for discussion purposes only - 12/17/21



January x, 2022

To the Honorable Mayor, Members of the City Council, and the Citizens of Beaumont:

It is with great pleasure that we present to you the City of Beaumont's (City's) audited Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. The financial statements within this report are presented in conformity with the generally accepted accounting principles (GAAP) and have been audited in accordance with generally accepted auditing standards (GAAS) and Government Auditing Standards (GAGAS) by an independent certified public accounting firm.

The ACFR includes the financial activity for all funds of the City, Financing Authority, Public Improvement Authority and Fiduciary Funds. The report is organized into three major sections which include the Introductory Section, the Financial Section, and the Statistical Section.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose, which include an array of administrative procedures. These controls are designed to provide reasonable, but not absolute, assurance to the safeguard City assets against loss from unauthorized use or disposition, as well as the reliability of financial records for accurate and fair presentation of financial reports. The concept of reasonable assurance recognizes that the cost of specific controls should not exceed the benefits likely to be derived from exercising the controls, and that this evaluation involves estimates and judgements by management. It is believed that the City's internal accounting controls adequately safeguard City assets and provide reasonable assurance of proper recording of financial transactions.

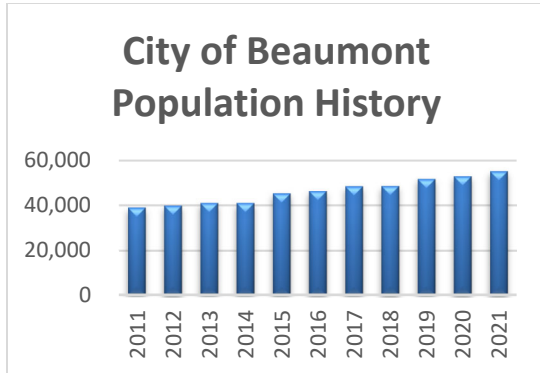
Rogers, Anderson, Malody & Scott, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Beaumont's financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Beaumont was incorporated on November 18, 1912, is located 79 miles east of Los Angeles, 111 miles northeast of San Diego and 28 miles west of Palm Springs. Beaumont's incorporated area encompasses two of the region's most important highway interchanges, IH-10 and SR-60 and IH-10 and SR-79. Beaumont (beautiful mountain), originally the community of the San Gorgonio Pass, began its roots as an ideal route for the transport of goods and services from the Missouri River to the Pacific Ocean. The Pass Area remains an important route for the transportation of goods and services from the West Coast today. Since the early 2000s Beaumont

has undergone a major building boom and for several years has remained one of the fastest growing cities in Riverside County, mainly due its housing affordability and convenient proximity to major urban centers. Beaumont’s median income is \$84,105 which is 14.8% higher than the average for Riverside County.



As presented in the ten-year population history chart, Beaumont’s population has significantly increased over the past 10 years. The 2020 US Census estimated the population to be 52,686. The California Department of Finance now estimates the 2021 population has grown to 54,937, an increase of 2,251 from 2020 (4.27% growth).

Beaumont is a “general law” city governed by a city council/city manager form of government. Within the City are multiple special districts which are separate entities with their own, duly elected governing boards. Beaumont is governed by 5-member City Council, from which the Mayor and the Mayor Pro tempore are selected annually. The City Council appoints the City Manager, who is responsible for the daily operations of all City departments, and the City Attorney. The City’s operating departments are City Council, City Clerk, Administration, Finance/Budget, Community Development, Community Services, Public Safety, Public Works, Transit, and Wastewater.

Basic local governmental services are provided including police, fire protection (through contract with Riverside County), maintenance and construction of public improvements, cultural, recreation, planning, zoning, transportation, sewer, and general administration. Financial administration of the City is the responsibility of the Finance Director, who supervises the City’s fiscal administration and includes the day-to-day accounting, budgetary and reporting compliance, revenue and cash management, and debt administration operations.

THE REPORTING ENTITY

The ACFR includes all activities carried out by the City as a legal entity, including the activities of the Beaumont Successor Agency, Beaumont Utility Authority (BUA), Beaumont Financing Authority (BFA), Beaumont Parking Authority (BPA), and the Beaumont Public Improvement Authority (BPIA). The City is financially accountable for each of these authorities as specified by the guidance of the Governmental Accounting Standards Board (GASB).

ACCOUNTING SYSTEMS AND BUDGETARY CONTROL

The City’s fund accounting records are maintained using a modified accrual basis of accounting, as explained in the Notes to the Financial Statements, and is subject to the accounting practices for governmental units as mandated by (GASB). Basic City operations are accounted for in the

City's General Fund, with other activities accounted for in separate funds as required by law or determined by management discretion.

The Government-Wide financial statements (Statement of Net Position and Statement of Activities) follow the accrual basis of accounting. As required by GASB, an accompanying summary reconciliation schedule is presented following the Governmental fund financial statements. These reconciliation schedules are presented on pages 22 and 25 in the body of the financial statements.

The Finance Director is charged with the responsibility for the receipt and disbursement of all monies and to maintain control over all expenditures to ensure that budget appropriations are not exceeded. The level of budgetary control, that is the level at which expenditures are not to exceed Council approved appropriations, is established at the fund and department level. The City Manager has authority to amend the budget within a departmental appropriation; however, changes in employee counts must be approved by the City Council. Adjustments at the object level within major categories of expenditures are permissible at the department level, however, adjustments involving transfers between major categories of expenditures, between departmental and division budgets, or between departments within the same fund, require Finance Director recommendation and City Manager approval. All appropriations lapse at year-end and become available for re-appropriation the following year through the appropriate budgetary process, upon recommendation by the City Manager for City Council consideration.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

Economic Development

The City completed a retail market analysis and identified its retail trade area. Proactive retail recruitment strategies have been implemented utilizing data from market analysis. The City also established the Beaumont Business Resource Center page on the City's website. This webpage provided businesses with information about safety measures and mandates, funding opportunities from various sources, and business counseling. Business surveys were conducted to determine business needs during the pandemic. In order to help local restaurants, weather the COVID-19 pandemic, Beaumont established policies to facilitate outdoor dining and related services. Beaumont also launched a Stay Safe Pledge to maintain public confidence in local retail establishments. A small business assistance grant program was implemented to provide financial assistance to local businesses who could demonstrate financial losses due to the COVID-19 pandemic and cumulatively awarded \$123,000 in grants relief to qualified businesses.

Community Development

Beaumont adopted the 2040 General Plan Update which was a major update to the 2007 General Plan. The update was recognized by the American Planning Association and awarded the 2021 Comprehensive Plan Small Jurisdiction Award. The City also completed a Downtown Area Plan that provides a detailed vision, guiding principles, and goals and policies for the City's historic core. It recognizes the importance of this area to the identity of the community and is the guiding document for the revitalization and redevelopment of the downtown core.

Public Safety

In Fiscal Year 2020/2021, Beaumont Police Department expanded the K9 Program to include a second canine handler and a canine. This team is a dedicated asset for the Patrol Division and should prove vital to the safety of sworn personnel and the community. This was accomplished by the Beaumont PD Administration, with support from the Beaumont City Council and City Manager. Updated BPD policy was administered, a dedicated budget was established, canine handler interviews were conducted, and canine testing was administered. Equipment, training, vehicle outfit and miscellaneous purchases have been made to accommodate the on-boarding of the second canine team. The Beaumont Police department has made a conscious effort to save costs by retrofitting an existing new model/low mileage vehicle.

Public Works

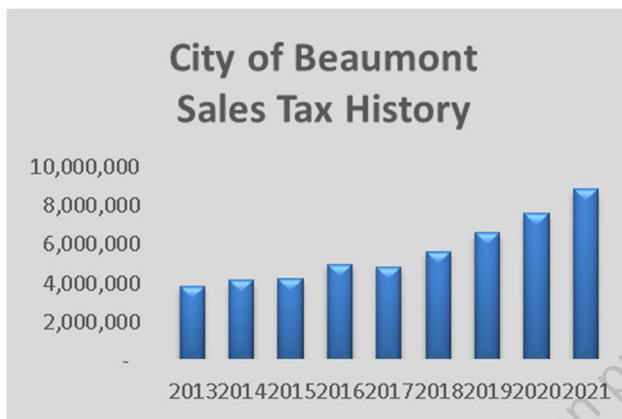
The City of Beaumont Public Improvement Program included the fiscal year 2019/2020 Street Rehabilitation Project and fiscal year 2020/2021 Mid-Year Street Maintenance Project. To date, 79 lane miles of road have been rehabilitated with more than 50 lane miles planned in the next two years. The City is currently in the final design and the draft environmental document preparation for the Pennsylvania Avenue interchange which currently hosts a westbound off-ramp and eastbound on-ramp only. Pennsylvania Avenue's two lanes of traffic intersect with the Union Pacific Railroad at an at-grade intersection south of the I-10 freeway. Two existing grade separations within the vicinity of the project at Beaumont Avenue and Highland Springs Avenue experience a high volume of traffic due to regional commuters and shoppers. In order to avoid congestion at these locations, an increasingly high volume of vehicles are using Pennsylvania Avenue. The first phase of the project will be widening Pennsylvania Avenue to four lanes between First Street and Sixth Street and will also include protected dual turns from northbound Pennsylvania Avenue to westbound Sixth Street. Construction of the widening is set to begin in early 2022 and is expected to take 6-9 months to complete.

LOCAL ECONOMY AND PROSPECTS FOR THE FUTURE

As presented in the 2040 General Plan Update, the City will support downtown revitalization as well as growth and business expansion in targeted industries that include healthcare, retail, and technology-based industries. Beaumont has continued to experience growth in its retail, commercial and industrial sectors. The City is approximately 50% built out and has significant land available to add to its numerous retail anchors that include Walmart, Home Depot, Kohls and Ross Dress for Less. The community has also experienced growth in its commercial and industrial sectors with the most recent addition being an Amazon fulfillment center. Amazon joins other major employers like Perricone Juices, Icon Health and Fitness, Wolverine, and CJ Foods. Work is underway on a new industrial building of approximately 700,000 square feet in the Hidden Canyon area in the central portion of the City. Amazon provides much of the economic base of the community through the employment of the local labor force within its 640,000 square-foot fulfillment center. Due to Beaumont's prime location, available land, and growing population base it is anticipated that it will remain attractive to future commercial and industrial prospects. Planning policies have been adopted to support balanced growth to achieve fiscal sustainability while maintaining a high quality of life. These policies are in concert with

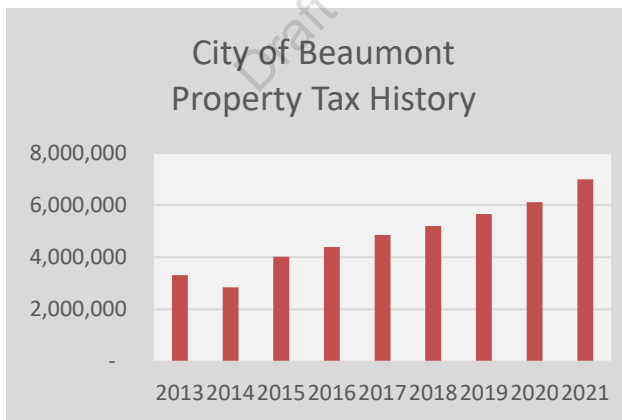
the City Council’s official goals and objectives in the areas of public safety, quality of life, economic development, sustainable community, and intergovernmental/interagency relationships.

In 2021, the median price of a home in Beaumont was \$447,000, an increase of \$67,000 or 17.63% from \$380,000 in 2020, according to the Riverside County Recorder via HDL, Coren & Cone. Prior to 2021, the peak median price of \$396,500 was reported for 2006. The 2021 median value represents a 12.7% increase from that peak. After several years of fluctuations in home values due to uncertain economic conditions, Beaumont has seen a steady increase in home prices from 2016 thru 2021. Beaumont continues to see a steady pace in new, single-family residential development which is expected to continue over the next couple of years. This growth is expected to continue attracting skilled and educated residents who are expanding the local workforce with the requisite skills to meet the City’s economic development objectives.



The Sales Tax History chart is a ten-year historical presentation of the City’s sales tax revenue through fiscal year ending June 30, 2021. In 2021, the City received \$7,552,253 in sales tax revenues, an increase of 14.53% or \$958,623 from \$6,593,630.

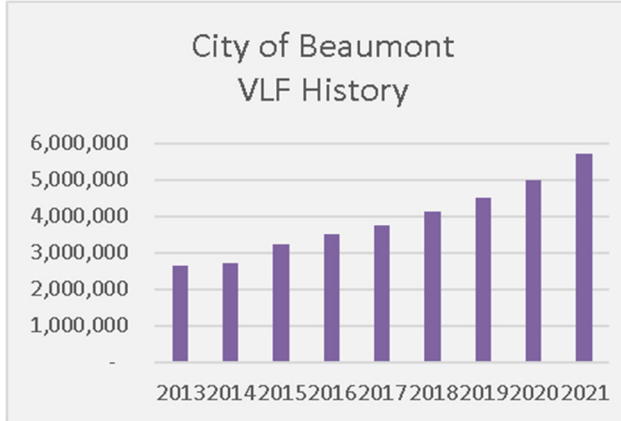
As with most California communities, a large portion of General Fund revenues are derived from sales and use tax receipts. Continued growth in the retail and commercial sectors will be critically vital to the long-term fiscal health of the community. A retail-oriented economic development program has been launched to expand local business and attract new prospects. Existing, entitled land exists for significant expansion of the retail center at Highland Springs and Second Street with other vacant sites at key locations being targeted for retail-specific economic development recruitment.



The Property Tax History chart is a ten-year historical presentation of the City’s property taxes through fiscal year ending June 30, 2021. As shown here, property tax collections decreased in 2014 due to the Great Recession but have steadily increased since 2015. On June 30, 2021, property tax revenues were reported at \$6,991,565, a net increase of \$881,941 or 14.44% from fiscal year 2020 due to increased residential, commercial and industrial new accessed value as well as increasing property values.

Overall property tax revenues are showing signs of growth as valuations increase and vacant land continues to be improved. The primary growth in assessed valuations continues to be in the

single-family residential sector which accounted for a 10% increase in property transfer tax from \$356,962 in 2020 to \$393,738 in 2021. With demand high and inventory low the value of existing homes has increased in response to market conditions



In fiscal year 2004/2005, as part of the California Governor’s Budget/Constitutional

Protection Package, a Vehicle License Fee (VLF) program was implemented. The program provides for the exchange of the current VLF backfill from the State’s general fund for an equivalent amount of property tax revenues in FY2004/2005. Any future growth in VLF revenue would be calculated in proportion to growth in gross accessed valuation. As presented in the ten-year history chart, VLF has steadily increased since fiscal year 2011/2012. In fiscal year 2020/2021, the City collected \$5,709,914 in VLF revenue, an increase of \$712,062 or 14.25% due to an increase in property values within the City.

Draft - for discussion purposes only

ACTUAL OPERATING RESULTS – GENERAL FUND

The following discussion summarizes the annual operating results of the City’s General Fund, for the fiscal year ended June 30, 2021. Further details are presented in the individual financial statements attached to this transmittal letter.

The ten-year General Fund History chart reflects the total revenues, expenditures, and net change in fund balance for the General Fund through June 30, 2021. The net change in fund balance figure in the chart includes operating revenues, operating expenditures, transfers to and from other funds, and proceeds from the sale of capital assets. The City Council committed \$2,750,000 to fund future capital improvement projects and committed \$2,500,000 to address the increasing unfunded pension liability (UAL) for miscellaneous and safety employees with CalPERS. For further detail and breakdown, please refer to the notes and statistical section of these financial statements.

ANNUAL OPERATING RESULTS – ENTERPRISE FUNDS

The City accounts for its Wastewater and Transit operations on an “enterprise” basis, meaning that the activity is treated more like a commercial business, separate and apart from the general City operations. In FY 2020/2021, Enterprise Fund operating revenues for Sewer and Transit combined, totaled \$12,092,083, an increase of \$1,388,959 or 12.98% over FY2020/2021, while operating expenses increased by \$343,198 or 2.23%, over the same period.

Wastewater Operations

For Wastewater Operations specifically, the Wastewater fund operating expenses exceeded operating revenues by \$638,594, mainly attributable to three new added positions. Last fiscal year the Wastewater fund showed an operating deficit of \$1,628,082. Note that this chart does not include any “non-operating” revenues or expenses, such as investment earnings of \$54,568, developer capital contributions of \$1,013,130, transfer in of \$4,584,157, interest expense of \$3,822,823 and transfer out of \$5,002,961. Interest expense increased \$894,728 which pertains to the debt service payment on the 2018 Wastewater Revenue Bonds issued to fund construction of a new wastewater treatment plant and a pipeline to send concentrated wastewater to the Orange County Sanitation District (OCSD). The wastewater treatment plant construction is in its final stage of construction and is expected to be completed within FY2021/2022. The OCSD pipeline has been completed and is in operation.

Transit Operations

For Transit Operations specifically, the Transit fund operating expenses exceeded operating revenues by \$3,030,110, which is not uncommon as the Transit system is heavily subsidized by the Riverside County Transportation Commission (RCTC). The transit system is subject to the provisions of the California Public Utilities Code §99268.3 and must maintain a minimum farebox recovery ratio of 10%, meaning operational revenue needs to be at least 10% of the systems expenses. Due to the COVID-19 pandemic, ridership has dramatically decreased and on June 29, 2020, the Governor of California signed Assembly Bill 90, which prohibits the

imposition of a penalty on operators that do not maintain the required ratio of fare revenues to operating costs during fiscal years 2019-20 or 2020-21. Note the chart does not include “non-operating” revenue or expenses, such as \$2,239,339 of local transportation funds, \$12,217 of intergovernmental revenue, transfer in of \$278,846, investment earnings of \$3,153 and transfer out of \$100,000.

PENSION FUNDING STATUS

The City provides its full-time and certain part-time employees retirement and disability benefits through four defined California Public Employees’ Retirement System (CalPERS) benefit pension plans: Classic Miscellaneous, Public Employees’ Pension Reform Act (PEPRA) Miscellaneous, Classic Safety and PEPRA Safety. The City makes required employer contributions to the plans based on the amounts determined by CalPERS actuaries. All City employees pay their required employee contributions based on the employees’ group/individual retirement plan formulas. In FY2020/2021, the City made \$3,228,952 in employer pension costs and contributions to PERS. The notes to the financial statements are based on the measurement date of the last actuarial which is June 30, 2020. In FY202/2021, the “City’s” share of retirement costs increased for Miscellaneous employees from 14.398% to 15.445%, for Miscellaneous PEPRA from 6.985% to 7.732%, for Safety from 21.927% to 23.674%, and for Safety PEPRA from 13.034% to 13.044%. The reason for the changes in the City’s (employer) share of retirement costs is due to changes in pool asset values and differences between the projected rate of return versus the actual returns on pooled assets. At the December 21, 2016, meeting, the CalPERS Board of Administration approved lowering the CalPERS discount rate of assumption, the long-term rate of return, from 7.5% to 7.0% over the following three years. Lowering the discount rate has resulted in plans seeing increases in both the normal costs and the unfunded actuarial liabilities. This has also impacted PEPRA plan members who have paid increased contribution rates. This assumption change has increased public agency employer contribution costs in FY2020/2021. Please see Note 10 of the notes for further information.

Debt Administration

As of June 30, 2021, the City had outstanding capital leases in the amount of \$251,240. The Successor Agency has a remaining balance of \$1,075,912 from an agreement with the State of California, Department of Finance (State) to pay an outstanding amount due from the State’s Due Diligence Review. The City’s blended component units, the Beaumont Financing Authority and the Beaumont Public Improvement Authority, have outstanding bond debt in the amount of \$84,839,620. The Wastewater fund has outstanding amount due from the 2018 Wastewater Revenue Bonds of \$80,105,000 and \$8,495,497 of Bond Premium, as well as \$183,671 in Capital Leases. Additional information regarding long-term liabilities is presented in Note 6 of the financial statements. Non-City obligations are discussed in Note 7 of the financial statements which are not legal obligation of the City and therefore not included here.

INDEPENDENT AUDIT

An independent audit of the City's records was performed for the year ended June 30, 2021, by the certified public accounting firm Rogers, Anderson, Malody & Scott, LLP. The auditor's report on the basic financial statements (government-wide financial statements and the fund financial statements), the notes to the basic financial statements and supplementary information is included in the Financial Section of the ACFR.

In general, the auditors concluded that the basic financial statements and supplementary information referred to above present fairly, in all material respects, the financial position of the City of Beaumont, Beaumont Successor Agency, Beaumont Financing Authority and the Beaumont Public Improvement Authority, as of June 30, 2021, and the results of its operations and cash flows of its proprietary fund types for the year ended in accordance with accounting principles generally accepted in the United States of America. The professionalism and knowledge by Rogers, Anderson, Malody & Scott, LLP during the audit is appreciated.

ACKNOWLEDGMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department and other City Departments that provided data for preparation of the Statistical section of the Report. We would like to express our appreciation to members of all departments who assisted and contributed to the preparation of this report.

We would like to extend our appreciation to the Mayor, City Council, and each City Department for their cooperation and support in conducting fiscal operations of the City.

Respectfully submitted,

X

Todd Parton
City Manager

X

Jennifer Ustation
Finance Director

CITY OF BEAUMONT

PRINCIPAL OFFICIALS

Elected Officials

Lloyd White
Mayor

Julio Martinez III
Mayor Pro Tem

Mike Lara
Council Member

David Fenn
Council Member

Rey SJ Santos
Council Member

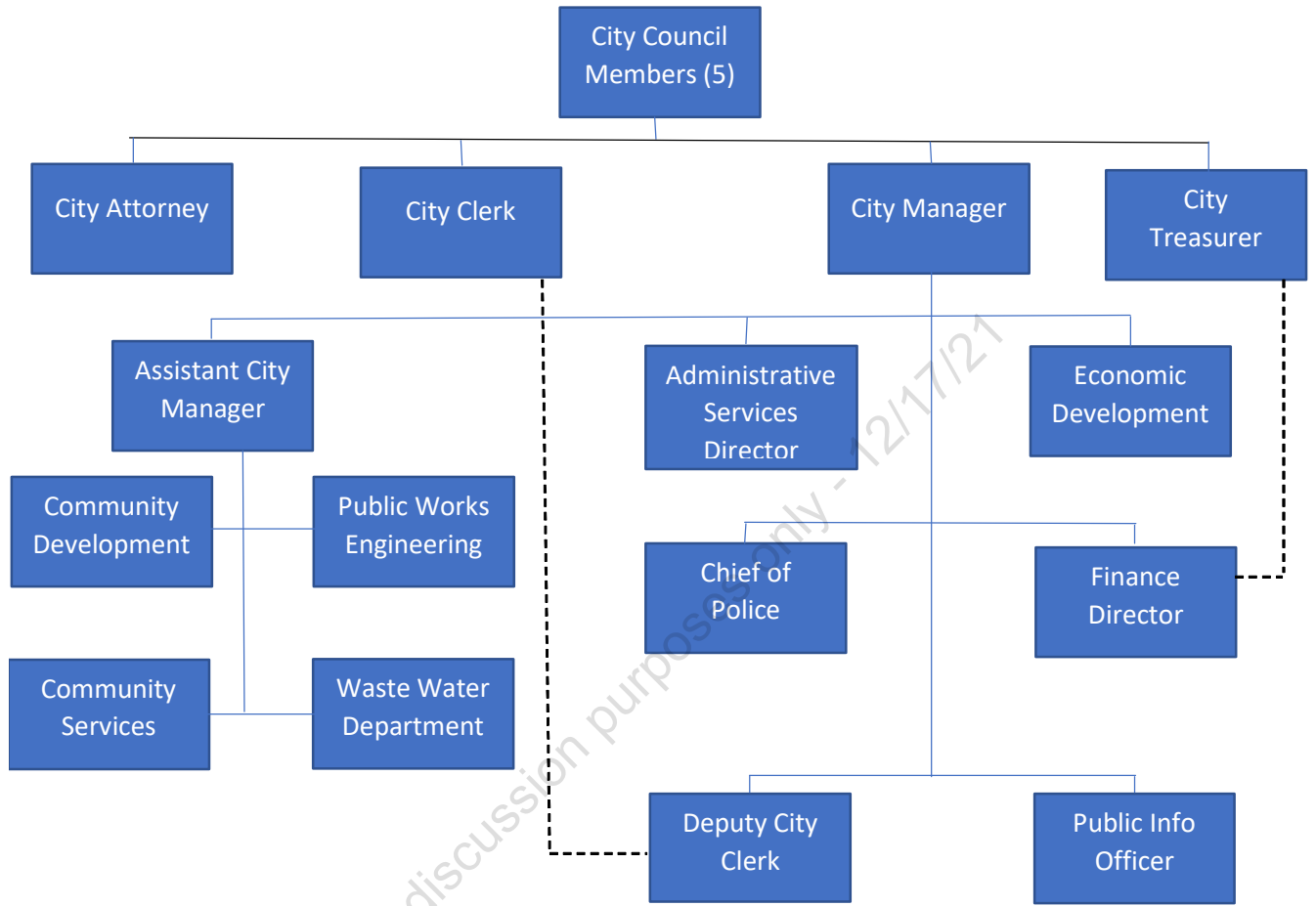
APPOINTED OFFICIALS

Todd Parton
City Manager

John Pinkney
City Attorney

Steven Mehlman	City Clerk
Nicole Wheelwright	Deputy City Clerk
Baron Ginnetti	City Treasurer
Siomara Giroux	Executive Assistant
Kristine Day	Assistant City Manager
Kari Mendoza	Administrative Services Director
Sean Thuilliez	Chief of Police
Jennifer Ustation	Finance Director

City of Beaumont Organizational Chart



Draft - for discussion purposes only - 12/17/21

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beaumont (the City), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining on a test basis, the evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Emphasis of Matter

As discussed in Note 1 of the financial statements, the City adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified in respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **January XX, 2022** on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

San Bernardino, California
January XX, 2022

Draft - for discussion purposes only - 12/17/22

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Beaumont's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- In the Government-Wide – Statement of Net Position: The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$471,871,827 (net position); of this amount \$333,429,896 is from governmental activities and \$138,441,931 is from business-type activities, with \$12,223,595 positive and \$3,069,283 positive unrestricted net position, respectively.
- In the Government-Wide – Statement of Activities: The City's net position increased 2.61% or \$12,014,952 from the \$459,856,875 at the beginning of the year, to \$471,871,827 at the end of the year. The increase is the net result of positive changes of \$15,584,588 in governmental activities and negative change of \$3,569,604 in business-type activities.
- In the Government-Wide – Statement of Activities: During the current year, Governmental activities program revenues increased by \$10,517,179 due to a steady increase in charges for services of \$218,898, in addition, to an increase of combined operating grants and contributions of \$2,489,556 and a \$7,808,725 increase in capital grant and contributions. Business-type program revenues decreased by a net \$6,201,463 due to a decrease in operating grants and contributions of \$976,793 in the transit fund and a decrease of \$5,481,803 in capital grant and contributions in all enterprise funds.
- In the Governmental Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance: During the year, the General Fund reported a negative net change in fund balance of \$670,940, due to \$3,785,403 of expenditures over revenues combined with other financing sources of \$3,114,463, with the majority being \$3,111,476 of reserve funds used for street and infrastructure capital improvement projects.
- In the Required Supplementary Information – Budgetary Comparison Schedule: For the General Fund, the actual revenues available for appropriation were more than the final budget by \$3,267,584, while actual expenditures were \$1,187,903 less than the final budget. Net actual other financing sources were \$460,463 more than the final budget, resulting in a positive \$3,995,024 net change in budgetary variance and an actual negative fund balance change of \$670,940.
- In the 2020/2021 Adopted Budget – the City Council and management annually make great efforts to adopt a balanced budget that preserves general fund - fund balance. This year City Council adopted a general fund budget which is projected to have a negative change in net position of \$563,000. Overall, the general fund maintains a solid financial position with committed funds of \$2,000,000 (emergency contingency) and assigned funds of \$1,250,000 (capital equipment replacement). In the adopted budget for fiscal year 2020/2021, committed fund balance represent 9.9% of the general fund annual budget.

USING THIS ANNUAL REPORT

The discussion and analysis is intended to serve as an introduction to the City of Beaumont's basic financial statements. The basic financial statements consist of three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes* to the financial statements.

The *government-wide statements* provide information about the activities of the City as a whole and present a longer-term view of the City's finances. These statements consist of the *statement of net position* and *statement of activities*.

The *fund financial statements*, which consist of the *governmental funds*, *proprietary funds*, and *fiduciary funds*, report the City's operations in more detail than the government-wide statements by providing information about the City's most significant (major) funds. The *governmental fund* statements also tell how City services were financed in the short term as well as what remains for future spending. The *proprietary funds* statements use the same accounting method as the business-type activities but provide more detail of the activities. The *fiduciary fund* statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

The Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of this year's activities?" The *statement of net position* and the *statement of activities* report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is like the accounting used by most private-sector companies. All the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in it. The reader can think of the City's net position - the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities - as one way to measure the City's financial health. Over time, *increases* or *decreases* in the City's net position is one indicator of whether its *financial health* is improving or deteriorating. However, to assess the *overall health* of the City the reader will need to consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's roads and other infrastructure.

The *statement of net position* and the *statement of activities* present information about the following:

- Governmental activities - All the City's basic services are governmental activities, including general government, community development, public safety and public works. General revenues, including property taxes, motor vehicle in lieu, sales taxes, and franchise fees, finance 64% of these activities.
- Business-type activities - All Proprietary Funds (enterprise funds), wastewater, wastewater capital, wastewater developer impact fees, recycling water impact fees, transit, and transit capital, which receive funding through charges for services and developer contributions.
- Component units - The City's governmental activities include the Beaumont Financing Authority (BFA) and the Beaumont Public Improvement Authority (BPIA).

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State Law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for specific purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's three kinds of funds – *governmental*, *proprietary*, and *fiduciary* - use different accounting approaches.

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted into cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the *statement of net position* and the *statement of activities*) and governmental *funds* in a reconciliation schedule accompanying the fund financial statements.

The City of Beaumont maintains forty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the general fund, Beaumont Financing Authority/Beaumont Public Improvement Authority, Community Facilities District (CFD), Development Impact Fees (DIF), Community Facilities District (CFD) Capital Projects Fund and General Capital Projects Fund, which are *major* funds. The remaining eighteen *nonmajor* funds are combined and presented in the *nonmajor* governmental funds column. Individual fund detail for the *nonmajor* funds is presented in the *combining statements* located on pages 100-102 of this report.

Proprietary funds - When the City charges customers for certain services it provides, these services are generally reported in proprietary funds. There are two types of proprietary funds: enterprise fund (*business-type activities*) and internal service funds (internal allocation of costs). Proprietary funds are reported on the full accrual basis of accounting, which is the same method that all activities are reported in the *statement of net position* and the *statement of activities*.

The City of Beaumont maintains eight enterprise funds to account for Wastewater (Four funds), Transit (Three funds) and one Internal Service Fund. The Wastewater and Transit funds are *major* funds and as such detail activity is presented in the *statement of net position*, *statement of revenues, expenses and changes in net position*, and *statement of cash flows* on pages 27-30.

Fiduciary Funds - The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, property owners, and others. The City acting as Successor Agency to the Former Beaumont Redevelopment Agency (Successor Agency) is the trustee, or fiduciary, for amounts held on behalf of bond holders, enforceable obligations, and taxing entities. The City's fiduciary activities are reported in separate *statement of fiduciary net position* and *changes in fiduciary net position*. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The statement of fiduciary net position and statement of changes in fiduciary net position can be found on page 32-33.

Notes to the financial statements – Additional information that is crucial to a full understanding of the figures provided in the government-wide and fund financial statements is provided in the notes to the financial statements. The notes to the financial statements can be found on pages 34-84 of this report.

Required supplementary information - The *budget and budgetary accounting and postemployment benefit plans* information can be found on pages **85-93** of this report.

Government-Wide Financial Analysis

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities reported in the government-wide statements.

Net Position

As shown in Table 1, the City's net position from governmental activities increased 4.9% from \$317,845,338 to \$333,429,896. The \$15,584,558 positive change in net position is the result of a negative \$21,454,592 in program operations, netted with \$37,039,150 in general revenues. In the business-type activities the decrease was 2.58% or \$3,569,606, net position changed from \$142,011,537 to \$138,441,931, the net result of a negative \$4,524,437 position change from operations and a positive \$954,831 in general revenues. These changes are recorded in the *statement of activities* (Table 2) which flows through to the *statement of net position*.

Table 1
Statement of Net Position
(Dollars in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 193,464	\$ 188,260	\$ 26,563	\$ 41,600	\$ 220,027	\$ 229,860
Capital assets	279,364	277,081	217,022	201,226	496,386	478,307
Total assets	<u>472,828</u>	<u>465,341</u>	<u>243,585</u>	<u>242,826</u>	<u>716,413</u>	<u>708,167</u>
Deferred outflows:						
Deferred outflows related to pension	5,279	5,269	720	604	5,999	5,873
Liabilities:						
Current and other liabilities	46,535	50,992	18,465	11,853	65,000	62,845
Noncurrent liabilities	99,050	101,561	87,370	89,157	186,420	190,718
Total liabilities	<u>145,585</u>	<u>152,553</u>	<u>105,835</u>	<u>101,010</u>	<u>251,420</u>	<u>253,563</u>
Deferred inflows:						
Deferred inflows related to pension	70	211	27	67	97	278
Deferred inflows related to debt	(978)	-	-	-	(978)	-
Total deferred inflows	<u>(908)</u>	<u>211</u>	<u>27</u>	<u>67</u>	<u>(881)</u>	<u>278</u>
Net position:						
Net investment in capital assets	199,530	191,990	134,777	137,744	334,307	329,734
Restricted	121,677	118,675	595	-	122,272	118,675
Unrestricted	12,223	7,181	3,071	4,609	15,294	11,790
Total net position	<u>\$ 333,430</u>	<u>\$ 317,846</u>	<u>\$ 138,443</u>	<u>\$ 142,353</u>	<u>\$ 471,873</u>	<u>\$ 460,199</u>

As shown in Table 2, the change in net position is a positive \$15,584,558 for *governmental activities* and negative \$3,569,606 for *business-type activities*, with a combined total increase in net position of \$12,014,952 for the fiscal year ending June 30, 2021.

Table 2
Statement of Activities
(Dollars in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 6,224	\$ 6,005	\$ 10,955	\$ 10,699	\$ 17,179	\$ 16,704
Operating grants	4,116	1,627	2,252	3,229	6,368	4,856
Capital grants	16,582	8,774	1,853	7,334	18,435	16,108
General Revenues:						
Property taxes	12,701	11,107	-	-	12,701	11,107
Sales taxes	8,870	7,594	-	-	8,870	7,594
Motor vehicle in lieu taxes	38	38	-	-	38	38
Utility users tax	1,887	1,650	-	-	1,887	1,650
Franchise taxes	3,184	8,075	-	-	3,184	8,075
Transient occupancy taxes	299	279	-	-	299	279
Business licenses	415	343	-	-	415	343
Other revenue	234	-	-	-	234	-
Capital contribution	4,002	-	-	-	4,002	-
Investment earnings	4,619	4,230	58	565	4,676	4,795
Miscellaneous	527	472	14	5	540	477
Mitigation fees	-	-	1,123	4,819	1,123	4,819
Gain on sale of assets	24	33	-	-	24	33
Total revenues	<u>63,721</u>	<u>50,227</u>	<u>16,254</u>	<u>26,651</u>	<u>79,975</u>	<u>76,878</u>
Expenses:						
General government	10,322	6,387	-	-	10,322	6,387
Public safety	17,896	17,326	-	-	17,896	17,326
Public works	8,739	4,051	-	-	8,739	4,051
Community development	2,109	2,204	-	-	2,109	2,204
Community services	4,568	4,805	-	-	4,568	4,805
Interest and fiscal charges	4,743	4,982	-	-	4,743	4,982
Sewer	-	-	16,480	15,085	16,480	15,085
Transit	-	-	3,104	3,261	3,104	3,261
Total expenses	<u>48,377</u>	<u>39,755</u>	<u>19,584</u>	<u>18,346</u>	<u>67,960</u>	<u>58,101</u>
Transfers	<u>240</u>	<u>-</u>	<u>(240)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 15,585</u>	<u>\$ 10,472</u>	<u>\$ (3,570)</u>	<u>\$ 8,305</u>	<u>\$ 12,015</u>	<u>\$ 18,777</u>

Governmental activity program revenues increased over last year by \$10,517,179, and general revenues increased by \$2,977,796. Net increase in operating contributions and grants of \$2,489,556 was partially a result of \$635,569 of CARES funding and \$1,972,792 of American Rescue Funds received for COVID-19 related expenditures and a decrease of \$258,910 in Public Works cost recovery. Charges for services decreases in General Government of \$294,808 were mainly due to decreased in insurance recovery and a hold on passport services. Public Safety charges for services increased by a net of \$395,157 due to an increase in special police services revenue such as vehicle release charges and administrative cost recovery charges. Community Development charges for services increased by \$236,138 because of construction activity related to new housing projects. Community Services charges for services decreased \$86,197 mainly due to the elimination of a day camp program.

Capital grants and contributions increased by \$7,808,725 mostly due to a change in recognition of development impact fees as well as an increase of \$41,053 Proposition 1B Local Streets and Roads Funds used in street pavement maintenance and rehabilitation projects. Developer contribution in the amount of \$5,808,000 was recognized for the Potrero Interchange PH1 project.

Overall general revenues, for *governmental activities*, increased by \$2,977,796, due to the following changes in all major tax categories: property taxes increase - \$1,594,003 (primarily due to the following: current secured - \$876,697, decrease in unsecured property - \$33,639, property transfer tax - \$36,776, and vehicle in-lieu - \$712,062), sales tax increase - \$1,276,017 (due to sales tax coming in higher in both point of sale transactions and the County-wide pools share); franchise tax decrease - \$4,890,701 (due to a one-time fee of \$5,000,000 received in FY20 for the Waste Management contract), and other taxes increased \$329,286 (increase in transient occupancy tax - \$20,375 and utility users tax increase - \$236,937, vehicle license decrease - \$553 and business license tax increase - \$72,527). Investment revenues increased a net of \$388,251 (due CFD principal and interest payments increase \$884,017 and investment revenue decreased \$175,912 because of decline in interest rates due to world-wide pandemic COVID-19), Gain on sales of assets decreased by \$9,039 due to only one property sale during the year. Miscellaneous revenues increased \$54,450 due to an increase in settlement cost recovery. And finally, net transfers between governmental and business-type funds are due to funds transferred to cover premium pay by the State and Local Fiscal Recovery Funds.

Business-type program revenues were down a net of \$6,201,464, when compared to last year. Primary decreases were related to capital grants and contributions for wastewater acquisition. The increase in wastewater operations service charges were \$367,503. Increases were due to annual rate increases and rising consumption levels resulting from new housing and commercial development connections within the City. Transit revenues had a net decrease of \$275,028, mainly attributable to decrease of \$976,794 in operating grants and contributions and a decrease in charges for services by \$110,370. Capital grants and contributions had an increase of \$812,136 mostly due to grants for the purchase of three new buses.

Governmental activities program expenses increased by \$8,622,539. The result was the net of increases and decreases within specific programs during the fiscal year. An increase of \$569,871 occurred in Public Safety mostly due to premium pay given from State and Local Fiscal Recovery Funds for essential workers. A \$4,687,689 increase in Public Works is mainly attributed to citywide street improvement projects. Furthermore, there was a \$94,703 decrease in Community Development is mainly due to the completion of the General Plan Update that was completed in FY2021. General Government operations increase of \$3,934,605 is primarily due to increases in insurance costs, IT infrastructure upgrades and costs to mitigate the COVID-19 pandemic such as premium pay for essential workers and grants for business and resident support.

The *business-type activities* expenses reflected a net increase of \$1,237,926 in program expenses. The Wastewater Enterprise fund had an increase of \$1,395,312 which is made up of an increase in pension obligation payment and decreases in operating expenses such as repairs and maintenance and overhead costs. The Transit Enterprise fund had a decrease of \$157,386 mostly due to a decrease in contractual services.

In comparison to fiscal year 2020, the overall change in net position from operations for *governmental activities* was an increase of \$15,584,558 and *business-type activities* decreased by \$3,569,606 resulting in an overall City net position increase of \$12,014,952 for fiscal year 2021.

Government Activities

Table 3 presents the *total cost* (expenses) of each of the City's major public services in general government, public safety, community development, public works, and interest expense. Also included is each program's *net cost* (total cost less program revenues generated by the activities). The *net cost* shows the financial burden that was placed on the City's taxpayers by each of these functions.

Table 3
City of Beaumont
Net Cost of Governmental Activities

	Total Cost			Net Cost		
	2021	2020	Change	2021	2020	Change
Functions:						
General government	\$ 10,322,019.00	\$ 6,387,414.00	\$ 3,934,605.00	\$ 6,156,282	\$ 4,584,796	\$ 1,571,486
Public safety	17,896,367	17,326,496	569,871	14,409,929	14,796,740	(386,811)
Public works	8,738,889	4,051,200	4,687,689	(2,269,822)	(1,280,183)	(989,639)
Community development	2,109,290	2,203,993	(94,703)	(591,169)	(410,283)	(180,886)
Community services	4,567,596	4,805,108	(237,512)	(845,070)	934,376	(1,779,446)
Refuse	-	-	-	(148,190)	(256,257)	108,067
Interest and fiscal charges	4,742,632	4,980,043	(237,411)	4,742,632	4,980,043	(237,411)
Total Governmental Activities:	<u>\$ 48,376,793.00</u>	<u>\$ 39,754,254.00</u>	<u>\$ 8,622,539.00</u>	<u>\$ 21,454,592</u>	<u>\$ 23,349,232</u>	<u>\$ (1,894,640)</u>

In looking at table 3, you will note the major changes both in total cost and net cost. In 2021, total costs increased by \$8,622,539, a result of increases in general government, public safety, and public works with decreases in community development, community services and interest and fiscal charges. Specific changes in program costs were discussed in the previous section.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At year-end, the City's *governmental funds* reported combined fund balances of \$145,290,051 a net increase of \$2,194,173 in fund balance; included in this amount are decreases in fund balance for General Fund of \$670,940, Community Facilities District (CFD) Special Revenue Fund \$6,852,692 and Beaumont Financing Authority Debt Service \$6,586,311 (due to refunding of debt); combined with increased in the Development Impact Fees (DIF) \$3,345,152, Community Facilities District Capital Projects Fund \$337,893, General Capital Projects \$10,321,174 (due to committed funds moved into projects) and Other Government Funds \$2,299,897 (due to COVID-19 grants received). The General Fund had a net decrease in fund balance of \$670,940, resulting from net expenditures exceeding revenues by \$3,785,403, netted with total other financing sources of \$3,114,463. The significant change from prior year is mainly due to the appropriation of one-time funds of \$3,111,476 towards capital projects. The increases that offset the large change in the General fund had to do with the increase in taxes and license and permits. There was a large decrease in franchise fees due to a one-time fee of \$5,000,000 received in FY20.

In total the *Proprietary Funds* reported a negative change in net position of \$3,569,606, with the Wastewater Enterprise showing a negative change of \$3,812,523 and the Transit Enterprise showing a positive change of \$242,917. The City established an Internal Service Fund and transferred in \$6,409,500 of reserves. The Wastewater Enterprise ended with a negative change in net position of \$3,812,523, because of ongoing operating expenses exceeding operating revenues by \$1,761,943 as well as nonoperating expenses of \$2,644,906 offset by transfers and capital contributions of \$594,326. The Transit Fund ended the year with a positive change of \$242,917, because of ongoing operating expenses exceeding operating revenues by \$3,030,110 offset by nonoperating revenues of \$2,254,709 and transfers and capital contributions of \$1,018,319.

General Fund Budgetary Highlights

The actual expenditures of the *General Fund* at year-end were \$3,785,403 more than the actual revenues. The positive budget-to-actual variance of \$4,455,487 in appropriations was due to conservative spending citywide with saving in personnel cost, professional and contractual services and repairs and maintenance. Of the unspent budget, actual revenues were \$3,267,584 more than anticipated compared to the final budget due to higher tax revenues in sales and property tax than anticipated. Use of money and property fell short from budget as interest rates continue to remain low due to COVID-19 and investment earnings came in short. Other revenues came in higher than expected due to an increase in cost recovery for admin fees. Favorable budget amendments and supplemental appropriations were made during the year to diminish budget overruns and to increase appropriations for unanticipated expenditures after adoption of the original budget. The original revenue budget was increased \$3,285,000 mainly for one-time uses of reserves for street projects and equipment and vehicle purchases. While the expenditure appropriations budget was increased in total by \$3,596,878 to allow for vehicle purchases as well as funds to address the COVID-19 pandemic through premium pay to essential workers and the citywide COVID-19 relief program which gave grants for business and resident support.

Although, the final adopted budget projected a \$4,665,964 negative change in fund balance, favorable results in revenues of \$3,267,584, favorable results in expenditures of \$1,187,903 and unfavorable results in other financing uses of \$460,463, resulted in the combined favorable results of \$3,995,024, as the actual negative net change in fund balance was only \$670,940 for the fiscal year ending June 30, 2021.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Table 4
City of Beaumont
Capital Assets at Year End
Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Asset Type:						
Land	\$ 28,547,468	\$ 28,547,468	\$ 3,009,860	\$ 3,009,860	\$ 31,557,328	\$ 31,557,328
Construction in progress	7,800,489	30,405,380	103,623,925	81,272,806	111,424,414	111,678,186
Structures, machinery & equipment	14,375,026	13,884,315	43,468,356	46,100,594	57,843,382	59,984,909
Infrastructure	228,641,047	204,243,599	66,919,371	70,842,461	295,560,418	275,086,060
Total	\$ 279,364,030	\$ 277,080,762	\$ 217,021,512	\$ 201,225,721	\$ 496,385,542	\$ 478,306,483

At the end of fiscal year 2021, the City had \$496,385,542 invested in a broad range of capital assets, a total increase of \$18,079,059 (See Table 4 above). *Governmental activities* include equipment, buildings, vehicles, land, park facilities, roads, storm drains, sidewalks and curb and gutters. *Business-type activities* include transit and wastewater operations. The total increase in the City of Beaumont investment in capital assets for fiscal year 2021 was 3.78% (a 0.82% increase in *governmental activities* and 7.85% increase in *business-type activities*). For fiscal year 2021, net increases are the result of the new addition of roads and construction in progress of the wastewater operations. The major capital assets added for *governmental activities* and *business-type activities* are highlighted in explanation of Table 5.

Table 5
City of Beaumont
Schedule of Changes in Capital Assets/Infrastructure

Asset Type:	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ -	\$ 462,708	\$ -	\$ -	\$ -	\$ 462,708
Construction in progress	4,940,605	7,698,461	22,655,032	43,292,972	27,595,637	50,991,433
Structures, machinery and equipment	1,542,494	958,281	1,199,660	214,784	2,742,154	1,173,065
Infrastructure	<u>29,353,850</u>	<u>2,991,863</u>	<u>357,455</u>	<u>7,645,853</u>	<u>29,711,305</u>	<u>10,637,716</u>
Total Additions	35,836,949	12,111,313	24,212,147	51,153,609	60,049,096	63,264,922
Less: Decreases and depreciation	<u>(33,553,681)</u>	<u>(6,305,455)</u>	<u>(8,416,356)</u>	<u>(7,760,965)</u>	<u>(41,970,037)</u>	<u>(14,066,420)</u>
Capital Asset Increase/(Decrease)	\$ <u>2,283,268</u>	\$ <u>5,805,858</u>	\$ <u>15,795,791</u>	\$ <u>43,392,644</u>	\$ <u>18,079,059</u>	\$ <u>49,198,502</u>

As shown in Table 5, above, *capital assets* current year activity increased \$2,283,268 (net of depreciation) for *governmental activities* and increased \$15,795,791 (net of depreciation) for *business-type activities* for a total increase of \$18,079,059. In the *governmental activities* the increase includes a Backup and Recovery System, 11 police vehicles, 2 Hybrid vehicles, Ditch Witch Excavator, Data Center for the Police Department, automated lights for the Sporks Park and new restrooms for Rangel Park. Infrastructure additions included the addition of the Potrero Interchange as well as the Beaumont Avenue Reconstruction. The Wastewater and Transit asset additions included new wastewater pumps, a Ford F350 pickup truck, 3 buses, and EV charging station. Asset Disposals include the demolition of the City pool and Rangel Park Restrooms, 2 police vehicles, 2 Hybrid Vehicles and 2 Community Development Vehicles. Additional information regarding capital assets activities can be found in Notes 1E and 5 of the financial statements.

Long-Term Liabilities

In June 2012, GASB (Governmental Accounting Standards Board) issued Statement No. 68, requiring public employers to comply with new accounting and financial reporting standards. Statement No. 68 outlines a different approach to the recognition and calculation of pension obligations. Under the new GASB standards, employers that participate in a defined benefit pension plan administered as a trust or equivalent arrangement are required to record the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position. These amounts are presented in the statement of net position on page 16, with detailed information in Note 10 to the financial statements.

Governmental Activities - The City governmental funds have \$103,829,842 in outstanding long-term liabilities as of June 30, 2021; with the majority (\$79,681,849) related to Local Agency Revenue Bonds. In the Governmental Activities, pension related obligations total \$17,640,051. Tables 6 below and Note 6 and 7 to the financial statements offer a more detailed view of governmental long-term liabilities.

Table 6
City of Beaumont
Long-Term Liabilities at Year End

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
AB 1484 Due Diligence Review	\$ 775,912	\$ 1,075,912	\$ -	\$ -	\$ 775,912	\$ 1,075,912
Capital Leases	152,679	251,240	99,305	183,671	251,984	434,911
1994 Revenue Bonds, Series A	1,970,000	2,530,000	-	-	1,970,000	2,530,000
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	9,770,000	10,000,000			9,770,000	10,000,000
2015 Refunding Revenue Bonds, Series B	16,020,000	16,810,000			16,020,000	16,810,000
2015 Refunding Revenue Bonds, Series C	4,040,000	4,265,000			4,040,000	4,265,000
2015 Refunding Revenue Bonds, Series D	5,985,000	6,320,000			5,985,000	6,320,000
2019 Refunding Revenue Bonds, Series A	5,085,000	5,375,000			5,085,000	5,375,000
2020 Revenue Bonds, Series A	17,200,000				17,200,000	
2021 Revenue Bonds, Series A	18,675,000				18,675,000	
Bond Premium						
2019 revenue bond series A	936,849	1,014,920			936,849	1,014,920
Wastewater Revenue Bonds, Series 2018A			78,860,000	80,105,000	78,860,000	80,105,000
Bond Premium			7,842,648	8,495,497	7,842,648	8,495,497
Compensated absences	2,773,231	2,627,915	374,760	297,326	3,147,991	2,925,241
Claims payable	2,806,120	2,206,395			2,806,120	2,206,395
Net pension Liability	17,640,051	16,461,563	2,300,138	1,745,819	19,940,189	18,207,382
Total	\$ 103,829,842	\$ 107,462,645	\$ 89,476,851	\$ 90,827,313	\$ 193,306,693	\$ 198,289,958

Business-type Activities - The enterprise funds have \$89,476,851 in outstanding long-term liabilities as of June 30, 2021. The wastewater fund has bonded debt of \$78,860,000 consisting of the 2018 Wastewater Revenue Bonds originally issued for \$81,105,000 with the first payment made on September 1, 2019: and the premium on the bond with a current outstanding balance of \$7,842,648. The Bond issue is paid with wastewater operating revenues. In the enterprise funds pension related obligations total \$2,300,138. Additional detailed information for business-type long-term liabilities is shown in Note 6 and 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In FY2020, the COVID-19 pandemic caused a widespread health crisis, which was quickly followed by a widespread financial crisis due to many non-essential businesses were forced to shut down with stay-at-home orders issued by Governor Gavin Newsom. Throughout FY2021, the City and Inland Empire has seen a recovery as workers returned to work and businesses reopened. According to the UCR School of Business Center for Economic Forecasting and Development, the Inland Empire's business activity should reach pre-pandemic levels by the end of this year. Over the next two quarters, local business activity is forecast to rise between 3% and 6%.

One unintended impact of the shut down was the shortage of workers that it would create. Whether it be that workers found other types of employment or stayed home with children, the region has seen a shortage of workers since hitting the bottom in April 2020. The Inland Empire has added back 185,600 jobs, regaining roughly 83% of the total jobs lost in the region due to the pandemic. However, according to UC Riverside News, the total payroll employment for the Inland Empire remains at 2.3% (or 36,700 jobs) below its pre-pandemic peak from February 2020.

The City has still seen economic growth through FY 2021 with new industrial and commercial completed projects such as the Amazon Fulfillment Center, In and Out Burger and Raising Cane's Chicken Fingers drive-thru restaurants. Multiple light industrial permits have been pulled and construction has begun on these projects allowing to add to the continued economic recovery being felt within the City. Multiple housing projects are in process with the City which is forecasted to be close to build out in ten years.

City staff continues to update forecasting models to be better prepared for changes in economic conditions. Care must be given to ensure that planned ongoing costs do not exceed revenues over the next three to five years. One area of concern is rising pension costs which the City is currently looking at options to address these costs. Inflation has also become a concern as the Consumer Price Index has increased 4.8% from July 2020 to July 2021 for Riverside-San Bernardino-Ontario area according to the State of California Department of Industrial Relations. The inflation rate will need to be monitored as costs for goods and services as well as construction costs for projects could potentially have a negative impact on the FY22 budget and beyond.

On June 1, 2021, the City Council adopted the City of Beaumont Operating and Capital Improvement Program (CIP) Budget for the Fiscal Year beginning July 1, 2021 and ending June 30, 2022. The General Fund operating budget totals \$38,678,061 and is funded by operating revenue of \$31,651,637, transfers in and other financing sources of \$7,801,175, leaving \$774,751 of appropriations available throughout the FY. The approved CIP budget for fiscal year 2021/2022 totals \$6,347,340 with a five-year CIP investment plan estimated at \$24,292,553.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. For any questions about this report or additional financial information, please contact the Finance and Administrative Services Department of the City of Beaumont, located at 550 E. 6th Street, Beaumont, CA 92223, (951) 572-3236 or finance@beaumontca.gov.

This page intentionally left blank.

Draft - for discussion purposes only - 12/17/21

This page intentionally left blank.

Draft - for discussion purposes only - 12/17/21

Government-Wide Financial Statements

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Statement of Net Position
June 30, 2021**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and investments	\$ 103,189,568	\$ 18,761,656	\$ 121,951,224
Restricted cash and investments	-	595,399	595,399
Deposits	64,433	-	64,433
Receivables:			
Accounts	399,131	2,551,977	2,951,108
Interest	60,874	1,344	62,218
Intergovernmental	3,317,521	95,233	3,412,754
Prepaid items	330,277	-	330,277
Total current assets	107,361,804	22,005,609	129,367,413
Noncurrent assets:			
Restricted cash and investments with fiscal agent	7,131,699	4,557,689	11,689,388
Restricted investment in CFDs	78,745,000	-	78,745,000
Loans receivable	225,715	-	225,715
Capital assets:			
Nondepreciable	36,347,957	106,633,785	142,981,742
Depreciable, net	243,016,073	110,387,727	353,403,800
Total capital assets, net	279,364,030	217,021,512	496,385,542
Total noncurrent assets	365,466,444	221,579,201	587,045,645
Total assets	472,828,248	243,584,810	716,413,058
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	5,279,040	719,612	5,998,652
Total deferred outflows of resources	5,279,040	719,612	5,998,652

See accompanying Notes to the Basic Financial Statements

CITY OF BEAUMONT

Statement of Net Position (Continued)
June 30, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	5,921,781	4,944,266	10,866,047
Interest payable	-	1,267,963	1,267,963
Salaries payable and related liabilities	689,831	40,732	730,563
Deposits payable	2,027,169	-	2,027,169
Unearned revenue	33,116,846	10,105,338	43,222,184
Compensated absences - due within one year	554,646	74,952	629,598
Claims payable - due within one year	720,646	-	720,646
Long-term debt - due within one year	3,504,461	2,032,215	5,536,676
Total current liabilities	<u>46,535,380</u>	<u>18,465,466</u>	<u>65,000,846</u>
Long-term liabilities:			
Compensated absences - due in more than one year	2,218,585	299,808	2,518,393
Claims payable - due in more than one year	2,085,474	-	2,085,474
Long-term debt - due in more than one year	77,105,979	84,769,738	161,875,717
Aggregate net pension liability	17,640,051	2,300,138	19,940,189
Total long-term liabilities	<u>99,050,089</u>	<u>87,369,684</u>	<u>186,419,773</u>
Total liabilities	<u>145,585,469</u>	<u>105,835,150</u>	<u>251,420,619</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	70,308	27,341	97,649
Debt refunding	(978,385)	-	(978,385)
Total deferred inflows of resources	<u>(908,077)</u>	<u>27,341</u>	<u>(880,736)</u>
NET POSITION			
Net investment in capital assets	<u>199,529,502</u>	<u>134,777,249</u>	<u>334,306,751</u>
Restricted for:			
Special projects	11,494,299	595,399	12,089,698
Debt service	85,876,699	-	85,876,699
Capital projects	24,305,801	-	24,305,801
Total restricted	<u>121,676,799</u>	<u>595,399</u>	<u>122,272,198</u>
Unrestricted	<u>12,223,595</u>	<u>3,069,283</u>	<u>15,292,878</u>
Total net position	<u>\$ 333,429,896</u>	<u>\$ 138,441,931</u>	<u>\$ 471,871,827</u>

See accompanying Notes to the Basic Financial Statements

CITY OF BEAUMONT

**Statement of Activities
For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grant and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 10,322,019	\$ 1,507,810	\$ 2,608,361	\$ 49,566	\$ 4,165,737
Public safety	17,896,367	1,045,919	375,510	2,065,009	3,486,438
Public works	8,738,889	848,207	1,132,483	9,028,021	11,008,711
Community development	2,109,290	2,642,634	-	57,825	2,700,459
Community services	4,567,596	31,012	-	5,381,654	5,412,666
Refuse	-	148,190	-	-	148,190
Interest and fiscal charges	4,742,632	-	-	-	-
Total governmental activities	48,376,793	6,223,772	4,116,354	16,582,075	26,922,201
Business-type activities:					
Sewer	16,480,072	10,895,306	-	1,013,130	11,908,436
Transit	3,103,538	59,709	2,251,555	839,473	3,150,737
Total business-type activities	19,583,610	10,955,015	2,251,555	1,852,603	15,059,173
Total primary government	\$ 67,960,403	\$ 17,178,787	\$ 6,367,909	\$ 18,434,678	\$ 41,981,374

See accompanying Notes to the Basic Financial Statements

CITY OF BEAUMONT

Statement of Activities (Continued)
For the Year Ended June 30, 2021

Functions/Programs	Net (Expense) Revenue and Change in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (6,156,282)	\$ -	\$ (6,156,282)
Public safety	(14,409,929)	-	(14,409,929)
Public works	2,269,822	-	2,269,822
Community development	591,169	-	591,169
Community services	845,070	-	845,070
Refuse	148,190	-	148,190
Interest and fiscal charges	(4,742,632)	-	(4,742,632)
Total governmental activities	<u>(21,454,592)</u>	<u>-</u>	<u>(21,454,592)</u>
Business-type activities:			
Sewer	-	(4,571,636)	(4,571,636)
Transit	-	47,199	47,199
Total business-type activities	<u>-</u>	<u>(4,524,437)</u>	<u>(4,524,437)</u>
Total primary government	<u>(21,454,592)</u>	<u>(4,524,437)</u>	<u>(25,979,029)</u>
General revenues:			
Taxes:			
Property taxes	12,701,479	-	12,701,479
Sales taxes	8,869,746	-	8,869,746
Vehicle License	37,754	-	37,754
Utility users tax	1,887,031	-	1,887,031
Franchise tax	3,183,803	-	3,183,803
Transient occupancy tax	298,879	-	298,879
Business licenses	415,229	-	415,229
Total taxes	<u>27,393,921</u>	<u>-</u>	<u>27,393,921</u>
Other revenue	233,922	-	233,922
Developer contribution	4,001,607	-	4,001,607
Investment earnings	4,618,626	57,721	4,676,347
Miscellaneous	526,724	13,719	540,443
Mitigation fees	-	1,123,349	1,123,349
Gain on sale of assets	24,392	-	24,392
Transfers	<u>239,958</u>	<u>(239,958)</u>	<u>-</u>
Total general revenues and transfers	<u>37,039,150</u>	<u>954,831</u>	<u>37,993,981</u>
Change in net position	15,584,558	(3,569,606)	12,014,952
Net position:			
Beginning of year, as restated	<u>317,845,338</u>	<u>142,011,537</u>	<u>459,856,875</u>
End of year	<u>\$ 333,429,896</u>	<u>\$ 138,441,931</u>	<u>\$ 471,871,827</u>

See accompanying Notes to the Basic Financial Statements

This page intentionally left blank.

Draft - for discussion purposes only - 12/17/21

Governmental Fund Financial Statements

Draft - for discussion purposes only - 12/17/21

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major Governmental Funds of the City are outlined below:

General Fund - This fund accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in the other funds. In Beaumont, these services include general government, public safety, public works, community development, community service, and refuse.

Community Facilities Districts (CFD) Special Revenue Fund - This fund is used to account for bond and annual tax assessments proceeds to be used for the construction and implementation of off-site infrastructure improvements. In addition, the fund accounts for services and administration assessments received annually.

Development Impact Fees Special (DIF) Special Revenue Fund - This fund is used to account for the receipt and expenditure of mitigation fees on specified capital projects.

Community Facilities Districts (CFD) Capital Projects Fund - This fund is used to account for bond and annual tax assessments proceeds to be used for the construction and implementation of off-site infrastructure improvements. In addition, the fund accounts for services and administration assessments received annually.

General Capital Projects Fund - This fund is used to account for financial resources to be used for acquisition, construction and improvement of the city's major capital facilities.

Beaumont Financing Authority / Beaumont Public Improvement Authority Debt Service Funds - These funds are authorized to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to the City and/or to refinance outstanding obligations of the City.

CITY OF BEAUMONT

**Balance Sheet
Governmental Funds
June 30, 2021**

	General Fund	Special Revenues Fund		Capital Projects Funds
		Community Facilities District (CFD)	Development Impact Fees (DIF)	Community Facilities District (CFD)
ASSETS				
Cash and investments	\$ 28,092,672	\$ 2,569,969	\$ 35,360,897	\$ 13,674,329
Cash and investments with fiscal agent	-	-	-	-
Investment in CFDs	-	-	-	-
Deposits	-	64,433	-	-
Receivables:				
Accounts	393,034	-	-	-
Interest	60,874	-	-	-
Due from other governments	1,822,056	62,879	-	-
Loans	225,715	-	-	-
Due from other funds	-	-	-	-
Prepaid	26,262	-	-	-
Total assets	\$ 30,620,613	\$ 2,697,281	\$ 35,360,897	\$ 13,674,329
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 4,111,878	\$ 37,000	\$ 1,409,077	\$ -
Accrued payroll and related liabilities	689,831	-	-	-
Due to other funds	-	-	-	-
Deposits payable	1,899,670	120,503	6,996	-
Unearned revenue	525,000	-	30,599,672	-
Total liabilities	7,226,379	157,503	32,015,745	-
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances (deficit):				
Nonspendable	251,977	-	-	-
Restricted	-	2,539,778	3,345,152	13,674,329
Committed	5,350,717	-	-	-
Assigned	214,799	-	-	-
Unassigned	17,576,741	-	-	-
Total fund balances	23,394,234	2,539,778	3,345,152	13,674,329
Total liabilities, deferred inflows of resources and fund balances	\$ 30,620,613	\$ 2,697,281	\$ 35,360,897	\$ 13,674,329

See accompanying Notes to the Basic Financial Statements

CITY OF BEAUMONT

Balance Sheet (Continued)
 Governmental Funds
 June 30, 2021

	Capital Projects Funds General Capital Projects	Debt Service Fund Beaumont Financing Authority	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 10,196,358	\$ -	\$ 6,876,803	\$ 96,771,028
Cash and investments with fiscal agent	-	7,131,699	-	7,131,699
Investment in CFDs	-	78,745,000	-	78,745,000
Deposits	-	-	-	64,433
Receivables:				
Accounts	-	-	6,097	399,131
Interest	-	-	-	60,874
Due from other governments	942,402	-	490,184	3,317,521
Loans	-	-	-	225,715
Due from other funds	-	-	-	-
Prepaid	-	304,015	-	330,277
Total assets	\$ 11,138,760	\$ 86,180,714	\$ 7,373,084	\$ 187,045,678
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 295,702	\$ -	\$ 68,124	\$ 5,921,781
Accrued payroll and related liabilities	-	-	-	689,831
Due to other funds	-	-	-	-
Deposits payable	-	-	-	2,027,169
Unearned revenue	211,586	-	1,780,588	33,116,846
Total liabilities	507,288	-	1,848,712	41,755,627
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances (deficit):				
Nonspendable	-	304,015	-	555,992
Restricted	-	85,876,699	5,609,369	111,045,327
Committed	10,631,472	-	-	15,982,189
Assigned	-	-	-	214,799
Unassigned	-	-	(84,997)	17,491,744
Total fund balances	10,631,472	86,180,714	5,524,372	145,290,051
Total liabilities, deferred inflows of resources and fund balances	\$ 11,138,760	\$ 86,180,714	\$ 7,373,084	\$ 187,045,678

CITY OF BEAUMONT

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position June 30, 2021

Total Fund Balances - Total Governmental Funds	\$ 145,290,051
Capital assets used in governmental activities were not financial resources and therefore, were not reported in governmental funds.	
Capital assets, nondepreciable	36,347,957
Capital assets, depreciable	243,016,073
Long-term liabilities were not due and payable in the current period and therefore, were not reported in the governmental funds.	
Compensated absences - due within one year	(554,646)
Compensated absences - due in more than one year	(2,218,585)
Claims payable - due within one year	(1,617,130)
Claims payable - due in more than one year	(1,188,990)
Long-term debt - due within one year	(3,504,461)
Long-term debt - due more than one year	(77,105,979)
Aggregate net pension liability is not due and payable in the current period and therefore is not required to be reported in the governmental funds.	
	(17,640,051)
Pension-related deferred outflows/inflows of resources in the governmental activities were not financial resources (uses) and therefore were not reported in the Governmental Funds Balance Sheet.	
Pension-related deferred outflows of resources	5,279,040
Pension-related deferred inflows of resources	(70,308)
Debt-related deferred inflow of resources	978,385
Internal service funds are used by management to charge the costs of certain activities, for equipment and risk management, to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Position.	
	<u>6,418,540</u>
Net Position of Governmental Activities	<u><u>\$ 333,429,896</u></u>

CITY OF BEAUMONT

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021**

	General Fund	Special Revenues Fund		Capital Projects Funds
		Community Facilities District (CFD)	Development Impact Fees (DIF)	Community Facilities District (CFD)
REVENUES:				
Taxes	\$ 16,092,556	\$ -	\$ -	\$ -
Franchise fees	3,183,803	-	-	-
Intergovernmental	5,753,856	-	-	-
License and permits	3,050,575	-	3,441,595	-
Fines and forfeitures	344,816	-	-	-
Assessments levied	637,172	5,970,996	-	680,109
Use of money and property	178,689	21,955	125,332	51,730
Charges for services	1,484,669	-	-	-
Other revenues	916,229	576	-	-
Total revenues	31,642,365	5,993,527	3,566,927	731,839
EXPENDITURES:				
Current:				
General government	8,460,291	-	-	-
Public safety	17,313,483	-	-	-
Public works	2,786,349	-	-	172,938
Community development	1,561,640	212,607	-	-
Community services	4,093,696	-	-	-
Capital outlay	813,748	-	-	-
Debt service:				
Principal	398,561	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	35,427,768	212,607	-	172,938
REVENUES OVER (UNDER) EXPENDITURES	(3,785,403)	5,780,920	3,566,927	558,901
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Proceeds from sale of capital assets	24,392	-	-	-
Transfers in	10,277,295	-	167,292	-
Transfers out	(7,187,224)	(12,633,612)	(389,067)	(221,008)
Total other financing sources (uses)	3,114,463	(12,633,612)	(221,775)	(221,008)
Net changes in fund balances	(670,940)	(6,852,692)	3,345,152	337,893
FUND BALANCES:				
Beginning of year	24,065,174	9,392,470	-	13,336,436
End of year	\$ 23,394,234	\$ 2,539,778	\$ 3,345,152	\$ 13,674,329

CITY OF BEAUMONT

Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Governmental Funds
For the Year Ended June 30, 2021

	Capital Projects Funds General Capital Projects	Debt Service Fund Beaumont Financing Authority	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ -	\$ -	\$ 1,317,493	\$ 17,410,049
Franchise fees	-	-	-	3,183,803
Intergovernmental	953,669	-	5,105,814	11,813,339
License and permits	-	-	33,422	6,525,592
Fines and forfeitures	-	-	-	344,816
Assessments levied	-	-	-	7,288,277
Use of money and property	7,929	4,292,477	14,994	4,693,106
Charges for services	-	-	-	1,484,669
Other revenues	6,041,922	-	57,857	7,016,584
Total revenues	7,003,520	4,292,477	6,529,580	59,760,235
EXPENDITURES:				
Current:				
General government	-	-	-	8,460,291
Public safety	-	-	265,033	17,578,516
Public works	-	-	-	2,959,287
Community development	-	-	177,716	1,951,963
Community services	-	-	25,711	4,119,407
Capital outlay	4,260,351	-	-	5,074,099
Debt service:				
Principal	-	3,540,000	-	3,938,561
Payment to refunded bond escrow agent	-	3,563,485	-	3,563,485
Interest and fiscal charges	-	4,820,703	-	4,820,703
Total expenditures	4,260,351	11,924,188	468,460	52,466,312
REVENUES OVER (UNDER) EXPENDITURES	2,743,169	(7,631,711)	6,061,120	7,293,923
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued	-	35,875,000	-	35,875,000
Payment to refunded bond escrow agent	-	(34,829,600)	-	(34,829,600)
Proceeds from sale of capital assets	-	-	-	24,392
Transfers in	7,578,005	-	467,043	18,489,635
Transfers out	-	-	(4,228,266)	(24,659,177)
Total other financing sources (uses)	7,578,005	1,045,400	(3,761,223)	(5,099,750)
Net changes in fund balances	10,321,174	(6,586,311)	2,299,897	2,194,173
FUND BALANCES:				
Beginning of year	310,298	92,767,025	3,224,475	143,095,878
End of year	\$ 10,631,472	\$ 86,180,714	\$ 5,524,372	\$ 145,290,051

CITY OF BEAUMONT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Government-Wide Statement of Activities For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 2,194,173

Governmental funds report capital outlays as expenditures. However, in the Government-Wide Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Capital outlay capitalized	4,283,100
Depreciation expense	(6,001,439)

Increase in capital assets and net position from developer capital contributions for infrastructure assets. 4,001,607

The issuance of long-term liabilities provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of long-term liabilities was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.

Principal payments on long term debt	3,840,000
Payments to refunding escrow agent	3,563,485
Principal payments on capital lease	98,561
Proceeds from issuance of debt	(35,875,000)
Payment to refunded bond escrow agent	34,829,600
Premium amortization	78,071

Governmental funds report revenues and expenditures primarily pertaining to long-term liabilities, which are not reported in the statement of activities. At the government-wide level, these activities are reported in the statement of net position. This is the net expenditure reported in the governmental funds, which is not reported in the statement of activities.

Pension related net adjustments	(1,027,218)
---------------------------------	-------------

Certain long-term assets and liabilities were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, long-term assets and liabilities were not reported as expenditures in governmental funds. These amounts represented the changes in long-term liabilities from prior year.

Changes in compensated absences	(145,316)
Changes in claims payable	(599,725)

Changes in unavailable revenues were reported as deferred inflows of resources in the Governmental Funds but were previously reported as revenues in the Government-Wide Statement of Activities. (73,881)

Internal service funds are used by management to charge the costs of certain activities, for equipment and risk management, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities. 6,418,540

Change in Net Position of Governmental Activities \$ 15,584,558

See accompanying Notes to the Basic Financial Statements

This page intentionally left blank.

Draft - for discussion purposes only - 12/17/21

Proprietary Fund Financial Statements

Draft - for discussion purposes only - 12/17/21

PROPRIETARY FUND FINANCIAL STATEMENTS

Sewer Fund – The Sewer Fund was established to receive and disburse funds collected through sewer services charge fees and sewer facilities charges. These funds are used for the operation and maintenance of sewer disposal facilities and the financing of construction outlet sewers.

Transit Fund - The Transit Fund is intended to show the financial position and the operation and maintenance of the City's fixed route and dial-a-ride transit systems.

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

Statement of Net Position
Proprietary Funds
June 30, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	Sewer Fund	Transit Fund	Total	
ASSETS				
Current assets:				
Cash and investments	\$ 17,072,086	\$ 1,689,570	\$ 18,761,656	\$ 6,418,540
Restricted cash and investments	595,399	-	595,399	-
Receivables:				
Accounts	2,551,977	-	2,551,977	-
Interest	1,344	-	1,344	-
Due from other governments	-	95,233	95,233	-
Total current assets	20,220,806	1,784,803	22,005,609	6,418,540
Noncurrent assets:				
Restricted cash and investments with fiscal agent	4,557,689	-	4,557,689	-
Capital assets:				
Nondepreciable	105,542,702	1,091,083	106,633,785	-
Depreciable	234,917,936	6,387,522	241,305,458	-
Less: accumulated depreciation	(125,938,018)	(4,979,713)	(130,917,731)	-
Total capital assets	214,522,620	2,498,892	217,021,512	-
Total noncurrent assets	219,080,309	2,498,892	221,579,201	-
Total assets	239,301,115	4,283,695	243,584,810	6,418,540
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related deferred outflows	385,506	334,106	719,612	-
Total deferred outflows of resources	385,506	334,106	719,612	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	4,860,497	83,769	4,944,266	-
Salaries payable and related liabilities	17,869	22,863	40,732	-
Unearned revenue	9,329,263	776,075	10,105,338	-
Interest payable	1,267,963	-	1,267,963	-
Compensated absences - due within one year	15,624	59,328	74,952	-
Long-term debt - due within one year	2,032,215	-	2,032,215	-
Total current liabilities	17,523,431	942,035	18,465,466	-
Noncurrent liabilities:				
Compensated absences - due in more than one year	113,824	185,984	299,808	-
Long-term debt - due in more than one year	84,769,738	-	84,769,738	-
Net pension liability	1,232,217	1,067,921	2,300,138	-
Total noncurrent liabilities	86,115,779	1,253,905	87,369,684	-
Total liabilities	103,639,210	2,195,940	105,835,150	-
DEFERRED INFLOWS OF RESOURCES				
Pension-related deferred inflows	14,647	12,694	27,341	-
Total deferred inflows of resources	14,647	12,694	27,341	-
NET POSITION				
Net investment in capital assets	132,278,357	2,498,892	134,777,249	-
Restricted	595,399	-	595,399	-
Unrestricted	3,159,008	(89,725)	3,069,283	6,418,540
Total net position	\$ 136,032,764	\$ 2,409,167	\$ 138,441,931	\$ 6,418,540

See accompanying Notes to the Basic Financial Statements

CITY OF BEAUMONT

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021**

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	Sewer Fund	Transit Fund	Total	
OPERATING REVENUES:				
Charges for services	\$ 10,895,306	\$ 59,709	\$ 10,955,015	\$ -
Other revenue	-	13,719	13,719	-
Total operating revenues	10,895,306	73,428	10,968,734	-
OPERATING EXPENSES:				
Salaries	1,436,434	1,554,972	2,991,406	-
Fringe benefits	779,053	508,334	1,287,387	-
Administration	209,881	26,647	236,528	-
Contract services	970,966	66,927	1,037,893	-
Fuels, lubricants, and maintenance	311,162	296,686	607,848	-
Supplies	452,031	38,272	490,303	-
Office	19,578	23,501	43,079	-
Utilities	922,728	31,172	953,900	-
Depreciation	7,555,416	557,027	8,112,443	-
Total operating expenses	12,657,249	3,103,538	15,760,787	-
OPERATING INCOME (LOSS)	(1,761,943)	(3,030,110)	(4,792,053)	-
NONOPERATING REVENUES (EXPENSES):				
Local transportation funds	-	2,239,339	2,239,339	-
Mitigation fees	1,123,349	-	1,123,349	-
Intergovernmental	-	12,216	12,216	-
Investment earnings	54,568	3,153	57,721	9,040
Interest expense	(3,822,823)	-	(3,822,823)	-
Total nonoperating revenues (expenses)	(2,644,906)	2,254,708	(390,198)	9,040
Income (loss) before operating transfers and capital contributions	(4,406,849)	(775,402)	(5,182,251)	9,040
TRANSFERS AND CAPITAL CONTRIBUTIONS:				
Riverside County Transportation Commission	-	839,473	839,473	-
Developer capital contributions	1,013,130	-	1,013,130	-
Transfers in	4,584,157	278,846	4,863,003	6,409,500
Transfers (out)	(5,002,961)	(100,000)	(5,102,961)	-
Total transfers and capital contributions	594,326	1,018,319	1,612,645	6,409,500
Changes in net position	(3,812,523)	242,917	(3,569,606)	6,418,540
NET POSITION:				
Beginning of year, as restated	139,845,287	2,166,250	142,011,537	-
End of year	\$ 136,032,764	\$ 2,409,167	\$ 138,441,931	\$ 6,418,540

See accompanying Notes to the Basic Financial Statements

CITY OF BEAUMONT

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021**

	Business-type Activities - Enterprise Funds		Total	Governmental
	Sewer Fund	Transit Fund		Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	13,540,797	\$ 708,074	\$ 14,248,871	\$ -
Payments to suppliers and employees for goods and services	(2,197,160)	(2,491,733)	(4,688,893)	-
Cash received from developers and others	-	13,719	13,719	-
Net cash provided by (used in) operating activities	11,343,637	(1,769,940)	9,573,697	-
CASH FLOWS FROM NONCAPITAL				
FINANCING ACTIVITIES:				
Advances to other funds	-	213,630	213,630	-
Local transportation funds	-	1,897,230	1,897,230	-
Intergovernmental	-	12,216	12,216	-
Transfers in	4,584,157	278,846	4,863,003	6,409,500
Transfers (out)	(5,002,961)	(100,000)	(5,102,961)	-
Net cash provided by (used in) noncapital financial activities	(418,804)	2,301,922	1,883,118	6,409,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(23,094,618)	(813,616)	(23,908,234)	-
Developer capital contributions	1,013,130	-	1,013,130	-
Capital grants received	-	839,473	839,473	-
Payment of principal on long-term debt	(1,329,366)	-	(1,329,366)	-
Payment of interest on long-term debt	(4,492,272)	-	(4,492,272)	-
Net cash provided by (used in) capital and related financing activities	(26,779,777)	25,857	(26,753,920)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	54,703	3,153	57,856	9,040
Net cash provided by investing activities	54,703	3,153	57,856	9,040
Net change in cash and cash equivalents	(15,800,241)	560,992	(15,239,249)	6,418,540
CASH AND CASH EQUIVALENTS:				
Beginning of year	38,025,415	1,128,578	39,153,993	-
End of year	<u>22,225,174</u>	<u>\$ 1,689,570</u>	<u>\$ 23,914,744</u>	<u>\$ 6,418,540</u>
RECONCILIATION TO STATEMENT OF NET POSITION:				
Cash and investments	17,072,086	\$ 1,689,570	\$ 18,761,656	\$ 6,418,540
Restricted cash and investments	595,399	-	595,399	-
Restricted cash and investments with fiscal agent	4,557,689	-	4,557,689	-
Total cash and cash equivalents	22,225,174	\$ 1,689,570	\$ 23,914,744	\$ 6,418,540

See accompanying Notes to the Basic Financial Statements

CITY OF BEAUMONT

**Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2021**

	Business-type Activities - Enterprise Funds		Total	Governmental Activities Internal Service Fund
	Sewer Fund	Transit Fund		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (1,761,943)	\$ (3,030,110)	\$ (4,792,053)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	7,555,416	557,027	8,112,443	-
Changes in current assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Accounts receivable	(418,362)	2,408	(415,954)	-
Pension-related deferred outflows of resources	(159,057)	43,310	(115,747)	-
Accounts payable and accrued liabilities	2,421,040	46,033	2,467,073	-
Salaries payable and related liabilities	8,075	7,722	15,797	-
Unearned revenue	3,063,853	645,957	3,709,810	-
Compensated absences	67,470	9,964	77,434	-
Aggregate net pension liability	577,535	(23,216)	554,319	-
Pension-related deferred inflows of resources	(10,390)	(29,035)	(39,425)	-
Total adjustments	13,105,580	1,260,170	14,365,750	-
Net cash provided by (used in) operating activities	\$ 11,343,637	\$ (1,769,940)	\$ 9,573,697	\$ -

Draft - for discussion purposes only 11/17/21

This page intentionally left blank.

Draft - for discussion purposes only - 12/17/21

Fiduciary Fund Financial Statements

Draft - for discussion purposes only - 12/17/21

This page intentionally left blank.

Draft - for discussion purposes only - 12/17/21

FIDUCIARY FUND FINANCIAL STATEMENTS

Custodial Funds – To account for collections received from special assessment district and their disbursement to bondholders.

Private Purpose Trust Funds – To account for donations received and held by the City of Beaumont as an agent for individuals, developers, private organizations and other governmental agencies and to account for activities of the Successor Agency to the dissolved Beaumont Redevelopment Agency.

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021**

	Custodial Funds	Private Purpose Trust Fund Successor Agency
ASSETS		
Cash and investments	\$ 18,504,154	\$ 177
Restricted cash and investments with fiscal agent	25,115,350	-
Due from other governments	348,319	-
Capital assets, net	-	21,826
Total assets	43,967,823	22,003
LIABILITIES		
Interest payable	4,184,331	-
Unearned revenue	11,736	-
Deposits payable	31,882	-
Due to other governments	110,797,432	-
Due to bondholders	144,230,825	-
Total liabilities	259,256,206	-
Net Position		
Restricted for:		
Individuals, organizations and other governments	(215,288,383)	22,003
Total net position	\$ (215,288,383)	\$ 22,003

See accompanying Notes to the Basic Financial Statements

CITY OF BEAUMONT

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021**

	<u>Custodial Funds</u>	<u>Private Purpose Trust Fund Successor Agency</u>
ADDITIONS:		
Investment Income	\$ 14,992	\$ -
Assessments	19,233,442	-
Proceeds from bonds	18,957,711	-
Total additions	<u>38,206,145</u>	<u>-</u>
DEDUCTIONS:		
Payments to trustee	8,898,870	-
Interest expense	10,763,754	-
Bond issuance cost	379,243	-
Payment for infrastructure	12,568,362	-
Total deductions	<u>32,610,229</u>	<u>-</u>
Change in net position	5,595,916	-
NET POSITION:		
Beginning of year, as restated	(220,884,299)	22,003
End of year	<u>\$ (215,288,383)</u>	<u>\$ 22,003</u>

See accompanying Notes to the Basic Financial Statements

This page intentionally left blank.

Draft - for discussion purposes only - 12/17/21

Notes to the Basic Financial Statements

Draft - for discussion purposes only - 12/17/21

This page intentionally left blank.

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Index to the Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 1 – Reporting Entity and Summary of Significant Accounting Policies	37
A. Reporting Entity	37
B. Basis of Accounting and Measurement Focus	39
C. Cash, Cash Equivalents and Investments	43
D. Restricted Cash and Investments	44
E. Capital Assets	44
F. Long-Term Debt	44
G. Compensated Absences	45
H. Pensions	45
I. Property Taxes	46
J. Net Position	46
K. Fund Balances	47
L. Use of Estimates	48
M. Fair Value Measurement	48
N. Upcoming Governmental Standards Implementation	49
O. Implementation of New Pronouncements	50
Note 2 – Cash and Investments	50
A. Cash Deposits	50
B. Investments	52
C. External Investment Pool	53
D. Investment in CFD Bonds	54
E. Risk Disclosures	54
Note 3 – Loans Receivable	56
A. Governmental Activities	56
Note 4 – Interfund Balances and Transactions	57
A. Transfers	57
Note 5 – Capital Assets	58
A. Governmental Activities	58
B. Business-Type Activities	59
C. Fiduciary Fund Financial Statements	59
Note 6 – Long-Term Obligations	60
A. Governmental Activities	60
B. Business-Type Activities	72
Note 7 – Debt Without City Commitment	73

CITY OF BEAUMONT

Index to the Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Compensated Absences	75
A. Governmental Activities	75
B. Business-Type Activities	75
Note 9 – Risk Management	75
Note 10 – Pension Plans	77
A. Summary	77
B. General Information about the Pension Plans	78
C. Net Pension Liability	80
D. Proportionate Share of Net Pension Liability	82
E. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions	84
F. Payable to the Pension Plan	86
Note 11 – Other Required Disclosures	86
A. Expenditures Exceeding Appropriations	86
Note 12 – Equity Classification	87
A. Fund Balances	87
B. Net Position	87
Note 13 – Commitments and Contingencies	88
A. Litigation	88
B. Grants	88
C. Construction Commitments	88
D. WRCOG Related Settlement Agreement	89
E. Covid-19 Considerations	90
Note 14 – Subsequent Event	90
A. American Rescue Plan	90
Note 15 – Prior Period Adjustment	91
A. GASB Implementation	91

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

The basic financial statements of the City of Beaumont, California (the "City") have been prepared in conformity with accounting principles generally accepted of the United States of America ("US GAAP") as applied to governmental agencies. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City was incorporated November 18, 1912 under the general laws of the State of California. The City operates under a Council-Manager form of government and provides basic local governmental services including public safety (police and fire), maintenance and construction of public improvements, cultural, recreation, planning, zoning, transportation, sewer and general administration.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body's financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship if it appoints a voting majority of an organization's governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Blended Component Units

The financial reporting entity consists of the primary government, the City, and its component units. In addition, component units can be other organizations for which the primary government is accountable and their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended component units, although legally separate entities, are, in substance part of the government's operation and so data from these units are combined with data of the primary government.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

Although the following are legally separate from the City, they have been "blended" as though they are part of the City because the component unit's governing body is substantially the same as the City's and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component units; and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

The following specific criteria were used in determining the status of the component unit:

- Members of the City Council also act as the governing body of the component unit.
- The City and the component unit are financially interdependent.
- The component unit is managed by employees of the City. A portion of the City's salary and overhead expenses is billed to the component unit each year.

Beaumont Financing Authority

The Beaumont Financing Authority (the "BFA") was founded by the execution of a joint exercise of powers agreement dated April 1, 1993, by the City of Beaumont and the former Beaumont Redevelopment Agency. The BFA is authorized to issue revenue bonds to be repaid from the proceeds of public obligations and to provide financing and refinancing for public capital improvements of public entities, including the City, the former Redevelopment Agency, and the Community Facilities Districts. The City Council of the City of Beaumont serves as the governing board for the BFA and the City has fiduciary responsibility for the BFA. The BFA exclusively benefits the City. Transactions are reported in the Beaumont Financing Authority Debt Service fund. There are no separate financial statements available.

Beaumont Utility Authority

The Beaumont Utility Authority (the "BUA") was established on May 15, 2001 by a joint powers agreement between the City of Beaumont and the former Beaumont Redevelopment Agency. The BUA was created to provide a binding framework for the relationship between the City's utility enterprise fund and the City's General Fund, to address possible impacts of Proposition 218, and to provide greater fiscal strength for the City's fund. The City Council serves as the governing board for the BUA and the City has operational responsibility for the BUA. Transactions are reported in an enterprise fund. There are no separate financial statements available.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

Beaumont Parking Authority

The Beaumont Parking Authority (the "BPA") was established on May 1, 2018 by the City of Beaumont City Council through resolution 2018-12 that declared a need for a parking authority in the city. The BPA was created to establish the Beaumont Public Improvement Authority through a joint powers agreement. The City Council serves as the governing board for the BPA and the City has operational responsibility for the BPA. There was no financial activity for the BPA during the fiscal year ending June 30, 2021.

Beaumont Public Improvement Authority

The Beaumont Public Improvement Authority (the "BPIA") was established on May 15, 2018 by a joint powers agreement between the City of Beaumont and the Beaumont Parking Authority. The BPIA is authorized to issue revenue bonds to be repaid from the proceeds of wastewater services and to provide financing and refinancing for public capital improvements of the City's wastewater system. The City Council serves as the governing board for the BPIA and the City has operational responsibility for the BPIA. There was no financial activity for the BPIA since inception through the fiscal year ending June 30, 2021.

B. Basis of Accounting and Measurement Focus

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 with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures, or expenses as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and therefore, are not recognized as revenue until that time.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements

The City's government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in the government-wide financial statements.

These financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, liabilities and deferred amounts, including capital assets, as well as infrastructure assets, and long-term liabilities, 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.

Certain types of transactions are reported as program revenues within three categories in the statement of activities:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. However, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due from/to other funds
- Transfers in/out

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences between fund balance as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that meet the applicable criteria.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Revenues are recognized as soon as they are both "measurable" and "available". Revenues are considered to be available when they are collectible within the current period as soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

Governmental funds of the City are outlined below:

General Fund - This fund accounts for all revenues and expenditures to finance the traditional services associated with a municipal government which are not accounted for in the other funds. In the City, these services include general government, public safety, public works, community development, community service, and refuse.

Community Facilities Districts (CFD) Special Revenue Fund - This fund is used to account for bond and annual tax assessments proceeds to be used for the construction and implementation of off-site infrastructure improvements. In addition, the Fund accounts for services and administration assessments received annually.

Development Impact Fees (DIF) Special Revenue Fund - This fund is used to account for the receipt and expenditure of mitigation fees on specified capital projects.

Community Facilities Districts (CFD) Capital Projects Fund - This fund is used to account for bond and annual tax assessments proceeds to be used for the construction and implementation of off-site infrastructure improvements. In addition, the Fund accounts for services and administration assessments received annually.

General Capital Projects Fund - This fund is used to account for financial resources to be used for acquisition, construction and improvement of the city's major capital facilities.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Beaumont Financing Authority / Beaumont Public Improvement Authority Debt Service Funds - These funds are authorized to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to the City and/or to refinance outstanding obligations of the City.

Other Governmental Funds - Other Governmental Funds is the aggregate of all the non-major governmental funds.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows for each major proprietary fund.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in total 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. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Proprietary funds of the City are outlined below:

Sewer Fund - This fund was established to receive and disburse funds collected through sewer services charge fees and sewer facilities charges. These funds are used for the operation and maintenance of sewer disposal facilities and the financing of construction outlet sewers.

Transit Fund - The Transit Fund is intended to show the financial position and the operation and maintenance of the City's fixed route and dial-a-ride transit systems.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a statement of fiduciary net position and a statement of changes in fiduciary net position. The City has two types of fiduciary funds presented. They are the private purpose trust funds and custodial funds.

The private purpose trust funds account for activities of the Successor Agency to the Beaumont Redevelopment Agency (the "Successor Agency").

The custodial funds are purely custodial in nature. Trust funds, such as the Successor Agency to the Redevelopment Agency, use the flow of economic resources measurement focus and the accrual basis of accounting.

C. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

The City participates in an investment pool managed by the State of California titled *Local Agency Investment Fund* (LAIF) which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as to change in interest rates.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

D. Restricted Cash and Investments

Certain restricted cash and investments are held 1) held for transit related activities or 2) by a fiscal agent for the redemption of bonded debt and for acquisition and construction of capital projects.

E. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at acquisition value on the date of the donation. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

	<u>Years</u>
Buildings	30
Infrastructure	35 - 120
Machinery and equipment	3 - 5
Furniture and fixtures	3 - 5
Vehicles	3
Computer equipment	3

The City defines infrastructure as the basic physical assets that allow the City to function. The infrastructure assets include streets (including bridges, streetlights, sidewalks, culverts and curbs), sewer system (including plant, collection systems, drains, lift stations), and park lands. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems. Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

F. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate funds.

Bond premiums and discounts, as well as insurance premiums paid to bond insurers, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are expensed in the period when incurred.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

F. Long-Term Debt (Continued)

Fund Financial Statements

The fund financial statements do not present long-term assets or liabilities. These amounts are shown in the reconciliation of the governmental funds balance sheet to the government-wide statement of net position.

G. Compensated Absences

Government-Wide Financial Statements

City employees have vested interest in varying levels of vacation and sick leave based on their length of employment and related bargaining unit. Vacation leave is payable to employees at the time a vacation is taken or upon termination of employment. Vacation leave balance accruals are capped at two the employee's annual accrual rate. Sick leave is payable only when an employee is unable to work due to personal or family illness or at separation from employment at different levels depending on the length of employment and the bargaining unit. There is no cap on the amount of sick leave that can be accrued but there is a cap on the amount that can be cashed out upon termination. Employees with less than five years of employment do not have vested privilege on sick leave and their sick leave is forfeited upon termination. The amount of compensated absences is accrued when incurred in the government-wide financial statements.

Fund Financial Statements

In governmental funds, compensated absences are recorded as expenditures in the years paid. It is the City's policy to liquidate unpaid compensated absences from future resources, rather than currently available financial resources. When an employee is terminated at fiscal year end, the amount of his or her reimbursable unused vacation and/or sick leave is recorded as a liability in the governmental funds. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

H. Pensions

The City contracts with the California Public Employees' Retirement System (CalPERS) to provide a defined benefit pension plan for its employees and retirees. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 10). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

H. Pensions (Continued)

The following timeframes are used for pension plan reporting:

CalPERS:

Valuation Date	6/30/2019
Measurement Date	6/30/2020
Measurement Period	July 1, 2019 to June 30, 2020

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

I. Property Taxes

Property taxes are levied on January 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is March 1. The County of Riverside, California (County) bills and collects the property taxes and remits them to the City according to a payment schedule established by the County. City property tax revenues are recognized when received in cash except at year end when they are accrued pursuant to the modified accrual basis of accounting. The City recognizes as revenues at June 30 available taxes or those collected within 60 days.

The County is permitted by State law to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year. The City receives a share of this basic levy proportionate to what it received during the years 1976 to 1978.

J. Net Position

For government-wide and proprietary fund financial statements, net position is categorized as follows:

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

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

J. Net Position (Continued)

Restricted - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted - This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When expenses are incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to apply restricted net position first.

K. Fund Balances

For governmental fund financial statements, fund balances are categorized as follows:

Nonspendable - Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories and long term receivables, or items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted - Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations imposed by the formal action of the government's highest level of decision making authority normally through resolutions, etc., and that remain binding unless rescinded or modified in the same manner. The City Council is considered the highest authority for the City.

Assigned - Assigned fund balances encompass the portion of net fund balance reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. On April 5, 2016, the City Council adopted the financial management policies that includes a fund balance policy authorizing the City Manager to make these determination.

Unassigned - This amount is for any portion of the fund balances that do not fall into one of the above categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned for those purposes, it may be necessary to report negative unassigned fund balance in that particular fund.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

K. Fund Balances (Continued)

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

L. Use of Estimates

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

M. Fair Value Measurement

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

Level 1 - Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 - Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 - Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

N. Upcoming Governmental Accounting Standards Implementation

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

GASB Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

GASB Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 1 - Reporting Entity and Summary of Significant Accounting Policies (Continued)

N. Upcoming Governmental Accounting Standards Implementation (Continued)

GASB Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2023.

O. Implementation of New Pronouncements

GASB has issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

Note 2 - Cash and Investments

A. Cash Deposits

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2021:

Statement of Net Position	
Cash and investments	\$ 121,951,224
Restricted cash and investments	595,399
Restricted cash and investments with fiscal agent	11,689,388
Restricted investments in CFDs	78,745,000
Statement of Fiduciary Net Position	
Cash and investments	18,504,331
Restricted cash and investments with fiscal agent	25,115,350
Total	\$ 256,600,692

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 2 - Cash and Investments (Continued)

A. Cash Deposits (Continued)

Cash, cash equivalents, and investments, consisted of the following at June 30, 2021:

Deposits with financial institutions	\$ 43,104,438
Deposits with fiscal agents	29,283,831
Petty cash	3,753
Investments	<u>184,208,670</u>
 Total cash and investments	 <u>\$ 256,600,692</u>

At June 30, 2021, cash and investments, are reported at fair value based on quoted market prices. The following table represents the fair value measurements of investments recognized in the accompanying Statement of Net Position measured at on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2021:

	Total as of June 30, 2021	Measurement Inputs	Valuation Techniques
Investments:			
State investment pool	\$ 74,557,725	Uncategorized	N/A
Certificate of deposit	203,410	Uncategorized	N/A
Money market funds	29,922,535	Uncategorized	N/A
Guaranteed investment contract	780,000	Uncategorized	N/A
Restricted investments in CFDs	<u>78,745,000</u>	Uncategorized	N/A
 Total	 <u>\$ 184,208,670</u>		

The carrying amount of the City's demand deposits are \$65,308,570 at June 30, 2021. Bank balances were \$66,463,702 at that date; the total amount is collateralized or insured with securities held by the pledging financial institutions in the City's name is discussed below.

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

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits; however, the City has not waived the collateralization requirements.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 2 - Cash and Investments (Continued)

B. Investments

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 (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of bond proceeds held by the City's bond trustee (fiscal agent) which is described below.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (LAIF)	N/A	100%	\$75 million
Negotiable Certificates of Deposits	5 Years	100%	None
Money Market Funds	N/A	100%	None
Guaranteed Investment Contracts	N/A	100%	None
Government Securities Mutual Funds	N/A	20%	None
Local Obligation Bonds*	5 Years	None	None

*Limited to 5 years, except permits investment in variable rate demand obligations that are City obligations up to 10 year maturity, as allowed under IRS and SEC rulings.

At June 30, 2021, the City had \$74,557,725 in the LAIF account which is in excess of the City's investment policy.

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 2 - Cash and Investments (Continued)

B. Investments (Continued)

Investments Authorized by Debt Agreements

Investments of bond proceeds held by the City's bond trustee are governed by provisions of the related debt agreement rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Investment Fund (LAIF)	N/A	None	None
Negotiable Certificates of Deposits	None	None	None
Money Market Mutual Funds	N/A	None	None
Guaranteed Investment Contracts	None	None	None
Community Facilities District Bonds	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Obligations	None	None	None
Municipal Obligations	None	None	None
Banker's Acceptances, Prime Quality	360 Days	None	None
Commercial Paper, Prime Quality	270 Days	None	None

C. External Investment Pool

The City is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF at June 30, 2021 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

Structured Notes, are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2021, the City had \$74,557,725 invested in LAIF, which had invested 2.31% of the pool investment funds in Structured Notes and Asset-Backed Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The value of the City's position in the pool is the same as the value of the pool shares. LAIF is unrated as of June 30, 2021.

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 2 - Cash and Investments (Continued)

D. Investment in CFD Bonds

The Beaumont Financing Authority (BFA) issued Local Agency Revenue Bonds ("Authority Bonds") for investment in the City of Beaumont Community Facilities District (CPD) 93-1 Special Tax Bonds ("District Bonds"). The District Bonds are local obligation bonds secured solely by special assessments on property owners within the CPD. The Authority Bonds issued by the BFA are repaid solely by debt service payments made on the District Bonds to the BFA. The repayment schedules of the District Bonds, and interest thereon, to the BFA; are concurrent and sufficient to satisfy the debt service requirements of the respective Authority Bonds.

E. Risk Disclosures

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, the greater the sensitivity its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Investments governed by the bond indentures may be longer. Maturities of investments vary and depend on liquidity needs of the City.

As of June 30, 2021, the City had the following investments and maturities:

	<u>Amount</u>	<u>Maturities</u>		
		<u>1 year or less</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
Investments:				
State investment pool	\$ 74,557,725	\$ 74,557,725	\$ -	\$ -
Certificate of deposit	203,410	203,410	-	-
Money market funds	29,922,535	29,922,535	-	-
Guaranteed investment contract	780,000	-	-	780,000
Restricted investments in CFDs	78,745,000	3,035,600	17,335,000	58,374,400
Total	<u>\$ 184,208,670</u>	<u>\$ 107,719,270</u>	<u>\$ 17,335,000</u>	<u>\$ 59,154,400</u>

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 2 - Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Credit Risk

Credit Risk is the risk of loss due to failure of the security issuer. The risk can be identified thru the rating assigned by a nationally recognized statistical rating organization to the issuers of securities. The City minimizes this risk by investing only in the type of investments allowed for municipalities by the Government Code as listed on the City's investment policy and investing only in instruments that are most credit worthy.

	Total as of June 30, 2021	Measurement Inputs	Valuation Techniques
Investments:			
State investment pool	\$ 74,557,725	Uncategorized	N/A
Certificate of deposit	203,410	Uncategorized	N/A
Money market funds	29,922,535	Uncategorized	N/A
Guaranteed investment contract	780,000	Uncategorized	N/A
Restricted investments in CFDs	<u>78,745,000</u>	Uncategorized	N/A
Total	<u><u>\$ 184,208,670</u></u>		

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk.

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 2 - Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. City investments that are greater than 5 percent of the total investments are in either an external investment pool or mutual funds and are therefore exempt. The City's investment in CFDs is restricted and is secured by special assessments from property owners and a tax lien on the underlying property.

<u>Investment Type</u>	<u>Total as of June 30, 2021</u>	<u>Percentage of Investments</u>
Investments:		
State investment pool	\$ 74,557,725	40.47%
Certificate of deposit	203,410	0.11%
Money market funds	29,922,535	16.24%
Guaranteed investment contract	780,000	0.42%
Restricted investments in CFDs	78,745,000	42.75%
Total	<u>\$ 184,208,670</u>	

Note 3 - Loans Receivable

A. Governmental Activities

For the year ended June 30, 2021, changes in the loan receivable of the City's loan program is as follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Loan receivable:				
Calimesa loan	\$ 224,671	\$ 1,044	\$ -	\$ 225,715
Total	<u>\$ 224,671</u>	<u>\$ 1,044</u>	<u>\$ -</u>	<u>\$ 225,715</u>

Calimesa Loan

The City entered into a loan agreement with City of Calimesa for the design and construction of portions of Cherry Valley Boulevard and Palmer Drive. The City of Calimesa will repay the loans within the next 20 years, plus simple interest annually at the rate paid by the Local Agency Investment Fund (LAIF) on January 1 of each year on the unpaid balance. The balance of the loan totaled \$225,715 at June 30, 2021. This balance includes interest of \$16,974 calculated at the LAIF rate of 0.50%.

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 4 - Interfund Balances and Transactions

A. Transfers

Transfers in and out for the year ended June 30, 2021, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	CFD Admin Fund	1,837,267	CFD - City maintenance/admin
General Fund	CFD Maintensnce Fund	3,895,009	CFD - City maintenance/admin
General Fund	Community Development Block Grant	635,569	Federal Cares Act Funding
General Fund	Other Fund	517	Cover Gang Task Force Overtime
General Fund	Gas Tax Fund	976,216	Streets Maintenance
General Fund	CFD Safety Fund	576,394	Public Safety Costs
General Fund	Community Development Block Grant	10,369	Covid 19 Expenses
General Fund	Community Development Block Grant	1,563,936	Premium Pay from ARPA Grant
General Fund	CFD Safety Fund	24,942	Canine Costs
General Fund	COPS Grant Fund	7,076	Cadet Labor Costs
General Fund	Wastewater Fund	650,000	Admin Overhead
	Transit Fund	100,000	Admin Overhead
	Subtotal	<u>10,277,295</u>	
Transit Fund	Community Development Block Grant	278,846	Premium Pay from ARPA Grant
	Subtotal	<u>278,846</u>	
SB1 Tax Fund	Measure A Fund	254,313	Correct CIP Funding
	Subtotal	<u>254,313</u>	
Measure A Fund	SB1 Tax Fund	160,321	Correct CIP Funding
	General Capital Projects Fund	52,410	Correct CIP Funding
	Subtotal	<u>212,731</u>	
General Plan Mitigation Fund	General Fund	167,292	Capital Projects
	Subtotal	<u>167,292</u>	
Fire Station Mitigation Fund	Measure A Fund	139,842	Correct CIP Funding
	Subtotal	<u>139,842</u>	
Wastewater Fund	Community Development Block Grant	130,010	Premium Pay from ARPA Grant
	Future Facilities Fund	101,185	Capital Projects
	Subtotal	<u>231,195</u>	
Internal Service Fund	General Fund	109,500	Smart Irrigation Purchase
Internal Service Fund	CFD Admin Fund	3,500,000	Facility Maintenance Replacement
Internal Service Fund	CFD Admin Fund	800,000	IT Equipment Replacement
Internal Service Fund	CFD Admin Fund	1,400,000	Vehicle Replacement
Internal Service Fund	CFD Admin Fund	600,000	Equipment Replacement
	Subtotal	<u>6,409,500</u>	
General Capital Projects Fund	General Fund	6,910,432	Capital projects
General Capital Projects Fund	SB1 Tax Fund	59,750	Capital projects
General Capital Projects Fund	General Plan Mitigation Fund	73,881	Capital projects
General Capital Projects Fund	SB1 Tax Fund	11,502	Capital Projects
General Capital Projects Fund	Future Facilities Fund	119,823	Capital Projects
General Capital Projects Fund	Other Mitigation Fund	5,266	Capital Projects
General Capital Projects Fund	Basic Services Mitigation Fund	31,344	Capital Projects
General Capital Projects Fund	Traffic Signal Mitigation Fund	20,477	Capital Projects
General Capital Projects Fund	Rail Road Crossing Mitigation Fund	4,157	Capital Projects
General Capital Projects Fund	Road And Bridge Mitigation Fund	294,137	Capital Projects
General Capital Projects Fund	Community Park Mitigation Fund	99,646	Capital projects
	Subtotal	<u>7,630,415</u>	
	Total	<u>\$ 25,601,429</u>	

CITY OF BEAUMONT

Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 5 - Capital Assets

A. Governmental Activities

Summary of changes in capital assets for governmental activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Nondepreciable assets:				
Land	\$ 28,547,468	\$ -	\$ -	\$ 28,547,468
Construction in progress	30,405,380	4,940,605	(27,545,496)	7,800,489
Total nondepreciable assets	<u>58,952,848</u>	<u>4,940,605</u>	<u>(27,545,496)</u>	<u>36,347,957</u>
Depreciable assets:				
Building and improvements	19,980,342	263,732		20,244,074
Machinery and equipment	7,408,174	709,973	(80,146)	8,038,001
Vehicles	3,096,549	568,789	(200,000)	3,465,338
Infrastructure	419,534,936	29,353,850	-	448,888,786
Subtotal	<u>450,020,001</u>	<u>30,896,344</u>	<u>(280,146)</u>	<u>480,636,199</u>
Less accumulated depreciation:				
Building and improvements	(10,035,561)	(363,447)		(10,399,008)
Machinery and equipment	(4,170,407)	(385,566)	73,400	(4,482,573)
Vehicles	(2,394,782)	(296,024)	200,000	(2,490,806)
Infrastructure	(215,291,337)	(4,956,402)	-	(220,247,739)
Subtotal	<u>(231,892,087)</u>	<u>(6,001,439)</u>	<u>273,400</u>	<u>(237,620,126)</u>
Total depreciable assets, net	<u>218,127,914</u>	<u>24,894,905</u>	<u>(6,746)</u>	<u>243,016,073</u>
Total	<u>\$ 277,080,762</u>	<u>\$ 29,835,510</u>	<u>\$ (27,552,242)</u>	<u>\$ 279,364,030</u>

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2021 are as follows:

General government	\$ 79,129
Public safety	281,115
Public works	5,162,338
Community development	82,467
Community services	396,390
Total depreciation expense	<u>\$ 6,001,439</u>

CITY OF BEAUMONT

Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 5 - Capital Assets (Continued)

B. Business-Type Activities

Summary of changes in capital assets for business-type activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Nondepreciable assets:				
Land	\$ 3,009,860	\$ -	\$ -	\$ 3,009,860
Construction in progress	81,272,806	22,655,032	(303,913)	103,623,925
Total nondepreciable assets	<u>84,282,666</u>	<u>22,655,032</u>	<u>(303,913)</u>	<u>106,633,785</u>
Depreciable assets:				
Building and improvements	621,548	-	-	621,548
Machinery and equipment	89,385,271	362,585	-	89,747,856
Vehicles	4,599,111	837,075	-	5,436,186
Infrastructure	145,142,413	357,455	-	145,499,868
Subtotal	<u>239,748,343</u>	<u>1,557,115</u>	<u>-</u>	<u>241,305,458</u>
Less accumulated depreciation:				
Building and improvements	(526,038)	(35,702)	-	(561,740)
Machinery and equipment	(44,266,787)	(3,245,076)	-	(47,511,863)
Vehicles	(3,712,511)	(551,120)	-	(4,263,631)
Infrastructure	(74,299,952)	(4,280,545)	-	(78,580,497)
Subtotal	<u>(122,805,288)</u>	<u>(8,112,443)</u>	<u>-</u>	<u>(130,917,731)</u>
Total depreciable assets, net	<u>116,943,055</u>	<u>(6,555,328)</u>	<u>-</u>	<u>110,387,727</u>
Total	<u>\$ 201,225,721</u>	<u>\$ 16,099,704</u>	<u>\$ (303,913)</u>	<u>\$ 217,021,512</u>

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2021 are as follows:

Sewer	\$ 7,555,416
Transit	557,027
Total depreciation expense	<u>\$ 8,112,443</u>

C. Fiduciary Fund Financial Statements

Summary of changes in capital assets for the City's Successor Agency for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Nondepreciable assets:				
Land	\$ 21,826	\$ -	\$ -	\$ 21,826
Total nondepreciable assets	<u>21,826</u>	<u>-</u>	<u>-</u>	<u>21,826</u>
Total	<u>\$ 21,826</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,826</u>

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 6 - Long-Term Obligations

A. Governmental Activities

Summary of changes in long-term liabilities for the governmental activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Classification	
					Due Within One Year	Due in More Than One Year
Governmental Activities:						
City						
AB 1484 Due Diligence Review	\$ 1,075,912	\$ -	\$ (300,000)	\$ 775,912	\$ 300,000	\$ 475,912
Capital Leases	251,240	-	(98,561)	152,679	96,390	56,289
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
Total governmental activities	\$ 86,166,772	\$ 35,875,000	\$ (41,431,332)	\$ 80,610,440	\$ 3,504,461	\$ 77,105,979

AB 1484 Due Diligence Review

The City has entered into an agreement with the State of California, Department of Finance (State) to pay an outstanding amount due from the State's Due Diligence Review. The original amount due was \$2,875,912, and the outstanding balance at June 30, 2021 is \$775,912. The agreement calls for annual payments of \$300,000 through July 15, 2022, with a final payment of \$175,912 due on July 15, 2023. The City will utilize "residual" pass-through payments received by the City's General Fund to pay this debt of the former Redevelopment Agency. There is no interest charged by the State.

The annual debt service requirements are as follows:

Year Ending June 30,	Total
2022	\$ 300,000
2023	300,000
2024	175,912
Total	\$ 775,912

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 6 - Long-Term Obligations (Continued)

A. Governmental Activities (Continued)

Capital Lease

The City has entered into several lease agreements for the financing of public works vehicles, police vehicles, and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception.

The annual debt service requirements for the capital leases payable outstanding at June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 99,342	\$ 4,558	\$ 103,900
2023	53,337	1,292	54,629
Totals	<u>\$ 152,679</u>	<u>\$ 5,850</u>	<u>\$ 158,529</u>

The City entered into capital lease-purchase agreements whereby the lessor acquired certain capital assets and leased them to the City with the option to purchase. The leased assets are included in capital assets and are summarized by major asset class below:

	<u>Amount</u>
Vehicles	\$ 344,718
Less: accumulated depreciation	(178,120)
Total	<u>\$ 166,598</u>

Revenue Bonds

Local Revenue Bonds - 1994

On January 15, 1994, the BFA issued \$7,535,000 of 1994 Local Agency Revenue Bonds-Series A and \$2,755,000 of 1994 Local Agency Revenue Bonds - Series B (the "Authority Bonds") for the purpose of acquiring the concurrently issued City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 1994 Series A (the "District Bonds") in the amount of \$9,260,000. Proceeds from the Authority Bonds were used to purchase the District bonds. The bonds were issued to provide the District with funds to design or acquire certain public improvements relating to the District, including water treatment plant facilities and infrastructure.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 6 - Long-Term Obligations (Continued)

A. Governmental Activities (Continued)

Revenue Bonds (Continued)

Local Revenue Bonds - 1994 (Continued)

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest was payable on September 1, 1994, and semiannually thereafter on March 1 and September 1 of each year until maturity. Series A Authority Bonds are 7.0% term bonds due September 1, 2023, with sinking payments to be made beginning September 1, 2004. Series B Authority Bonds consist of \$365,000 serial bonds maturing annually in amounts between \$65,000 and \$80,000 from September 1, 1999 through September 1, 2003. Thereafter, \$2,390,000 of 7.5% term bonds are due September 1, 2023, with sinking payments to be made beginning September 1, 2004.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. The outstanding indebtedness at June 30, 2021, on the Series A Bonds was \$1,970,000.

The District Bonds do not constitute an obligation of the City and the City is not obligated to make payment beyond the special taxes and available bond reserves.

Local Agency Revenue Bonds - 2011 Series A and B

On December 15, 2011, the BFA issued \$12,145,000 of 2011 Local Agency Revenue Bonds, Series A (the "Authority Bonds") for the purpose of refunding the Beaumont Financing Authority 2009 Local Agency Revenue Bonds, Series A and B, the Beaumont Financing Authority 2009 Local Agency Revenue Bonds, Series A and B, and acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds ("District Bonds") in the amount of \$11,039,529. These bonds were issued to provide the District with funds to finance public infrastructure relating to respective improvements areas, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2012 until maturity or earlier redemption. The Bonds consist of \$1,405,000 serial bonds maturing annually in amounts between \$10,000 and \$250,000 from September 1, 2015 through September 1, 2026 with interest rates between 3.500% and 5.500%. Thereafter, \$1,820,000 of 6.125% term bonds are due September 1, 2031, with sinking payments to be made beginning September 1, 2027, and \$8,920,000 of 6.375% term bonds are due September 1, 2042, with sinking payments to be made beginning September 1, 2032.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 6 - Long-Term Obligations (Continued)

A. Governmental Activities (Continued)

Revenue Bonds (Continued)

Local Agency Revenue Bonds - 2011 Series A and B (Continued)

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof.

On August 13, 2020, the City issued \$17,200,000 in refunding revenue bonds with an average interest rate of 2% to advance refund \$11,540,000 of outstanding 2011 Series A and B debt. As a result, the 2011 Series A and B bonds are considered to be refunded and the liability for these bonds has been removed from the government-wide statement of net position.

The refunding did result in a difference between the reacquisition price and the net carrying amount of old debt. The City completed the refunding to reduce its total debt service payments over 23 years by \$7,747,589 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3,961,708.

Local Agency Revenue Bonds - 2012 Series A

On March 14, 2012, the BFA issued \$5,650,000 of 2012 Local Agency Revenue Bonds, Series A (the "Authority Bonds") for the purpose of acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds ("District Bonds") in the amount of \$4,936,658. These bonds were issued to provide the District with funds to finance public infrastructure relating to Improvements Area No. 8C, fund interest on the bonds, pay expenses relating to the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2017 until maturity or earlier redemption. The Bonds consist of \$155,000 serial bonds maturing annually in amounts between \$10,000 and \$120,000 from September 1, 2017 through September 1, 2029 with interest rates between 3.500% and 5.250%. Thereafter, \$400,000 of 5.625% term bonds are due September 1, 2032, with sinking payments to be made beginning September 1, 2030, and \$4,475,000 of 5.875% term bonds are due September 1, 2042, with sinking payments to be made beginning September 1, 2033.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 6 - Long-Term Obligations (Continued)

A. Governmental Activities (Continued)

Revenue Bonds (Continued)

Local Agency Revenue Bonds - 2012 Series A (Continued)

On August 13, 2020, the City issued \$17,200,000 in refunding revenue bonds with an average interest rate of 2% to advance refund \$5,660,000 of outstanding 2012 Series A debt. As a result, the 2012 Series A bonds are considered to be refunded and the liability for these bonds has been removed from the government-wide statement of net position.

The refunding did result in a difference between the reacquisition price and the net carrying amount of old debt. The City completed the refunding to reduce its total debt service payments over 23 years by \$2,783,288 and to obtain an economic loss (difference between the present values of the old and new debt service payments) of \$1,331,751.

Local Agency Revenue Bonds - 2012 Series B

On April 10, 2012, the BFA issued \$3,265,000 of 2012 Local Agency Revenue Bonds, Series B (the "Authority Bonds") for the purpose of acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds ("District Bonds") in the amount of \$2,690,661. These bonds were issued to provide the District with funds to finance public infrastructure relating to Improvements Area No. 20, fund interest on the bonds, pay expenses relating to the bonds and fund a reserve account. public infrastructure relating to Improvements Area No. 20, fund interest on the bonds, pay expenses relating to the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2015 until maturity or earlier redemption. The Bonds consist of \$1,120,000 serial bonds maturing annually in amounts between \$50,000 and \$150,000 from September 1, 2015 through September 1, 2026 with interest rates between 3.500% and 5.500%.

Thereafter, \$2,145,000 of 5.950% term bonds are due September 1, 2035, with sinking payments to be made beginning September 1, 2027.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 6 - Long-Term Obligations (Continued)

A. Governmental Activities (Continued)

Revenue Bonds (Continued)

Local Agency Revenue Bonds - 2012 Series B (Continued)

On June 30, 2021, the City issued \$18,675,000 in refunding revenue bonds with an average interest rate of 1.43% to advance refund \$2,615,000 of outstanding 2012 Series B debt. As a result, the 2012 Series B bonds are considered to be refunded and the liability for these bonds has been removed from the government-wide statement of net position.

The refunding did result in a difference between the reacquisition price and the net carrying amount of old debt. The City completed the refunding to reduce its total debt service payments over 14 years by \$1,166,430 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$567,229.

Local Agency Revenue Bonds - 2012 Series C

On May 23, 2012, the BF A issued \$3,655,000 of 2012 Local Agency Revenue Bonds, Series C (the "Authority Bonds") for the purpose of acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds ("District Bonds") in the amount of \$3,122,785. These bonds were issued to provide the District with funds to finance public infrastructure relating to Improvements Area No. 7B and No. 7C, fund interest on the bonds, pay expenses relating to the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2013 until maturity or earlier redemption. The Bonds consist of \$760,000 serial bonds maturing annually in amounts between \$20,000 and \$105,000 from September 1, 2013 through September 1, 2025 with interest rates between 1.500% and 4.250%. Thereafter, \$2,895,000 of 5.250% term bonds are due September 1, 2039, with sinking payments to be made beginning September 1, 2026.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof.

On June 30, 2021, the City issued \$18,675,000 in refunding revenue bonds with an average interest rate of 1.43% to advance refund \$3,045,000 of outstanding 2012 Series C debt. As a result, the 2012 Series C bonds are considered to be refunded and the liability for these bonds has been removed from the government-wide statement of net position.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 6 - Long-Term Obligations (Continued)

A. Governmental Activities (Continued)

Revenue Bonds (Continued)

Local Agency Revenue Bonds - 2012 Series C (Continued)

The refunding did result in a difference between the reacquisition price and the net carrying amount of old debt. The City completed the refunding to reduce its total debt service payments over 18 years by \$1,286,161 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$604,476.

Local Agency Revenue Bonds - 2013 Series A

On January 17, 2013, the BFA issued \$8,810,000 of 2013 Local Agency Revenue Bonds, Series A (the "Authority Bonds") for the purpose of acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds ("District Bonds") in the amount of \$7,865,887. The District Bonds were issued to provide the District with funds to finance public infrastructure related to Improvements Area No. 19C, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account. The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2013 until maturity or earlier redemption. The Bonds consist of \$4,180,000 serial bonds maturing annually in amounts between \$55,000 and \$420,000 from September 1, 2013 through September 1, 2022 with interest rates between 1.500% and 4.250%.

Thereafter, \$1,965,000 of 5% term bonds are due September 1, 2027, with sinking payments to be made beginning September 1, 2023, and \$2,665,000 of 5% term bonds are due September 1, 2036, with sinking payments to be made beginning September 1, 2028.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof.

On June 30, 2021, the City issued \$18,675,000 in refunding revenue bonds with an average interest rate of 1.43% to advance refund \$4,940,000 of outstanding 2013 Series A debt. As a result, the 2013 Series A bonds are considered to be refunded and the liability for these bonds has been removed from the government-wide statement of net position.

The refunding did result in a difference between the reacquisition price and the net carrying amount of old debt. The City completed the refunding to reduce its total debt service payments over 15 years by \$1,254,934 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$349,311.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 6 - Long-Term Obligations (Continued)

A. Governmental Activities (Continued)

Revenue Bonds (Continued)

Local Agency Refunding Revenue Bonds - 2013 Series B

On April 2, 2013, the BFA issued \$10,875,000 of 2013 Local Agency Refunding Revenue Bonds, Series B (the "Authority Bonds") for the purpose of refunding the Beaumont Financing Authority 2003 Local Agency Revenue Bonds Series B and acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds ("District Bonds") in the amount of \$130,500.

These bonds were issued to provide the District with funds to finance public infrastructure related to Improvements area No. 17 A, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2015 until maturity or earlier redemption. The Bonds consist of \$3,810,000 serial bonds maturing annually in amounts between \$245,000 and \$475,000 from September 1, 2013 through September 1, 2023 with interest rates between 2.000% and 5.000%. Thereafter, \$2,740,000 of 5% term bonds are due September 1, 2028, with sinking payments to be made beginning September 1, 2024, and \$4,325,000 of 5% term bonds are due September 1, 2034, with sinking payments to be made beginning September 1, 2029.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof.

On June 30, 2021, the City issued \$18,675,000 in refunding revenue bonds with an average interest rate of 1.43% to advance refund \$8,075,000 of outstanding 2013 Series B debt. As a result, the 2013 Series B bonds are considered to be refunded and the liability for these bonds has been removed from the government-wide statement of net position.

The refunding did result in a difference between the reacquisition price and the net carrying amount of old debt. The City completed the refunding to reduce its total debt service payments over 14 years by \$1,759,444 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$620,256.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 6 - Long-Term Obligations (Continued)

A. Governmental Activities (Continued)

Revenue Bonds (Continued)

Local Agency Refunding Revenue Bonds - 2015 Series A

On March 17, 2015, the BFA issued \$11,110,000 of 2015 Local Agency Revenue Bonds, Series A (the "Authority Bonds") for the purpose of refunding the Beaumont Financing Authority 2005 Local Agency Revenue Bonds Series B.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2015 until maturity or earlier redemption. Interest on the bonds ranges from 2.00% to 5.00%.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. The outstanding indebtedness at June 30, 2021 was \$9,770,000 for the Authority Bonds and is reported in the City's financial statements as the BFA is a component unit of the City.

The District Bonds do not constitute an obligation of the City and the City is not obligated to make payment beyond the special taxes and available bond reserves.

Local Agency Refunding Revenue Bonds - 2015 Series B

On April 23, 2015, the BFA issued \$20,095,000 of 2015 Local Agency Refunding Revenue Bonds, Series B (the "Authority Bonds") for the purpose of refunding the Beaumont Financing Authority 2004 Local Agency Revenue Bonds Series D.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2015 until maturity or earlier redemption. Interest on the bonds ranges from 2.00% to 5.00%.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. The outstanding indebtedness at June 30, 2021 was \$16,020,000 for the Authority Bonds and is reported in the City's financial statements as the BFA is a component unit of the City.

The District Bonds do not constitute an obligation of the City and the City is not obligated to make payment beyond the special taxes and available bond reserves.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 6 - Long-Term Obligations (Continued)

A. Governmental Activities (Continued)

Revenue Bonds (Continued)

Local Agency Refunding Revenue Bonds - 2015 Series C

On May 15, 2015, the BFA issued \$5,335,000 of 2015 Local Agency Refunding Revenue Bonds, Series C (the "Authority Bonds") for the purpose of refunding the Beaumont Financing Authority 2004 Local Agency Revenue Bonds Series A.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2015 until maturity or earlier redemption. Interest on the bonds ranges from 2.00% to 4.125%.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. The outstanding indebtedness at June 30, 2021 was \$4,040,000 for the Authority Bonds and is reported in the City's financial statements as the BFA is a component unit of the City.

The District Bonds do not constitute an obligation of the City and the City is not obligated to make payment beyond the special taxes and available bond reserves.

Local Agency Refunding Revenue Bonds - 2015 Series D

On May 15, 2015, the BFA issued \$7,820,000 of 2015 Local Agency Refunding Revenue Bonds, Series D (the "Authority Bonds") for the purpose of refunding the Beaumont Financing Authority 2004 Local Agency Revenue Bonds Series B.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2015 until maturity or earlier redemption. Interest on the bonds ranges from 2.00% to 4.250%.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. The outstanding indebtedness at June 30, 2021 was \$5,985,000 for the Authority Bonds and is reported in the City's financial statements as the BFA is a component unit of the City.

The District Bonds do not constitute an obligation of the City and the City is not obligated to make payment beyond the special taxes and available bond reserves.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 6 - Long-Term Obligations (Continued)

A. Governmental Activities (Continued)

Revenue Bonds (Continued)

Local Agency Refunding Revenue Bonds - 2019 Series A

On August 8, 2019, the BFA issued \$5,375,000 of 2019 Local Agency Refunding Revenue Bonds, Series A (the "Authority Bonds") for the purpose of refunding the Beaumont Financing Authority Local Agency Revenue Bonds Series 2007 A, C and D.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2021 until maturity or earlier redemption. Interest on the bonds ranges from 3.0% to 5.0%.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. The outstanding indebtedness at June 30, 2021 was \$5,085,000 for the Authority Bonds and is reported in the City's financial statements as the BFA is a component unit of the City.

The District Bonds do not constitute an obligation of the City and the City is not obligated to make payment beyond the special taxes and available bond reserves.

Local Agency Refunding Revenue Bonds - 2020 Series A

On August 13, 2020, the BFA issued \$17,200,000 of 2020 Local Agency Refunding Revenue Bonds, Series A (the "Authority Bonds") for the purpose of refunding the Beaumont Financing Authority Local Agency Revenue Bonds Series 2011 Series A & B and 2012 Series A.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2021 until maturity or earlier redemption. Interest on the bonds ranges from 0.773% to 2.245%.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. The outstanding indebtedness at June 30, 2021 was \$17,200,000 for the Authority Bonds and is reported in the City's financial statements as the BFA is a component unit of the City.

The District Bonds do not constitute an obligation of the City and the City is not obligated to make payment beyond the special taxes and available bond reserves.

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 6 - Long-Term Obligations (Continued)

A. Governmental Activities (Continued)

Revenue Bonds (Continued)

Local Agency Refunding Revenue Bonds - 2021 Series A

On June 30, 2021, the BFA issued \$18,675,000 of 2021 Local Agency Refunding Revenue Bonds, Series A (the "Authority Bonds") for the purpose of refunding the Beaumont Financing Authority Local Agency Revenue Bonds Series 2012 Series B & C, 2013 Series A & B.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2022 until maturity or earlier redemption. Interest on the bonds ranges from 0.265% to 2.397%.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. The outstanding indebtedness at June 30, 2021 was \$18,675,000 for the Authority Bonds and is reported in the City's financial statements as the BFA is a component unit of the City.

The District Bonds do not constitute an obligation of the City and the City is not obligated to make payment beyond the special taxes and available bond reserves.

Annual Debt Service Requirements to Maturity

The annual debt service requirements to maturity schedule are the annual scheduled debt service under the BFA's Authority Bond indentures as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 3,030,000	\$ 2,463,550	\$ 5,493,550
2023	4,510,000	2,460,942	6,970,942
2024	4,670,000	2,329,451	6,999,451
2025	4,035,000	2,201,507	6,236,507
2026	4,120,000	2,086,539	6,206,539
2027-2031	22,160,000	8,540,815	30,700,815
2032-2036	22,345,000	4,599,456	26,944,456
2037-2041	8,520,000	1,978,828	10,498,828
2042-2046	5,355,000	464,077	5,819,077
Totals	\$ 78,745,000	\$ 27,125,165	\$ 105,870,165

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 6 - Long-Term Obligations (Continued)

B. Business-Type Activities

Summary of changes in long-term liabilities for the business-type activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Classification	
					Due Within One Year	Due in More Than One Year
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
Capital Leases	183,671	-	(84,366)	99,305	84,366	14,939
Total business-type activities	\$ 88,784,168	\$ -	\$(1,982,215)	\$ 86,801,953	\$ 2,032,215	\$ 84,769,738

Capital Lease

The City has entered into several lease agreements for the financing of sewer vehicles and equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception.

The annual debt service requirements for the capital leases payable outstanding at June 30, 2021 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 99,305	\$ 4,332	\$ 103,637
Total	\$ 99,305	\$ 4,332	\$ 103,637

The City entered into capital lease-purchase agreements whereby the lessor acquired certain capital assets and leased them to the City with the option to purchase. The leased assets are included in capital assets and are summarized by major asset class below:

	Amount
Vehicles	\$ 455,505
Less: accumulated depreciation	(321,994)
Total	\$ 133,511

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 6 - Long-Term Obligations (Continued)

B. Business-Type Activities (Continued)

Revenue Bonds

Wastewater Revenue Bonds, Series 2018A

On September 27, 2018, the Beaumont Public Improvement Authority issued \$81,105,000 of revenue bonds, to finance the acquisition and construction of certain improvements to the City's Wastewater System and to purchase a debt service reserve surety policy. The bonds were issued at a premium of \$9,698,952 which is amortized over the life of the bonds. Interest on the bonds is payable semi-annually on March 1 and September 1 of each year through September 1, 2049. The bonds bear interest ranging from 3% to 5%. Principal payments are due annually beginning on September 1, 2019. The bonds are a special limited obligation of the Authority payable solely from Authority Revenues. The outstanding balance of the Wastewater Revenue Bonds Series 2018A at June 30, 2021 was \$78,860,000.

Year Ending June 30,	Principal	Interest	Total
2022	\$ 1,295,000	\$ 3,777,988	\$ 5,072,988
2023	1,355,000	3,718,213	5,073,213
2024	1,425,000	3,648,713	5,073,713
2025	1,495,000	3,575,713	5,070,713
2026	1,570,000	3,499,088	5,069,088
2027-2031	9,160,000	16,199,688	25,359,688
2032-2036	11,475,000	13,876,681	25,351,681
2037-2041	14,325,000	11,029,250	25,354,250
2042-2046	18,370,000	6,985,750	25,355,750
2047-2050	18,390,000	1,896,500	20,286,500
Totals	\$ 78,860,000	\$ 68,207,581	\$ 147,067,581

Note 7 - Debt Without City Commitment

The City authorized the formation of the City of Beaumont Community Facilities District No. 93-1 (the "CFD's") for purpose of the issuance of bonds under improvement acts of the State of California to finance eligible public facilities to serve developing commercial, industrial, residential, and/or mixed use developments. Bonds issued by the CFD are secured by annual special tax levies or liens placed on properties within the CFD. The City, and the BFA, are not liable for repayment and the City, acting as an agent on behalf of the CFD, is only responsible for levying and collecting the special tax assessments, forwarding the collections to the bond trustee on behalf of bondholders, and initiating foreclosure proceedings on faulted special tax payments when necessary.

CITY OF BEAUMONT

Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 7 - Debt Without City Commitment (Continued)

The bonds issued by the CPD are limited obligations and are payable solely from special tax assessments, specific bond reserves, and the proceeds from property foreclosures. Since these debts do not constitute an obligation of the City or the BFA and the City or BFA is not obligated to make payments on the bonds, the District Bonds (whose terms are disclosed in Note 6) are not reported as long-term liabilities in the accompanying City financial statements. The activities related to the District Bond reserves, special assessment tax collection, remittance to the bond trustee, repayment of District Bonds and use of new bond proceeds for developer capital projects for infrastructure, are reported in the Fiduciary Funds as an agency fund.

As of June 30, 2021, debt without City or BFA 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	<u>78,745,000</u>
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	<u><u>\$ 221,301,097</u></u>

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 8 - Compensated Absences

The City's liability for vested and unpaid compensated absences (vacation and vested sick leave) was \$3,147,991 at June 30, 2021.

A. Governmental Activities

For the governmental activities, compensated absences are generally liquidated by the General Fund.

Summary of changes in compensated absences for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Classification	
					Due Within One Year	Due in More Than One Year
Governmental Activities:						
Compensated absences	\$ 2,627,915	\$ 665,087	\$ (519,771)	\$ 2,773,231	\$ 554,646	\$ 2,218,585
Total governmental activities	<u>\$ 2,627,915</u>	<u>\$ 665,087</u>	<u>\$ (519,771)</u>	<u>\$ 2,773,231</u>	<u>\$ 554,646</u>	<u>\$ 2,218,585</u>

B. Business-Type Activities

Summary of changes in compensated absences for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Classification	
					Due Within One Year	Due in More Than One Year
Business-Type Activities:						
Compensated absences	\$ 297,326	\$ 112,374	\$ (34,940)	\$ 374,760	\$ 74,952	\$ 299,808
Total governmental activities	<u>\$ 297,326</u>	<u>\$ 112,374</u>	<u>\$ (34,940)</u>	<u>\$ 374,760</u>	<u>\$ 74,952</u>	<u>\$ 299,808</u>

Note 9 - Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City, including its component units, uses the General Fund to account for and finance risks for general liability, workers' compensation, and property damage. There were no settlements in excess of insurance coverage in any of the three prior fiscal years. There were no reductions in the City's limits of coverage during the fiscal year ended June 30, 2021.

General Liability and Property Damage Insurance

The City is self-insured to some extent for general liability claims. The City maintains a self-insured retention level of \$250,000 for general liability with excess coverage up to \$50,000,000, as a participant in the Exclusive Risk Management Authority of California (ERMAC), a Joint Powers Authority. Property damage is also insured through participation in ERMAC.

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 9 - Risk Management (Continued)

General Liability and Property Damage Insurance (Continued)

The City has entered into contracts with claims administrators to process claims against the City for general liability claims.

Workers' Compensation

The City of Beaumont maintains a self-insured workers' compensation plan, whereby the City covers the cost of medical claims its employees incur. The City has stop loss coverage for this plan to cover claims in excess of \$300,000 per participant per year. The City utilizes a third-party administrator to manage claims in accordance with state law.

Government Crime Policy

The City carries government crime insurance, including faithful performance/employee dishonesty, forgery or alteration, computer fraud, etc., in the amount of \$15 million, with a \$2,500 deductible.

Changes in the claims liability amounts were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2017-2018	\$ 2,331,191	\$ 1,383,627	\$ (1,500,000)	\$ 2,214,818
2018-2019	2,214,818	2,870,524	(2,277,967)	2,807,375
2019-2020	2,807,375	1,016,150	(1,617,130)	2,206,395
2020-2021	2,206,395	1,675,361	(1,075,636)	2,806,120

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 10 - Pension Plans

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 1,211,609	\$ 383,576	\$ 1,595,185
CalPERS Safety	1,751,746	-	1,751,746
Total pension contribution made after measurement date	<u>2,963,355</u>	<u>383,576</u>	<u>3,346,931</u>
Projected earnings on pension plan investment in excess of actual earnings:			
CalPERS Miscellaneous	175,704	68,329	244,033
CalPERS Safety	254,843	-	254,843
Total projected earnings on pension plan investment in excess of actual earnings	<u>430,547</u>	<u>68,329</u>	<u>498,876</u>
Adjustment due to difference in proportions:			
CalPERS Miscellaneous	303,054	117,855	420,909
CalPERS Safety	214,521	-	214,521
Total adjustment due to difference in proportions	<u>517,575</u>	<u>117,855</u>	<u>635,430</u>
Difference between expected and actual experience:			
CalPERS Miscellaneous	304,799	118,533	423,332
CalPERS Safety	909,246	-	909,246
Total difference between expected and actual experience	<u>1,214,045</u>	<u>118,533</u>	<u>1,332,578</u>
Employer contributions in excess of proportionate share of contribution:			
CalPERS Miscellaneous	80,536	31,320	111,856
CalPERS Safety	72,981	-	72,981
Total employer contributions in excess of proportionate share of contribution	<u>153,517</u>	<u>31,320</u>	<u>184,837</u>
Total deferred outflows of resources:			
CalPERS Miscellaneous	2,075,703	719,612	2,795,315
CalPERS Safety	3,203,337	-	3,203,337
Total deferred outflows of resources	<u>\$ 5,279,040</u>	<u>\$ 719,612</u>	<u>\$ 5,998,652</u>
Net pension liabilities:			
CalPERS Miscellaneous	\$ 5,914,639	\$ 2,300,138	\$ 8,214,777
CalPERS Safety	11,725,412	-	11,725,412
Total net pension liabilities	<u>\$ 17,640,051</u>	<u>\$ 2,300,138</u>	<u>\$ 19,940,189</u>

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 10 - Pension Plans (Continued)

A. Summary (Continued)

	Governmental Activities	Business-Type Activities	Total
Deferred inflows of resources:			
Change in assumption:			
CalPERS Miscellaneous	\$ 44,529	\$ 14,062	\$ 58,591
CalPERS Safety	39,058	-	39,058
Total change in assumption	<u>83,587</u>	<u>14,062</u>	<u>97,649</u>
Projected earnings on pension plan investment in excess of actual earnings:			
CalPERS Miscellaneous	(35,556)	35,556	-
Total projected earnings on pension plan investment in excess of actual earnings	<u>(35,556)</u>	<u>35,556</u>	<u>-</u>
Total deferred inflows of resources:			
CalPERS Miscellaneous	31,250	27,341	58,591
CalPERS Safety	39,058	-	39,058
Total deferred outflows of resources	<u>\$ 70,308</u>	<u>\$ 27,341</u>	<u>\$ 97,649</u>
Pension expenses:			
CalPERS Miscellaneous	\$ 1,626,306	\$ 513,570	\$ 2,139,876
CalPERS Safety	2,563,438	-	2,563,438
Total net pension liabilities	<u>\$ 4,189,744</u>	<u>\$ 513,570</u>	<u>\$ 4,703,314</u>

B. General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City participates in four rate plans (two miscellaneous and two safety). Benefit provisions under the Plan are established by State statute and Local Government 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, at www.calpers.ca.gov.

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 10 - Pension Plans (Continued)

B. General Information about the Pension Plans (Continued)

Benefit 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 5 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.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect at June 30, 2021 are summarized as follows:

	<u>Miscellaneous</u>	<u>Miscellaneous PEPRA</u>	<u>Safety</u>	<u>Safety PEPRA</u>
Benefit formula	3.0% @ 60	2.0% @ 62	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-67	52-67	50-55	50-57
Monthly benefits, as a % of eligible compensation	3.0%	2.0%	3.0%	2.7%
Required employer contribution rate	15.445%	7.732%	23.674%	13.044%

Contributions

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

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 10 - Pension Plans (Continued)

B. General Information about the Pension Plans (Continued)

Contributions (Continued)

Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2021 were \$1,595,185 and \$1,751,746, for the Miscellaneous and Safety plans, respectively. The actual employer payments of \$3,228,952 made to CalPERS by the City during the measurement period ended June 30, 2020 differed from the City's proportionate share of the employer's contributions of \$3,164,497 by \$64,455, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

C. Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvements 90% of scale MP 2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 10 - Pension Plans (Continued)

C. Net Pension Liability (Continued)

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded single equivalent expected 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class¹	New Strategic Allocation	Real Return Years 1 - 10²	Real Return Years 11 + ³
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100%		

¹ In the System's CAFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

² An expected inflation of 2.0% used for this period

³ An expected inflation of 2.92% used for this period

Change of Assumptions

The Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019.

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 10 - Pension Plans (Continued)

C. Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

D. Proportionate Share of Net Pension Liability

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

	Increase(Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Miscellaneous			
Balance at: 6/30/19 (Valuation date)	\$ 34,063,851	\$ 26,625,712	\$ 7,438,139
Balance at: 6/30/20 (Measurement date)	36,927,018	28,712,241	8,214,777
Net changes during 2019-2020	<u>\$ 2,863,167</u>	<u>\$ 2,086,529</u>	<u>\$ 776,638</u>
Safety			
Balance at: 6/30/19 (Valuation date)	\$ 44,277,751	\$ 33,508,508	\$ 10,769,243
Balance at: 6/30/20 (Measurement date)	48,078,037	36,352,625	11,725,412
Net changes during 2019-2020	<u>\$ 3,800,286</u>	<u>\$ 2,844,117</u>	<u>\$ 956,169</u>

Valuation Date (VD), Measurement Date (MD).

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 10 - Pension Plans (Continued)

D. Proportionate Share of Net Pension Liability (Continued)

The City's net pension liability/(asset) for each Plan is measured as the proportionate share of the net pension liability/(asset). The net pension liability/(asset) of each of the Plans is measured as of June 30, 2020, and the total pension liability/(asset) for each Plan used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City's proportion of the net pension liability/(asset) was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability/(asset) for each Plan as of June 30, 2019 and 2020 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2020	0.18574%	0.17251%	0.17768%
Proportion - June 30, 2021	0.19475%	0.17600%	0.18327%
Change - Increase (Decrease)	<u>0.00901%</u>	<u>0.00349%</u>	<u>0.00559%</u>

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

The following presents the City's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	<u>Plan's Net Pension Liability/(Asset)</u>		
	<u>Discount Rate - 1%</u> <u>(6.15%)</u>	<u>Current Discount</u> <u>Rate (7.15%)</u>	<u>Discount Rate + 1%</u> <u>(8.15%)</u>
Miscellaneous	\$ 13,128,862	\$ 8,214,777	\$ 4,154,423
Safety	18,254,588	11,725,412	6,367,605
Total	<u>\$ 31,383,450</u>	<u>\$ 19,940,189</u>	<u>\$ 10,522,028</u>

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

CITY OF BEAUMONT

Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 10 - Pension Plans (Continued)

D. Proportionate Share of Net Pension Liability (Continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2020 is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of the active employees) by 145,663 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

E. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2019), the City's net pension liability was \$7,438,139 and \$10,769,243, for the Miscellaneous and Safety plans, respectively. For the measurement period ending June 30, 2020 (the measurement date), the City incurred a pension expense of \$2,030,685 and \$2,742,613, for the Miscellaneous and Safety Plans, respectively.

CITY OF BEAUMONT

Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 10 - Pension Plans (Continued)

E. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

As of June 30, 2021, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plans		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 1,595,185	\$ -
Difference between projected and actual earning on pension plan investments	244,033	-
Adjustment due to differences in proportions	420,909	-
Changes in assumptions	-	58,591
Difference between actual and expected experience	423,332	-
Difference between employer's actual contributions and proportionate share of contributions	111,856	-
Totals	\$ 2,795,315	\$ 58,591
Safety Plans		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 1,751,746	\$ -
Difference between projected and actual earning on pension plan investments	254,843	-
Adjustment due to differences in proportions	214,521	-
Changes in assumptions	-	39,058
Difference between actual and expected experience	909,246	-
Difference between employer's actual contributions and proportionate share of contributions	72,981	-
Totals	\$ 3,203,337	\$ 39,058

The amounts above are net of outflows and inflows recognized in the 2019-20 measurement period expense. Contributions subsequent to the measurement date of \$1,595,185 and \$1,751,746, for the Miscellaneous and Safety Plans, respectively reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

CITY OF BEAUMONT

Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 10 - Pension Plans (Continued)

E. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

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

Year Ended June 30,	Miscellaneous Plans	Safety Plans	Total
2022	\$ 352,182	\$ 448,660	\$ 800,842
2023	403,294	510,082	913,376
2024	269,017	326,101	595,118
2025	117,046	127,690	244,736
2026	-	-	-
Thereafter	-	-	-
Totals	\$ 1,141,539	\$ 1,412,533	\$ 2,554,072

F. Payable to the Pension Plan

The City had no outstanding amounts owed to the pension plan for contributions for the year ended June 30, 2021.

Note 11 - Other Required Disclosures

A. Expenditures Exceeding Appropriations

For the year ended June 30, 2021, expenditures exceeded appropriations in the following functions of the General Fund:

Fund	Function	Excess Expenditures
General Fund	General government	\$ (85,833)

The budget was established in a manner different than the reporting, and though certain line items were over the departments were within total budget appropriation. Future budgets will consider all reporting elements for proper alignment.

CITY OF BEAUMONT

Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 12 - Equity Classification

A. Fund Balances

	Major Funds							Total
	General Fund	Community Facilities District (CFD) Special Revenue Fund	Development Impact Fees (DIF) Special Revenue Fund	Community Facilities District (CFD) Capital Projects Fund	General Capital Projects Fund	Beaumont Financing Authority Debt Service Fund	Other Governmental Funds	
Nonspendable:								
Loans receivable	\$ 225,715	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,715
Prepaid expenditures	26,262	-	-	-	-	304,015	-	330,277
Total nonspendable	<u>251,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,015</u>	<u>-</u>	<u>555,992</u>
Restricted								
State Gas Tax	-	-	-	-	-	-	159,101	159,101
RMRA	-	-	-	-	-	-	1,437,670	1,437,670
Measure A	-	-	-	-	-	-	2,568,801	2,568,801
AB 2766	-	-	-	-	-	-	621,930	621,930
PEG Fees	-	-	-	-	-	-	23,675	23,675
COPS Grant	-	-	-	-	-	-	313,341	313,341
State Asset Forfeiture	-	-	-	-	-	-	295,014	295,014
Federal Asset Forfeiture	-	-	-	-	-	-	6,030	6,030
Other Special Projects	-	-	-	-	-	-	183,807	183,807
Capital Projects	-	-	-	13,674,329	-	-	-	13,674,329
Debt Service	-	-	-	-	-	85,876,699	-	85,876,699
Community Facilities Districts	-	2,539,778	3,345,152	-	-	-	-	5,884,930
Total restricted	<u>-</u>	<u>2,539,778</u>	<u>3,345,152</u>	<u>13,674,329</u>	<u>-</u>	<u>85,876,699</u>	<u>5,609,369</u>	<u>111,045,327</u>
Committed:								
Capital Projects	-	-	-	-	10,631,472	-	-	10,631,472
Self Insurance	2,850,717	-	-	-	-	-	-	2,850,717
Pension Trust Funding	2,500,000	-	-	-	-	-	-	2,500,000
Total Committed	<u>5,350,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,631,472</u>	<u>-</u>	<u>-</u>	<u>15,982,189</u>
Assigned:								
Re-appropriation	214,799	-	-	-	-	-	-	214,799
Total Assigned	<u>214,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,799</u>
Unassigned	<u>17,576,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,997)</u>	<u>17,491,744</u>
Total Fund Balances	<u>\$ 23,394,234</u>	<u>\$ 2,539,778</u>	<u>\$ 3,345,152</u>	<u>\$ 13,674,329</u>	<u>\$ 10,631,472</u>	<u>\$ 86,180,714</u>	<u>\$ 5,524,372</u>	<u>\$ 145,290,051</u>

B. Net Position

Governmental Activities

Net Investment in Capital Assets

Net position for governmental activities and business-type activities is classified as 1) net investment in capital assets, 2) restricted, or 3) unrestricted. Net position that was classified as net investment in capital assets as of June 30, 2021, was determined as follows:

Capital assets, net of accumulated depreciation	Governmental Activities
	<u>\$ 279,364,030</u>
Less capital related debt balance:	
Outstanding principal balance of capital lease	(152,679)
Outstanding principal balance of Beaumont Public Financing Authority debt	(79,681,849)
	<u>(232,363,528)</u>
Net investment in capital assets	<u><u>\$ 199,529,502</u></u>

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 12 - Equity Classification (Continued)

B. Net Position (Continued)

Business-type Activities

	Business-type Activities		Total Enterprise Funds
	Sewer Fund	Transit Fund	
Capital assets, net of accumulated depreciation	\$ 214,522,620	\$ 2,498,892	\$ 217,021,512
Plus (less) capital related debt balance:			
Capital related borrowings	(74,302,310)	-	(74,302,310)
Outstanding unamortized bond premium balance	(7,842,648)	-	(7,842,648)
Outstanding balance of capital lease	(99,305)	-	(99,305)
Net investment in capital assets	\$ 132,278,357	\$ 2,498,892	\$ 134,777,249

Note 13 - Commitments and Contingencies

A. Litigation

The City is a defendant in a number of lawsuits and a recipient of a number of claims that have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty.

B. Grants

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. While no matters of non-compliance were disclosed by the audit of the financial statements or single audit of the Federal grant programs, grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, future disallowances of current or prior grant expenditures, if any, would not have a material adverse effect on the financial position of the City.

C. Construction Commitments

Various construction projects in all fund types were in progress at June 30, 2021 with a planned cost to complete of approximately \$51,148,409.

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 13 - Commitments and Contingencies (Continued)

D. WRCOG Restated Settlement Agreement (Continued)

In May 2017, the City and Western Riverside Council of Governments ("WRCOG") entered into an Amended and Restated Settlement Agreement and Release (the "WRCOG Settlement"), which resolved the approximately \$62 million judgment WR COG had obtained against the City. Under the terms of the WR COG Settlement, the City and WR COG agreed that the City would rejoin WRCOG and adopt the WR COG TUMF ordinance. Since the settlement, the City rejoined WRCOG and the TUMF program and as a result, and pursuant to the WRCOG Settlement, the City is now eligible to receive Measure A revenues from the Riverside County Transportation Commission (RCTC) based on the following schedule:

Period	WRCOG*	City
Approval Date thru 5th Anniversary of Approval	0%	100%
Second five year period	25%	75%
Third five year period	40%	60%
Fourth five year period	60%	40%
End of fourth five year period through June 2039	75%	25%

*WRCOG's share of Measure A revenues shall not exceed a total of \$9,400,000

In October 2017, the City segregated \$3,000,000, designated for funding Pennsylvania Avenue improvements in accordance with the agreement. The City agreed to complete needed transportation improvements as follows:

Improvement	Estimated Cost	Completion Deadline
Oak Valley Parkway, Segments 3, 4, and 15	\$ 1,200,000	By January 1, 2022
Pennsylvania Avenue	3,800,000	None

The City also agreed to assign Third Party Claims to WRCOG to diligently pursue civil lawsuits and through requests/applications for restitution in the criminal actions pending against Third Parties. Recovery related to Third Party Claims would be shared on the following schedule:

Recovery Amount	WRCOG	City**
First \$9,000,000	100%	0%
\$9,000,001 - \$12,000,000	85%	15%
\$12,000,001 - \$18,000,000	65%	35%
\$18,000,001 and above	50%	50%

**City guarantees \$7,000,000 recovery to WRCOG and will pay 50% of the legal fees not to exceed \$1,000,000

CITY OF BEAUMONT

Notes to the Basic Financial Statements For the Year Ended June 30, 2021

Note 13 - Commitments and Contingencies (Continued)

D. WRCOG Restated Settlement Agreement (Continued)

The settlement agreement stipulates that if Third Party Claims have not produced recoveries of at least \$8,000,000 by July 2, 2022, the City will begin making payments to WRCOG in 20 equal annual installments beginning August 1, 2022. Any subsequent recoveries would adjust the annual installments as necessary. As of June 30, 2021, recoveries are approximately \$14 million. The City continues to share in recoveries at the 35% rate until recoveries total \$18 million at which time the City will begin collecting 50% of any recoveries. The City now shares in recoveries based on the settlement agreement; therefore, a liability has not been accrued.

Additionally, in October 2017, two of the seven criminal cases were resolved with guilty pleas with a restitution payment due to the City of \$3,000,000. In December 2017, four more of the seven criminal cases were resolved with guilty pleas and restitution payments due of another \$8,000,000. The last case was settled in September 2018 with a guilty plea.

WRCOG has released and discharged the City from the WRCOG judgment and Attorneys' Fee Award and interest, which collectively exceeded \$62 million. WRCOG and the City also agreed that the litigation, judgment and pending appeals would be dismissed thereby ending the litigation between WRCOG and the City.

E. Covid-19 Considerations

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. The City's major revenue sources could still be directly impacted by these events; it is possible that this matter could negatively impact the City. However, the ultimate financial impact and duration cannot be estimated at this time, and no adjustments have been made to these financial statements as a result of this contingency.

Note 14 – Subsequent Event

A. American Rescue Plan

On March 11, 2021, HR 1319, the American Rescue Plan Act of 2021 (ARPA), was signed into law. ARPA was designed to provide assistance to individuals, businesses and, state and local governments to assist in the economic recovery from the ongoing COVID-19 pandemic. The City was granted an allocation of \$7,306,318, delivered in two tranches of \$3,653,159 in June 2021 and June 2022. The qualified use of these funds includes public safety, infrastructure, and restoration of services to pre-pandemic levels.

CITY OF BEAUMONT

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 15 – Prior Period Adjustment

A. GASB Implementation

As a result of GASB 84 implementation, as discussed in Note 1, beginning fiduciary net position has been restated as follows:

	<u>Custodial Funds</u>
Net position, as previously reported	\$ -
Prior period restatement	<u>(220,884,299)</u>
Net position, as restated	<u><u>\$ (220,884,299)</u></u>
	<u>Transit Fund</u>
Net position, as previously reported	\$ 2,508,359
Prior period restatement	<u>(342,109)</u>
Net position, as restated	<u><u>\$ 2,166,250</u></u>

Draft - for discussion purposes only - 12/17/21

This page intentionally left blank.

Draft - for discussion purposes only - 12/17/21

Required Supplementary Information (Unaudited)

Draft - for discussion purposes only - 12/17/21

This page intentionally left blank.

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Budgetary Information
For the Year Ended June 30, 2021**

Note 1 – Budgetary Information

The City Council approves each year’s budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. All supplementary appropriations, where required during the period, are also approved by the Council. Intradepartmental budget transfers are approved by the City Manager. In most cases, expenditures may not exceed appropriations at the departmental level within the General Fund and at the fund level for other major special revenue funds. At fiscal year-end, all operating budget appropriations lapse.

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 11,345,095	\$ 14,045,095	\$ 16,092,556	\$ 2,047,461
Franchise fees	2,969,846	3,019,846	3,183,803	163,957
Intergovernmental	5,293,245	5,693,245	5,753,856	60,611
License and permits	2,801,700	2,936,700	3,050,575	113,875
Fines and forfeitures	376,500	376,500	344,816	(31,684)
Assessments levied	617,695	617,695	637,172	19,477
Use of money and property	295,000	295,000	178,689	(116,311)
Charges for services	1,163,700	1,163,700	1,484,669	320,969
Other revenues	227,000	227,000	916,229	689,229
Total revenues	25,089,781	28,374,781	31,642,365	3,267,584
EXPENDITURES:				
Current:				
General government	7,477,095	8,374,458	8,460,291	(85,833)
Public safety	16,577,057	17,787,632	17,313,483	474,149
Public works	2,684,417	2,919,195	2,786,349	132,846
Community development	1,615,936	1,903,244	1,561,640	341,604
Community services	3,890,960	4,357,823	4,093,696	264,127
Capital outlay	371,816	871,807	813,748	58,059
Debt service:				
Principal	401,512	401,512	398,561	2,951
Total Expenditures	33,018,793	36,615,671	35,427,768	1,187,903
REVENUES OVER (UNDER)				
EXPENDITURES	(7,929,012)	(8,240,890)	(3,785,403)	4,455,487
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of property	15,000	15,000	24,392	9,392
Transfers in	7,914,012	10,515,471	10,277,295	(238,176)
Transfers (out)	-	(6,955,545)	(7,187,224)	(231,679)
Total other financing sources	7,929,012	3,574,926	3,114,463	(460,463)
Net change in fund balance	\$ -	\$ (4,665,964)	(670,940)	\$ 3,995,024
FUND BALANCE:				
Beginning of year			24,065,174	
End of year			\$ 23,394,234	

CITY OF BEAUMONT

**Budgetary Comparison Schedule
Community Facilities Districts (CFD) Special Revenue Fund
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Assessments levied	6,006,463	6,006,463	5,970,996	(35,467)
Use of money and property	58,351	58,351	21,955	(36,396)
Other revenue	-	-	576	576
Total revenues	6,064,814	6,064,814	5,993,527	(71,287)
EXPENDITURES:				
Current:				
Community development	342,055	342,055	212,607	129,448
Total Expenditures	342,055	342,055	212,607	129,448
REVENUES OVER (UNDER) EXPENDITURES	5,722,759	5,722,759	5,780,920	58,161
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(6,122,026)	(12,692,012)	(12,633,612)	58,400
Total other financing sources (uses)	(6,122,026)	(12,692,012)	(12,633,612)	58,400
Net change in fund balance	\$ (399,267)	\$ (6,969,253)	(6,852,692)	\$ 116,561
FUND BALANCE:				
Beginning of year			9,392,470	
End of year			\$ 2,539,778	

Draft - for discussion purposes only - 12/17/21

This page intentionally left blank.

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Budgetary Comparison Schedule
Development Impact Fees (DIF) Special Revenue Fund
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
License and permits	\$ 2,707,643	\$ 2,707,643	\$ 3,441,595	\$ 733,952
Use of money and property	191,947	191,947	125,332	(66,615)
Total revenues	<u>2,899,590</u>	<u>2,899,590</u>	<u>3,566,927</u>	<u>667,337</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>2,899,590</u>	<u>2,899,590</u>	<u>3,566,927</u>	<u>667,337</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	167,292	167,292
Transfers (out)	(6,295,000)	(6,295,000)	(389,067)	5,905,933
Total other financing sources (uses)	<u>(6,295,000)</u>	<u>(6,295,000)</u>	<u>(221,775)</u>	<u>6,073,225</u>
Net change in fund balance	<u>\$ (3,395,410)</u>	<u>\$ (3,395,410)</u>	3,345,152	<u>\$ 6,740,562</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ 3,345,152</u>	

Draft - for discussion purposes only - 12/1/21

CITY OF BEAUMONT

**Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
Last Ten Years
For the Year Ended June 30, 2021**

Miscellaneous Plan

<u>Measurement Date</u>	<u>Employer's Proportion of the Collective Net Pension Liability</u>	<u>Employer's Proportion Share of the Collective Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll</u>	<u>Pension's Plans Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
6/30/2014	0.65770%	\$ 4,092,766	\$ 5,932,314	68.99%	78.28%
6/30/2015	0.16067%	4,407,926	5,411,229	81.46%	78.45%
6/30/2016	0.16750%	5,818,570	4,722,459	123.21%	73.82%
6/30/2017	0.17352%	6,840,289	4,864,133	140.63%	72.89%
6/30/2018	0.17792%	6,705,339	5,052,100	132.72%	74.82%
6/30/2019	0.18574%	7,438,139	5,203,663	142.94%	78.16%
6/30/2020	0.19475%	8,214,777	5,145,199	159.66%	77.75%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation.

Draft - for discussion purposes only - 12/31/21

CITY OF BEAUMONT

**Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
(Continued)
Last Ten Years
For the Year Ended June 30, 2021**

Safety Plan

<u>Measurement Date</u>	<u>Employer's Proportion of the Collective Net Pension Liability</u>	<u>Employer's Proportion Share of the Collective Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll</u>	<u>Pension's Plans Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
6/30/2014	0.11126%	\$ 6,923,153	\$ 4,232,207	163.58%	76.98%
6/30/2015	0.17862%	7,359,819	4,134,515	178.01%	77.95%
6/30/2016	0.17381%	9,002,206	3,613,896	249.10%	74.79%
6/30/2017	0.17034%	10,177,973	3,722,313	273.43%	73.93%
6/30/2018	0.17176%	10,078,078	3,862,606	260.91%	75.38%
6/30/2019	0.17251%	10,769,243	3,978,484	270.69%	75.68%
6/30/2020	0.17600%	11,725,412	3,676,631	318.92%	75.61%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation.

CITY OF BEAUMONT

**Schedule of Pension Plan Contributions
Last Ten Years
For the Year Ended June 30, 2021**

Miscellaneous Plan

Fiscal Year	Contractually Determined Contributions	Contribution in Relation to the Contractually Determined Contributions ¹	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013-14	\$ 996,243	\$ (996,243)	\$ -	\$ 5,932,314	16.79%
2014-15	962,897	(962,897)	-	5,411,229	17.79%
2015-16	732,914	(732,914)	-	4,722,459	15.52%
2016-17	816,082	(816,082)	-	4,864,133	16.78%
2017-18	956,792	(956,792)	-	5,052,100	18.94%
2018-19	1,156,583	(1,156,583)	-	5,203,663	22.23%
2019-20	1,390,388	(1,390,388)	-	5,145,199	27.02%
2020-21	1,595,185	(1,595,185)	-	8,181,668	19.50%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation.

¹Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions: For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

CITY OF BEAUMONT

Schedule of Pension Plan Contributions (Continued)

Last Ten Years

For the Year Ended June 30, 2021

Safety Plan

Fiscal Year	Contractually Determined Contributions	Contribution in Relation to the Contractually Determined Contributions ¹	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013-14	\$ 1,421,157	\$ (1,421,157)	\$ -	\$ 4,232,207	33.58%
2014-15	1,356,940	(1,356,940)	-	4,134,515	32.82%
2015-16	1,181,118	(1,181,118)	-	3,613,896	32.68%
2016-17	1,281,860	(1,281,860)	-	3,722,313	34.44%
2017-18	1,402,549	(1,402,549)	-	3,862,606	36.31%
2018-19	1,645,661	(1,645,661)	-	3,978,484	41.36%
2019-20	1,838,564	(1,838,564)	-	3,676,631	50.01%
2020-21	1,751,746	(1,751,746)	-	4,334,892	40.41%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation.

¹Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions: For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

This page intentionally left blank.

Draft - for discussion purposes only - 12/17/21

Supplementary Information

Draft - for discussion purposes only - 12/17/21

**Major Governmental Funds
Budgetary Comparison Schedule**

Draft - for discussion purposes only 12/17/21

CITY OF BEAUMONT

**Major Governmental Fund Budgetary Comparison Schedule
Community Facilities District (CFD) Fund
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Assessments levied	\$ 443,907	\$ 443,907	\$ 680,109	\$ 236,202
Use of money and property	266,094	266,094	51,730	(214,364)
Total revenues	<u>710,001</u>	<u>710,001</u>	<u>731,839</u>	<u>21,838</u>
EXPENDITURES:				
Current:				
Public works	3,000	3,000	172,938	(169,938)
Total Expenditures	<u>3,000</u>	<u>3,000</u>	<u>172,938</u>	<u>(169,938)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>707,001</u>	<u>707,001</u>	<u>558,901</u>	<u>(148,100)</u>
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(1,500,000)	(3,850,000)	(221,008)	3,628,992
Total other financing sources	<u>(1,500,000)</u>	<u>(3,850,000)</u>	<u>(221,008)</u>	<u>3,628,992</u>
Net change in fund balance	<u>\$ (792,999)</u>	<u>\$ (3,142,999)</u>	337,893	<u>\$ 3,480,892</u>
FUND BALANCE:				
Beginning of year			13,336,436	
End of year			<u>\$ 13,674,329</u>	

Draft - for discussion purpose only 12/17/21

CITY OF BEAUMONT

**Major Governmental Fund Budgetary Comparison Schedule
General Capital Project Fund
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 953,669	\$ 953,669
Use of money and property	-	-	7,929	7,929
Other revenues	-	-	6,041,922	6,041,922
Total revenues	<u>-</u>	<u>-</u>	<u>7,003,520</u>	<u>7,003,520</u>
EXPENDITURES:				
Capital outlay	9,325,000	19,725,000	4,260,351	15,464,649
Total Expenditures	<u>9,325,000</u>	<u>19,725,000</u>	<u>4,260,351</u>	<u>15,464,649</u>
REVENUES OVER (UNDER) EXPENDITURES				
	<u>(9,325,000)</u>	<u>(19,725,000)</u>	<u>2,743,169</u>	<u>22,468,169</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	9,325,000	22,125,000	7,578,005	(14,546,995)
Total other financing sources	<u>9,325,000</u>	<u>22,125,000</u>	<u>7,578,005</u>	<u>(14,546,995)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,400,000</u>	<u>10,321,174</u>	<u>\$ 7,921,174</u>
FUND BALANCE:				
Beginning of year			<u>310,298</u>	
End of year			<u>\$ 10,631,472</u>	

Draft - for discussion purpose only - 12/1/21

CITY OF BEAUMONT

**Major Governmental Fund Budgetary Comparison Schedule
Beaumont Financing Authority Fund
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 6,976,579	\$ 6,976,579	\$ 4,292,477	\$ (2,684,102)
Total revenues	<u>6,976,579</u>	<u>6,976,579</u>	<u>4,292,477</u>	<u>(2,684,102)</u>
EXPENDITURES:				
Debt service:				
Principal	3,090,000	3,090,000	3,540,000	(450,000)
Payment to refunded bond escrow agent	-	2,213,934	3,563,485	(1,349,551)
Interest and fiscal charges	3,730,099	3,730,099	4,820,703	(1,090,604)
Total Expenditures	<u>6,820,099</u>	<u>9,034,033</u>	<u>11,924,188</u>	<u>(2,890,155)</u>
REVENUES OVER (UNDER) EXPENDITURES				
	<u>156,480</u>	<u>(2,057,454)</u>	<u>(7,631,711)</u>	<u>(5,574,257)</u>
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued	-	35,875,000	35,875,000	-
Payment to refunded bond escrow agent	-	(34,829,600)	(34,829,600)	-
Total other financing sources	<u>-</u>	<u>1,045,400</u>	<u>1,045,400</u>	<u>-</u>
Net change in fund balance	<u>\$ 156,480</u>	<u>\$ (1,012,054)</u>	<u>(6,586,311)</u>	<u>\$ (5,574,257)</u>
FUND BALANCE:				
Beginning of year			<u>92,767,025</u>	
End of year			<u>\$ 86,180,714</u>	

Draft - for discussion purposes only - 12/17/21

**Non-Major Governmental Funds
Combining Schedules**

Draft - for discussion purposes only 12/17/21

This page intentionally left blank.

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2021

	Special Revenue Funds			
	State Gas Tax Fund	Road Maintenance and Rehabilitation Act Fund	Measure A Fund	AB 2766 Fund
ASSETS				
Cash and investments	\$ 159,101	\$ 1,344,648	\$ 2,188,730	\$ 604,839
Receivables:				
Accounts	-	-	-	-
Due from other governments	-	93,022	380,071	17,091
Total assets	<u>\$ 159,101</u>	<u>\$ 1,437,670</u>	<u>\$ 2,568,801</u>	<u>\$ 621,930</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (deficit):				
Restricted	159,101	1,437,670	2,568,801	621,930
Unassigned	-	-	-	-
Total fund balances	<u>159,101</u>	<u>1,437,670</u>	<u>2,568,801</u>	<u>621,930</u>
Total liabilities and fund balances	<u>\$ 159,101</u>	<u>\$ 1,437,670</u>	<u>\$ 2,568,801</u>	<u>\$ 621,930</u>

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

Combining Balance Sheet (Continued)
 Non-Major Governmental Funds
 June 30, 2021

	Special Revenue Funds			
	PEG Fund	Other Federal Grants Fund	COPS Grant Fund	State Asset Seizure Fund
ASSETS				
Cash and investments	\$ 17,578	\$ 1,621,204	\$ 344,213	\$ 338,798
Receivables:				
Accounts	6,097	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 23,675</u>	<u>\$ 1,621,204</u>	<u>\$ 344,213</u>	<u>\$ 338,798</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 25,834	\$ 30,872	\$ -
Unearned revenue	-	1,680,367	-	43,784
Total liabilities	<u>-</u>	<u>1,706,201</u>	<u>30,872</u>	<u>43,784</u>
Fund Balances (deficit):				
Restricted	23,675	-	313,341	295,014
Unassigned	-	(84,997)	-	-
Total fund balances	<u>23,675</u>	<u>(84,997)</u>	<u>313,341</u>	<u>295,014</u>
Total liabilities and fund balances	<u>\$ 23,675</u>	<u>\$ 1,621,204</u>	<u>\$ 344,213</u>	<u>\$ 338,798</u>

(Continued)

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

Combining Balance Sheet (Continued)
 Non-Major Governmental Funds
 June 30, 2021

	Special Revenue Funds		Total Other Governmental Funds
	Federal Asset Seizure Fund	Other Special Revenue Fund	
ASSETS			
Cash and investments	\$ 6,030	\$ 251,662	\$ 6,876,803
Receivables:			
Accounts	-	-	6,097
Due from other governments	-	-	490,184
Total assets	<u>\$ 6,030</u>	<u>\$ 251,662</u>	<u>\$ 7,373,084</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 11,418	\$ 68,124
Unearned revenue	-	56,437	1,780,588
Total liabilities	<u>-</u>	<u>67,855</u>	<u>1,848,712</u>
Fund Balances (deficit):			
Restricted	6,030	183,807	5,609,369
Unassigned	-	-	(84,997)
Total fund balances	<u>6,030</u>	<u>183,807</u>	<u>5,524,372</u>
Total liabilities and fund balances	<u>\$ 6,030</u>	<u>\$ 251,662</u>	<u>\$ 7,373,084</u>

Draft - for discussion purposes only - 7/17/21

This page intentionally left blank.

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2021**

	Special Revenue Funds			
	State Gas Tax Fund	Road Maintenance and Rehabilitation Act Fund	Measure A Fund	AB 2766 Fund
REVENUES:				
Taxes	\$ -	\$ -	\$ 1,317,493	\$ -
Intergovernmental	1,131,598	941,053	-	205,861
License and permits	-	-	-	-
Use of money and property	3,719	2,148	4,262	1,864
Other revenues	-	-	-	-
Total revenues	1,135,317	943,201	1,321,755	207,725
EXPENDITURES:				
Current:				
Public safety	-	-	-	60,636
Community development	-	-	-	-
Community services	-	-	-	-
Total expenditures	-	-	-	60,636
REVENUES OVER (UNDER) EXPENDITURES	1,135,317	943,201	1,321,755	147,089
OTHER FINANCING SOURCES (USES):				
Transfers in	-	254,313	212,730	-
Transfers (out)	(976,216)	(311,664)	(314,063)	-
Total other financing sources (uses)	(976,216)	(57,351)	(101,333)	-
Net changes in fund balances	159,101	885,850	1,220,422	147,089
FUND BALANCES (DEFICIT):				
Beginning of year	-	551,820	1,348,379	474,841
End of year	\$ 159,101	\$ 1,437,670	\$ 2,568,801	\$ 621,930

CITY OF BEAUMONT

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
(Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2021**

	Special Revenue Funds			
	PEG Fees Fund	Other Federal Grants Fund	COPS Grant Fund	State Asset Seizure Fund
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	2,667,071	155,139	5,092
License and permits	26,629	-	-	-
Use of money and property	67	-	1,171	882
Other revenues	-	-	-	-
Total revenues	<u>26,696</u>	<u>2,667,071</u>	<u>156,310</u>	<u>5,974</u>
EXPENDITURES:				
Current:				
Public safety	-	-	203,706	691
Community development	-	133,338	-	-
Community services	24,503	-	-	1,208
Total expenditures	<u>24,503</u>	<u>133,338</u>	<u>203,706</u>	<u>1,899</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,193</u>	<u>2,533,733</u>	<u>(47,396)</u>	<u>4,075</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	(2,618,730)	(7,076)	-
Total other financing sources (uses)	<u>-</u>	<u>(2,618,730)</u>	<u>(7,076)</u>	<u>-</u>
Net changes in fund balances	2,193	(84,997)	(54,472)	4,075
FUND BALANCES (DEFICIT):				
Beginning of year	<u>21,482</u>	<u>-</u>	<u>367,813</u>	<u>290,939</u>
End of year	<u>\$ 23,675</u>	<u>\$ (84,997)</u>	<u>\$ 313,341</u>	<u>\$ 295,014</u>

(Continued)

CITY OF BEAUMONT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
(Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds		Total Other Governmental Funds
	Federal Asset Seizure Fund	Other Special Revenue Fund	
REVENUES:			
Taxes	\$ -	\$ -	\$ 1,317,493
Intergovernmental	-	-	5,105,814
License and permits	-	6,793	33,422
Use of money and property	2	879	14,994
Other revenues	-	57,857	57,857
Total revenues	2	65,529	6,529,580
EXPENDITURES:			
Current:			
Public safety	-	-	265,033
Community development	-	44,378	177,716
Community services	-	-	25,711
Total expenditures	-	44,378	468,460
REVENUES OVER (UNDER) EXPENDITURES	2	21,151	6,061,120
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	467,043
Transfers (out)	-	(517)	(4,228,266)
Total other financing sources (uses)	-	(517)	(3,761,223)
Net changes in fund balances	2	20,634	2,299,897
FUND BALANCES (DEFICIT):			
Beginning of year	6,028	163,173	3,224,475
End of year	\$ 6,030	183,807	\$ 5,524,372

This page intentionally left blank

Draft - for discussion purposes only - 12/17/21

**Non-Major Governmental
Budgetary Comparison Schedules**

Draft - for discussion purposes only 12/17/21

CITY OF BEAUMONT

**Budgetary Comparison Schedule
State Gas Tax Fund
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 971,341	\$ 971,341	\$ 1,131,598	\$ 160,257
Use of money and property	4,875	4,875	3,719	(1,156)
Total revenues	<u>976,216</u>	<u>976,216</u>	<u>1,135,317</u>	<u>159,101</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>976,216</u>	<u>976,216</u>	<u>1,135,317</u>	<u>159,101</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>(976,216)</u>	<u>(976,216)</u>	<u>(976,216)</u>	<u>-</u>
Total other financing sources	<u>(976,216)</u>	<u>(976,216)</u>	<u>(976,216)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>159,101</u>	<u>\$ 159,101</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ 159,101</u>	

Draft - for discussion purposes only - 12/1/2021

CITY OF BEAUMONT

**Budgetary Comparison Schedule
Road Maintenance and Rehabilitation Act Fund
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 731,313	\$ 731,313	\$ 941,053	\$ 209,740
Use of money and property	34,931	34,931	2,148	(32,783)
Total revenues	<u>766,244</u>	<u>766,244</u>	<u>943,201</u>	<u>176,957</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>766,244</u>	<u>766,244</u>	<u>943,201</u>	<u>176,957</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	254,313	254,313
Transfers (out)	<u>(730,000)</u>	<u>(730,000)</u>	<u>(311,664)</u>	<u>418,336</u>
Total other financing sources	<u>(730,000)</u>	<u>(730,000)</u>	<u>(57,351)</u>	<u>672,649</u>
Net change in fund balance	<u>\$ 36,244</u>	<u>\$ 36,244</u>	<u>885,850</u>	<u>\$ 849,606</u>
FUND BALANCE:				
Beginning of year			<u>551,820</u>	
End of year			<u>\$ 1,437,670</u>	

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Budgetary Comparison Schedule
Measure A
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 723,205	\$ 723,205	\$ 1,317,493	\$ 594,288
Use of money and property	11,869	11,869	4,262	(7,607)
Total revenues	<u>735,074</u>	<u>735,074</u>	<u>1,321,755</u>	<u>586,681</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>735,074</u>	<u>735,074</u>	<u>1,321,755</u>	<u>586,681</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	212,730	212,730
Transfers (out)	<u>(800,000)</u>	<u>(800,000)</u>	<u>(314,063)</u>	<u>485,937</u>
Total other financing sources	<u>(800,000)</u>	<u>(800,000)</u>	<u>(101,333)</u>	<u>698,667</u>
Net change in fund balance	<u>\$ (64,926)</u>	<u>\$ (64,926)</u>	<u>1,220,422</u>	<u>\$ 1,285,348</u>
FUND BALANCE:				
Beginning of year			<u>1,348,379</u>	
End of year			<u>\$ 2,568,801</u>	

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Budgetary Comparison Schedule
AB 2766 Fund
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 62,500	\$ 62,500	\$ 205,861	\$ 143,361
Use of money and property	3,020	3,020	1,864	(1,156)
Total revenues	<u>65,520</u>	<u>65,520</u>	<u>207,725</u>	<u>142,205</u>
EXPENDITURES:				
Current:				
Public safety	-	80,667	60,636	20,031
Total Expenditures	<u>-</u>	<u>80,667</u>	<u>60,636</u>	<u>20,031</u>
REVENUES OVER (UNDER) EXPENDITURES				
	<u>65,520</u>	<u>(15,147)</u>	<u>147,089</u>	<u>162,236</u>
Net change in fund balance	<u>\$ 65,520</u>	<u>\$ (15,147)</u>	<u>147,089</u>	<u>\$ 162,236</u>
FUND BALANCE:				
Beginning of year			<u>474,841</u>	
End of year			<u>\$ 621,930</u>	

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Budgetary Comparison Schedule
PEG Fund
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
License and permits	\$ 25,800	\$ 25,800	\$ 26,629	\$ 829
Use of money and property	2,007	2,007	67	(1,940)
Total revenues	<u>27,807</u>	<u>27,807</u>	<u>26,696</u>	<u>(1,111)</u>
EXPENDITURES:				
Current:				
Community services	-	24,800	24,503	297
Total Expenditures	<u>-</u>	<u>24,800</u>	<u>24,503</u>	<u>297</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>27,807</u>	<u>3,007</u>	<u>2,193</u>	<u>(814)</u>
Net change in fund balance	<u>\$ 27,807</u>	<u>\$ 3,007</u>	2,193	<u>\$ (814)</u>
FUND BALANCE:				
Beginning of year			<u>21,482</u>	
End of year			<u>\$ 23,675</u>	

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Budgetary Comparison Schedule
Other Federal Grants Fund
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 440,000	\$ 4,728,728	\$ 2,667,071	\$ (2,061,657)
Total revenues	<u>440,000</u>	<u>4,728,728</u>	<u>2,667,071</u>	<u>(2,061,657)</u>
EXPENDITURES:				
Current:				
Community development	440,000	440,000	133,338	306,662
Total Expenditures	<u>440,000</u>	<u>440,000</u>	<u>133,338</u>	<u>306,662</u>
REVENUES OVER (UNDER) EXPENDITURES				
	<u>-</u>	<u>4,288,728</u>	<u>2,533,733</u>	<u>(1,754,995)</u>
OTHER FINANCING SOURCES (USES):				
Transfers (out)	-	(2,755,572)	(2,618,730)	136,842
Total other financing sources	<u>-</u>	<u>(2,755,572)</u>	<u>(2,618,730)</u>	<u>136,842</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,533,156</u>	<u>(84,997)</u>	<u>\$ (1,618,153)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			-	
End of year			<u>\$ (84,997)</u>	

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Budgetary Comparison Schedule
COPS Grant Fund
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 155,139	\$ 55,139
Use of money and property	2,609	2,609	1,171	(1,438)
Total revenues	<u>102,609</u>	<u>102,609</u>	<u>156,310</u>	<u>53,701</u>
EXPENDITURES:				
Current:				
Public safety	25,167	183,467	203,706	(20,239)
Total Expenditures	<u>25,167</u>	<u>183,467</u>	<u>203,706</u>	<u>(20,239)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>77,442</u>	<u>(80,858)</u>	<u>(47,396)</u>	<u>33,462</u>
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(65,770)	(65,770)	(7,076)	58,694
Total other financing sources	<u>(65,770)</u>	<u>(65,770)</u>	<u>(7,076)</u>	<u>58,694</u>
Net change in fund balance	<u>\$ 11,672</u>	<u>\$ (146,628)</u>	<u>(54,472)</u>	<u>\$ 92,156</u>
FUND BALANCE:				
Beginning of year			367,813	
End of year			<u>\$ 313,341</u>	

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Budgetary Comparison Schedule
State Asset Seizure Fund
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,347	\$ 1,347	\$ 5,092	\$ 3,745
Use of money and property	4,822	4,822	882	(3,940)
Total revenues	6,169	6,169	5,974	(195)
EXPENDITURES:				
Current:				
Public safety	-	-	691	(691)
Community services	-	-	1,208	(1,208)
Total Expenditures	-	-	1,899	(1,899)
REVENUES OVER (UNDER) EXPENDITURES	6,169	6,169	4,075	(2,094)
Net change in fund balance	\$ 6,169	\$ 6,169	4,075	\$ (2,094)
FUND BALANCE:				
Beginning of year			290,939	
End of year			\$ 295,014	

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Budgetary Comparison Schedule
Other Special Revenue Fund
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 12,000	\$ 12,000	\$ -	\$ (12,000)
License and permits	3,918	3,918	6,793	2,875
Use of money and property	-	-	879	879
Other revenues	18,628	18,628	57,857	39,229
Total revenues	<u>34,546</u>	<u>34,546</u>	<u>65,529</u>	<u>30,983</u>
EXPENDITURES:				
Current:				
Community development	51,630	51,630	44,378	7,252
Total Expenditures	<u>51,630</u>	<u>51,630</u>	<u>44,378</u>	<u>7,252</u>
REVENUES OVER (UNDER) EXPENDITURES				
	<u>(17,084)</u>	<u>(17,084)</u>	<u>21,151</u>	<u>38,235</u>
Transfers in	-	-	-	-
Transfers (out)	-	-	(517)	(517)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(517)</u>	<u>(517)</u>
Net change in fund balance	<u>\$ (17,084)</u>	<u>\$ (17,084)</u>	<u>20,634</u>	<u>\$ 37,718</u>
FUND BALANCE:				
Beginning of year			<u>163,173</u>	
End of year			<u>\$ 183,807</u>	

Draft - for discussion purposes only - 12/17/21

Fiduciary Funds

Draft - for discussion purposes only - 12/17/21

This page intentionally left blank.

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2021**

	Community Facilities District Collection	Evidence Fund	Total
ASSETS			
Cash and investments	\$ 18,458,674	\$ 45,480	\$ 18,504,154
Cash and investments with fiscal agent	25,115,350	-	25,115,350
Due from other governments	348,319	-	348,319
Total assets	43,922,343	45,480	43,967,823
LIABILITIES			
Interest payable	4,184,331	-	4,184,331
Unearned revenue	-	11,736	11,736
Deposits payable	-	31,882	31,882
Due to other governments	110,797,432	-	110,797,432
Due to bondholders	144,230,825	-	144,230,825
Total liabilities	259,212,588	43,618	259,256,206
Net Position			
Restricted for:			
Individuals, organizations and other governments	(215,290,245)	1,862	(215,288,383)
Total net position	\$ (215,290,245)	\$ 1,862	\$ (215,288,383)

Draft - for discussion purposes only 12/1/21

CITY OF BEAUMONT

**Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2021**

	Community Facilities District Collection	Evidence Fund	Total
ADDITIONS:			
Investment Income	\$ 14,980	\$ 12	\$ 14,992
Assessments	19,233,442	-	19,233,442
Proceeds from bonds	18,957,711	-	18,957,711
Total additions	<u>38,206,133</u>	<u>12</u>	<u>38,206,145</u>
DEDUCTIONS:			
Payments to trustee	8,898,870	-	8,898,870
Interest expense	10,763,754	-	10,763,754
Bond issuance cost	379,243	-	379,243
Payment for infrastructure	12,568,362	-	12,568,362
Total deductions	<u>32,610,229</u>	<u>-</u>	<u>32,610,229</u>
Change in net position	5,595,904	12	5,595,916
NET POSITION:			
Beginning of year, as restated	(220,886,149)	1,850	(220,884,299)
End of year	<u>\$ (215,290,245)</u>	<u>\$ 1,862</u>	<u>\$(215,288,383)</u>

Draft - for discussion purposes only 12/17/21

This page intentionally left blank.

Draft - for discussion purposes only - 12/17/21

Statistical Section

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Net Position by Component
Last Ten (10) Fiscal Years
(accrual basis of accounting)**

Fiscal Year	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -
Restricted	36,104,840	31,785,547	27,651,232	32,785,514
Unrestricted	15,424,223	(32,707,527)	(34,861,337)	(89,979,209)
Total governmental activities net position	\$ 51,529,063	\$ (921,980)	\$ (7,210,105)	\$ (57,193,695)
Business-type activities				
Net investment in capital assets	\$ 47,174,662	\$ 48,712,794	\$ 47,357,696	\$ 52,039,617
Restricted	1,134,950	-	-	-
Unrestricted	1,766,094	733,877	3,461,080	(2,786,155)
Total business-type activities net position	\$ 50,075,706	\$ 49,446,671	\$ 50,818,776	\$ 49,253,462
Primary government				
Net investment in capital assets	\$ 47,174,662	\$ 48,712,794	\$ 47,357,696	\$ 52,039,617
Restricted	37,239,790	31,785,547	27,651,232	32,785,514
Unrestricted	17,190,317	(31,973,650)	(31,400,257)	(92,765,364)
Total primary government net position	\$ 101,604,769	\$ 48,524,691	\$ 43,608,671	\$ (7,940,233)

Source: City of Beaumont Finance Department Audited Financial Statements

2016	2017	2018	2019	2020	2021
\$ -	\$ 41,036,317	\$ 161,035,919	\$ 180,996,750	\$ 191,989,902	\$ 199,529,502
48,232,914	253,984,801	133,927,879	125,918,630	118,674,754	121,676,799
(22,231,046)	(13,630,302)	(7,563,390)	457,794	7,180,682	12,223,595
<u>\$ 26,001,868</u>	<u>\$ 281,390,816</u>	<u>\$ 287,400,408</u>	<u>\$ 307,373,174</u>	<u>\$ 317,845,338</u>	<u>\$ 333,429,896</u>
\$ 50,742,754	\$ 127,028,681	\$ 124,163,481	\$ 134,524,431	\$ 137,744,251	\$ 134,777,249
-	-	-	-	-	595,399
897,094	2,246,526	9,681,229	(475,808)	4,609,395	3,069,283
<u>\$ 51,639,848</u>	<u>\$ 129,275,207</u>	<u>\$ 133,844,710</u>	<u>\$ 134,048,623</u>	<u>\$ 142,353,646</u>	<u>\$ 138,441,931</u>
\$ 50,742,754	\$ 168,064,998	\$ 285,199,400	\$ 315,521,181	\$ 329,734,153	\$ 334,306,751
48,232,914	253,984,801	133,927,879	125,918,630	118,674,754	122,272,198
(21,333,952)	(11,383,776)	2,117,839	(18,014)	11,790,077	15,292,878
<u>\$ 77,641,716</u>	<u>\$ 410,666,023</u>	<u>\$ 421,245,118</u>	<u>\$ 441,421,797</u>	<u>\$ 460,198,984</u>	<u>\$ 471,871,827</u>

CITY OF BEAUMONT

Changes in Net Position Last Ten (10) Fiscal Years (accrual basis of accounting)

Fiscal Year	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	\$ 6,208,903	\$ 5,618,665	\$ 4,968,528	\$ 7,309,913
Public safety	14,856,462	15,198,102	15,219,502	13,414,301
Public works	5,804,635	4,763,622	7,812,711	1,552,407
Community development	43,634,529	65,303,162	6,947,833	1,914,356
Community services	3,248,845	3,355,226	156,923	4,880,614
Refuse	-	-	-	4,144,778
Pass-through payments	383,539	-	-	-
Interest on long-term debt	-	-	161,272	2,660,836
Total governmental activities expenses	74,136,913	94,238,777	35,266,769	35,877,205
Business-type activities:				
Sewer	5,906,651	5,714,311	6,074,330	7,986,837
Transit	1,656,469	1,941,586	2,258,381	2,211,872
Total business-type activities expenses	7,563,120	7,655,897	8,332,711	10,198,709
Total primary government expenses	\$ 81,700,033	\$ 101,894,674	\$ 43,599,480	\$ 46,075,914
Program Revenues				
Governmental activities:				
Charges for services	\$ 7,403,279	\$ 5,955,862	\$ 7,339,117	\$ 9,855,807
Operating grants	4,832,762	3,456,547	4,708,037	6,337,968
Capital grants	53,140,151	20,937,453	6,051,679	4,364,103
Total governmental activities program revenues	65,376,192	30,349,862	18,098,833	\$ 20,557,878
Business-type activities:				
Charges for services	4,485,579	4,895,175	8,041,655	8,021,109
Operating grants	1,260,000	1,238,220	1,636,434	1,847,564
Capital Grants	314,083	800,088	304,610	10,445
Total business-type activities program revenues	6,059,662	6,933,483	9,982,699	\$ 9,879,118
Total primary government revenues	\$ 71,435,854	\$ 37,283,345	\$ 28,081,532	\$ 30,436,996

Source: City of Beaumont Finance Department Audited Financial Statements

	2016	2017	2018	2019	2020	2021
\$	3,397,331	\$ 7,593,312	\$ 5,356,762	\$ 6,010,855	\$ 6,387,414	\$ 10,322,019
	11,236,896	13,526,022	18,969,972	15,641,308	17,326,496	17,896,367
	1,976,427	5,030,993	5,563,653	8,536,946	4,051,200	8,738,889
	1,367,789	4,441,655	2,431,640	2,396,300	2,203,993	2,109,290
	3,050,603	2,528,668	3,478,806	3,840,603	4,805,108	4,567,596
	4,138,062	4,239,048	4,899,889	5,504,512	-	-
	-	-	-	-	-	-
	-	10,369,211	7,181,818	4,415,612	4,980,043	4,742,632
	<u>25,167,108</u>	<u>47,728,909</u>	<u>47,882,540</u>	<u>46,346,136</u>	<u>39,754,254</u>	<u>48,376,793</u>
	6,043,880	11,192,584	10,430,002	14,993,895	15,084,760	16,480,072
	<u>2,478,621</u>	<u>2,990,218</u>	<u>3,119,254</u>	<u>3,353,923</u>	<u>3,260,924</u>	<u>3,103,538</u>
	<u>8,522,501</u>	<u>14,182,802</u>	<u>13,549,256</u>	<u>18,347,818</u>	<u>18,345,684</u>	<u>19,583,610</u>
\$	<u>33,689,609</u>	<u>61,911,711</u>	<u>61,431,796</u>	<u>64,693,954</u>	<u>58,099,938</u>	<u>67,960,403</u>
\$	9,561,023	\$ 15,939,510	\$ 15,749,036	\$ 13,488,153	\$ 6,004,874	\$ 6,223,772
	9,449,166	286,368	77,514	884,195	1,626,798	4,116,354
	<u>5,304,634</u>	<u>12,450,382</u>	<u>20,409,806</u>	<u>17,527,025</u>	<u>8,773,350</u>	<u>16,582,075</u>
\$	<u>24,314,823</u>	<u>28,676,260</u>	<u>36,236,356</u>	<u>31,899,373</u>	<u>16,405,022</u>	<u>26,922,201</u>
	7,362,793	7,644,407	8,282,833	8,993,637	10,697,882	10,955,015
	2,063,600	2,262,277	2,347,256	2,557,412	3,228,349	2,251,555
	<u>1,479,942</u>	<u>473,715</u>	<u>6,171,672</u>	<u>1,575,041</u>	<u>7,334,406</u>	<u>1,852,603</u>
\$	<u>10,906,335</u>	<u>10,380,399</u>	<u>16,801,761</u>	<u>13,126,090</u>	<u>21,260,637</u>	<u>15,059,173</u>
\$	<u>35,221,158</u>	<u>39,056,659</u>	<u>53,038,117</u>	<u>45,025,463</u>	<u>37,665,659</u>	<u>41,981,374</u>
\$	(852,285)	\$ (19,052,649)	\$ (11,646,184)	\$ (14,446,763)	\$ (23,349,232)	\$ (21,454,592)
	2,383,834	(3,802,403)	3,252,505	(5,221,728)	2,914,953	(4,524,437)
\$	<u>1,531,549</u>	<u>(22,855,052)</u>	<u>(8,393,679)</u>	<u>(19,668,491)</u>	<u>(20,434,279)</u>	<u>(25,979,029)</u>

CITY OF BEAUMONT

**Changes in Net Position
Last Ten (10) Fiscal Years
(accrual basis of accounting) (Continued)**

General Revenues and Other Changes in Net Position				
Fiscal Year	2012	2013	2014	2015
Government activities:				
Taxes				
Property taxes	\$ 2,601,805	\$ 3,314,109	\$ 2,846,677	\$ 3,894,320
Sales taxes	3,732,539	3,846,904	4,149,782	4,209,246
Vehicle in lieu tax	2,582,829	2,637,026	2,709,016	3,244,340
Utility Users Tax	-	-	-	1,373,661
Franchise tax	787,791	837,617	882,609	944,869
Transient occupancy tax	-	-	-	224,705
Other taxes	1,591,486	1,665,975	1,778,239	209,124
Business Licenses	-	-	-	-
Transfers	-	-	-	-
Total taxes and transfers	<u>11,296,450</u>	<u>12,301,631</u>	<u>12,366,323</u>	<u>14,100,265</u>
Construction bond proceeds	-	-	-	-
Developer Contributions	-	-	-	-
Investment Earnings	772,655	419,671	827,047	129,837
Miscellaneous	769,561	555,543	562,353	156,283
Gain (Loss) on sale of capital assets	-	-	-	-
Total governmental activities	<u>12,838,666</u>	<u>13,276,845</u>	<u>13,755,723</u>	<u>14,386,385</u>
Business-type activities:				
Investment Earnings	20,659	80,587	55,973	4,267
Developer Contributions	-	-	-	-
Miscellaneous	-	12,792	7,753	-
Mitigation Fees	-	-	-	-
Transfers	-	-	-	-
Gain (Loss) on sale of capital assets	-	-	-	-
Total business-type activities	<u>20,659</u>	<u>93,379</u>	<u>63,726</u>	<u>4,267</u>
Total primary government	<u>\$ 12,859,325</u>	<u>\$ 13,370,224</u>	<u>\$ 13,819,449</u>	<u>\$ 14,390,652</u>
Extraordinary Items (Governmental Activities)				
Write off of advance receivable	\$ -	\$ -	\$ -	\$ (21,500,000)
Settlement - restitution	-	-	-	-
Refunding CFD 93-01	-	-	-	-
Successor Agency debt reversal	-	-	-	-
Gain on advance from city write off	800,953	-	-	-
Gain on transfer of assets and liabilities to RDA Successor Agency	20,951,628	-	-	-
WRCOG judgement settlement	-	-	-	-
Total primary government	<u>\$ 21,752,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,500,000)</u>
Change in Net Position				
Governmental activities	\$ 25,830,526	\$ (50,612,070)	\$ (3,412,213)	\$ (22,432,942)
Business-type activities	(1,482,799)	(629,035)	1,713,714	(315,324)
Total primary government	<u>\$ 24,347,727</u>	<u>\$ (51,241,105)</u>	<u>\$ (1,698,499)</u>	<u>\$ (22,748,266)</u>

Source: City of Beaumont Finance Department Audited Financial Statements

	2016	2017	2018	2019	2020	2021
\$	3,762,290	\$ 4,852,263	\$ 5,199,098	\$ 5,656,662	\$ 11,107,476	\$ 12,701,479
	4,966,331	4,851,947	5,631,332	6,596,935	7,593,729	8,869,746
	3,506,871	3,768,042	4,125,662	4,517,090	38,307	37,754
	1,804,096	1,545,893	1,524,158	1,584,224	1,650,094	1,887,031
	929,261	805,244	3,285,697	3,908,531	8,074,504	3,183,803
	283,999	325,874	363,868	335,304	278,504	298,879
	77,163	880,255	1,194,389	958,614	-	-
	196,185	231,688	247,193	294,968	342,702	415,229
	-	-	322	(3,120,964)	-	239,958
	<u>15,526,196</u>	<u>17,261,206</u>	<u>21,571,719</u>	<u>20,731,364</u>	<u>29,085,316</u>	<u>27,633,879</u>
	-	-	-	-	-	233,922
	-	-	11,343,940	9,055,054	-	4,001,607
	13,232	10,490,307	7,851,992	5,390,216	4,230,375	4,618,626
	359,206	55,710	355,360	716,944	472,274	526,724
	-	42,237	5,341	52,377	33,431	24,392
	<u>15,898,634</u>	<u>27,849,460</u>	<u>41,128,352</u>	<u>35,945,955</u>	<u>33,821,396</u>	<u>37,039,150</u>
	2,552	4,475	13,606	1,564,220	565,390	57,721
	-	-	778,223	731,125	-	-
	-	30	525,491	3,393	5,242	13,719
	-	-	-	-	4,819,408	1,123,349
	-	-	(322)	3,120,964	-	(239,958)
	-	-	-	5,939	30	-
	<u>2,552</u>	<u>4,505</u>	<u>1,316,998</u>	<u>5,425,641</u>	<u>5,390,070</u>	<u>954,831</u>
\$	<u>15,901,186</u>	<u>27,853,965</u>	<u>42,445,350</u>	<u>41,371,596</u>	<u>39,211,466</u>	<u>37,993,981</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	3,000,000	-	-	-	-
	-	-	(11,947,642)	-	-	-
	4,235,674	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	58,098,626	-	-	-	-	-
\$	<u>62,334,300</u>	<u>3,000,000</u>	<u>(11,947,642)</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	77,380,649	\$ 11,796,811	\$ 17,534,526	\$ 21,499,192	\$ 10,472,164	\$ 15,584,558
	2,386,386	(3,797,898)	4,569,503	203,913	8,305,023	(3,569,606)
\$	<u>79,767,035</u>	<u>7,998,913</u>	<u>22,104,029</u>	<u>21,703,105</u>	<u>18,777,187</u>	<u>12,014,952</u>

CITY OF BEAUMONT

**Governmental Activities Tax and Assessments Revenues by Source
Last Ten (10) Fiscal Years
(modified accrual basis of accounting)**

Fiscal Year	Property Taxes	Sales & Use Tax/Measure A	Transient Occupancy Tax	Franchise Fees	Motor Vehicle In Lieu Tax	Utility Users Taxes	*Other Taxes	Business Licenses	CFD Assessments	Total
2012	\$ 2,601,805	\$ 3,732,539	\$ 205,074	\$ 787,791	\$ 2,582,829	\$ -	\$ 1,591,486	\$ 153,192	\$ 19,518,510	\$ 31,173,226
2013	3,314,109	3,846,904	235,656	837,617	2,637,026	-	1,665,975	206,634	21,110,633	33,854,554
2014	2,846,677	4,149,782	196,114	882,609	2,709,016	-	1,778,239	204,470	22,295,061	35,061,968
2015	4,016,833	4,209,246	224,705	944,869	3,244,340	1,373,661	1,152,746	209,124	23,520,973	38,896,498
2016	4,391,074	4,966,331	283,999	929,261	3,506,871	1,804,096	999,244	196,185	24,235,209	41,312,270
2017	4,852,262	4,851,947	325,874	805,244	3,768,042	1,545,893	880,256	231,688	25,245,610	42,506,817
2018	5,199,098	5,631,332	363,868	876,551	4,125,662	1,524,158	976,299	247,193	23,871,332	42,815,493
2019	5,656,662	6,596,935	335,304	912,924	4,517,090	1,584,224	958,614	294,968	23,953,820	44,810,540
2020	6,109,624	7,593,728	278,504	8,074,504	4,997,852	1,650,094	1,089,543	342,702	24,999,645	55,136,196
2021	6,991,565	8,869,746	298,879	3,183,803	5,709,914	1,887,031	1,169,351	415,229	25,884,547	54,410,067

Includes General Fund, Special Revenue, Capital Projects Funds, Internal Service Funds (2021), Enterprise Funds and Fiduciary Funds.

* Other Taxes include Vehicle License Collection, Gas Tax and Traffic Congestion Relief Apportionment tied to SB1 (FY2018)

Source: City of Beaumont Finance Department Audited Financial Statements (FY2012- 2014); CFD Assessments from Tyler

Source: City of Beaumont Finance Department Tyler Accounting Software (FY2015 and older)

CITY OF BEAUMONT

**Fund Balances of Governmental Funds
Last Ten (10) Fiscal Years
(modified accrual basis of accounting)**

Fiscal Year	2012	2013	2014	2015
General fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Non Spendable:	-	-	-	-
Notes and Loans Receivable	321,066	289,442	-	249,493
Advances to RDA Successor Agency	21,500,000	21,500,000	21,500,000	-
Prepaid items	-	-	-	-
Restricted	-	-	-	-
Committed for:	-	-	-	-
Capital Projects	-	-	-	-
Self Insurance	-	-	-	-
Pension Trust Funding	-	-	-	-
Assigned for:	-	-	-	-
Re-appropriation	-	-	-	-
Unassigned	(4,162,063)	(6,866,481)	(6,354,884)	(7,438,424)
Total general fund	\$ 17,659,003	\$ 14,922,961	\$ 15,145,116	\$ (7,188,931)
All other governmental funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Non Spendable:	-	-	-	-
Prepaid items	-	-	-	-
Restricted for:	-	-	-	-
CFD Projects	-	-	-	22,748,722
Capital Projects	32,206,883	28,104,669	26,605,667	8,763,649
Streets Projects	-	-	-	708,507
Public Safety	370,221	876,469	406,697	422,142
PEG Fees	-	-	-	142,494
State Gas Tax	110,745	135,592	-	-
AB 2766	-	-	-	-
RMRA	-	-	-	-
Measure A	-	-	-	-
Other Special Projects	3,287,173	2,583,460	529,090	-
Government Access TV	129,818	85,357	109,778	-
COPS Grants	-	-	-	-
State Asset Forfeiture	-	-	-	-
Federal Asset Forfeiture	-	-	-	-
Debt service	-	-	-	-
Committed for:	-	-	-	-
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	\$ 36,104,840	\$ 31,785,547	\$ 27,651,232	\$ 32,785,514

Sources: City of Beaumont Finance Department Audited Financial Statements

Continued

2016	2017	2018	2019	2020	2021
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
226,186	213,399	215,904	220,634	224,671	225,715
-	-	-	-	-	-
-	-	-	83,141	-	26,262
-	6,839,275	6,839,275	-	4,550,000	-
-	-	-	-	-	2,850,717
-	-	-	-	-	2,500,000
-	-	-	-	-	214,799
(4,296,822)	5,034,141	10,315,492	14,980,384	19,290,503	17,576,741
<u>\$ (4,070,636)</u>	<u>\$ 12,086,815</u>	<u>\$ 17,370,671</u>	<u>\$ 15,284,159</u>	<u>\$ 24,065,174</u>	<u>\$ 23,394,234</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	304,015
32,867,745	8,424,392	8,462,228	9,145,832	9,036,520	5,884,930
13,967,685	25,157,602	15,683,985	12,877,575	13,336,436	13,674,329
684,297	-	-	-	-	-
550,410	688,820	788,141	1,110,144	664,780	-
162,777	219,517	250,014	1,542,017	21,482	23,675
-	357,051	263,369	103,421	-	159,101
-	306,698	370,379	1,102,061	474,841	621,930
-	-	-	-	551,820	1,437,670
-	-	-	-	1,348,379	2,568,801
-	981	90,333	305,975	163,173	183,807
-	-	-	-	-	-
-	-	-	-	-	313,341
-	-	-	-	-	295,014
-	-	-	-	-	6,030
-	223,515,398	101,180,155	98,006,000	92,767,025	85,876,699
-	-	-	1,417,617	666,248	10,631,472
-	-	-	-	-	(84,997)
<u>\$ 48,232,914</u>	<u>\$ 258,670,459</u>	<u>\$ 127,088,604</u>	<u>\$ 125,610,642</u>	<u>\$ 119,030,704</u>	<u>\$ 121,895,817</u>

CITY OF BEAUMONT

**Changes in Fund Balances of Governmental Funds
Last Ten (10) Fiscal Years
(modified accrual basis of accounting)**

Fiscal Year	2012	2013	2014	2015
Revenues				
Taxes	\$ 9,196,129	\$ 9,891,679	\$ 9,681,600	\$ 19,240,888
Franchise Fees	-	-	-	-
Intergovernmental revenues	6,374,343	6,073,043	7,376,149	297,016
Licenses, Fees and Permits	564,144	772,780	1,291,053	1,201,320
Fines and Forfeitures	165,431	151,541	155,671	350,287
Assessment Levied				
Use of money and property	2,137,180	434,265	110,873	129,834
Charges for services	6,511,684	4,653,501	5,900,241	12,400,655
Other Revenues	1,011,784	535,200	1,287,290	979,582
Interfund Charges	6,300,906	6,582,910	6,175,682	-
Total Revenues	32,261,601	29,094,919	31,978,559	34,599,582
Expenditures				
General Government	5,292,280	5,101,037	5,067,238	4,969,209
Public Safety	14,856,462	15,334,992	15,482,011	13,585,249
Public Works	5,804,635	4,763,622	7,812,711	1,552,407
Community Development	49,935,435	28,532,830	2,719,182	1,914,356
Community Services	3,248,845	3,355,226	156,923	4,880,614
Refuse	-	-	-	4,144,778
Capital Outlay	-	-	10,404,333	-
Debt Service:				
Principal	-	-	300,000	-
Refunding Escrow Agent	-	-	-	-
Interest and fiscal charges	1,342,800	-	-	-
Pass-through Payments	383,539	-	-	-
Total Expenditures	80,863,996	57,087,707	41,942,398	31,046,613
Excess of revenues over (under) expenditures	(48,602,395)	(27,992,788)	(9,963,839)	3,552,969
Other Financing Sources (Uses)				
Capital leases	-	-	-	-
Sales of Property	-	-	-	-
Refunding Bonds Issued	-	-	-	-
Premium on refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Developer Contributions	53,140,151	20,937,453	6,051,679	-
Transfers in	3,684,287	1,665,000	3,556,910	-
Transfers out	(3,704,722)	(1,665,000)	(3,556,910)	-
Total Other Financing Sources (Uses)	53,119,716	20,937,453	6,051,679	-
Net Change in Fund Balances Before Extraordinary Item	4,517,321	(7,055,335)	(3,912,160)	3,552,969
Extraordinary Item	22,206,228	-	-	(21,500,000)
Special Item	-	-	-	-
Net Change in Fund Balances	\$ 26,723,549	\$ (7,055,335)	\$ (3,912,160)	\$ (17,947,031)
Debt Service as a percentage of non-capital expenditures	2.2%	0.0%	1.0%	0.0%

Source: City of Beaumont Finance Department Audited Financial Statements

	2016	2017	2018	2019	2020	2021
\$	29,927,330	\$ 11,027,239	\$ 12,163,969	\$ 13,570,476	\$ 14,996,887	\$ 17,410,049
	-	-	3,285,697	3,908,531	8,074,504	3,183,803
	29,788	5,787,280	11,263,234	11,581,831	10,051,669	11,813,339
	1,360,288	10,781,152	13,283,260	8,044,621	3,708,535	6,525,592
	413,052	265,831	262,278	249,914	617,981	344,816
		9,309,555	9,240,825	6,786,653	6,491,075	7,288,277
	148,419	10,613,015	8,023,202	5,569,684	4,337,680	4,693,106
	7,913,344	8,355,018	7,754,417	6,944,423	1,469,367	1,484,669
	545,313	377,102	872,752	4,627,173	1,021,777	7,016,584
	-	-	-	-	-	-
	40,337,534	56,516,192	66,149,634	61,283,306	50,769,475	59,760,235
	4,735,084	5,464,863	4,434,173	5,940,387	6,439,508	8,460,291
	12,318,788	12,524,089	12,956,345	14,721,189	16,731,402	17,578,516
	1,976,427	2,902,986	3,161,648	3,929,138	2,855,850	2,959,287
	1,367,789	4,295,350	2,000,866	2,096,589	1,952,789	1,951,963
	3,050,603	2,396,166	3,070,774	3,708,469	3,998,071	4,119,407
	4,138,062	4,239,048	4,899,889	5,504,512	-	-
	-	188,738	13,194,674	12,622,062	7,964,820	5,074,099
	-	6,167,352	118,212,977	3,600,000	3,405,300	3,938,561
	-	-	-	-	1,149,489	3,563,485
	-	10,369,211	7,181,818	4,415,612	4,490,634	4,820,703
	-	-	-	-	-	-
	27,586,753	48,547,803	169,113,164	56,537,958	48,987,863	52,466,312
	12,750,781	7,968,389	(102,963,530)	4,745,348	1,781,612	7,293,923
	-	96,158	132,444	167,456	78,046	-
	-	42,237	5,341	19,494	-	-
	-	-	-	-	5,375,000	35,875,000
	-	-	-	-	1,014,920	-
	-	-	-	-	(6,389,920)	(34,829,600)
	-	-	-	-	33,431	24,392
	-	-	-	-	-	-
	11,280	22,007,107	14,209,907	9,682,117	10,561,452	18,489,635
	(11,280)	(22,007,107)	(14,209,585)	(12,803,081)	(10,561,452)	(24,659,177)
	-	138,395	138,107	(2,934,014)	111,477	(5,099,750)
	12,750,781	8,106,784	(102,825,423)	1,811,334	1,893,089	2,194,173
	-	-	-	-	-	-
	-	3,000,000	(11,947,642)	-	-	-
\$	12,750,781	\$ 11,106,784	\$ (114,773,065)	\$ 1,811,334	\$ 1,893,089	\$ 2,194,173
	0.0%	52.0%	410.8%	22.3%	28.3%	35.1%

CITY OF BEAUMONT

**General Fund Tax Revenue by Source
Last Ten (10) Fiscal Years
(modified accrual basis of accounting)**

Fiscal Year	Property Taxes	Sales & Use Tax	Transient Occupancy Tax	Franchise Fees	Utility Users Tax	Motor Vehicle In Lieu Tax	Vehicle License Collection	Business Licenses	Total
2012	\$ 2,719,280	\$ 3,667,520	\$ 205,074	\$ 787,791	\$ -	\$ 2,582,829	\$ 1,268,937	\$ 153,192	\$ 11,384,623
2013	3,459,720	3,846,904	235,656	837,617	-	2,637,026	1,284,708	206,634	12,508,265
2014	3,032,987	4,149,782	196,114	882,609	-	2,709,016	1,395,815	204,470	12,570,793
2015	4,016,833	4,209,246	224,705	944,869	1,373,661	3,244,340	-	209,124	14,222,779
2016	4,391,074	4,966,331	283,999	929,261	1,804,096	3,506,871	77,163	196,185	16,154,980
2017	4,852,262	4,851,947	325,874	805,244	1,545,893	3,768,042	20,212	231,688	16,401,163
2018	5,199,098	5,029,443	363,868	876,551	1,524,158	4,125,662	-	242,634	17,361,415
2019	5,656,662	5,558,667	335,304	912,924	1,584,224	4,517,090	23,154	287,908	18,875,933
2020	6,109,624	6,593,630	278,504	8,074,504	1,650,094	4,997,852	38,307	337,993	28,080,507
2021	6,991,565	7,552,253	298,879	3,183,803	1,887,031	5,709,914	37,754	408,435	26,069,635

Source: City of Beaumont Finance Department Audited Financial Statements (FY2012- 2014)
Source: City of Beaumont Finance Department Tyler Accounting Software (FY2015 and older)

CITY OF BEAUMONT

Top 25 Sales Tax Producers As of June 30, 2021

For Fiscal year 2020-2021

<u>Business Name</u>	<u>Business Category</u>
84 Lumbar Co	Building Materials
Amazon Robotics	Heavy Industrial
Arco AM PM	Service Stations
Bank of America Leasing & Capital	Business Services
Beaumont Ace Home Center	Building Materials
Beaumont Gas Mart	Service Stations
Beaumont RV	Trailers/RVs
Beaumont Service Station	Service Stations
Best Buy	Electronics/Appliance Stores
Big Text Trailers	Trailers/RVs
Food 4 Less	Grocery Stores
Home Depot	Building Materials
Icon Health & Fitness	Light Industrial/Printers
In N Out Burger	Quick-Service Restaurants
Kohls	Department Stores
Mayas Chevron	Service Stations
Oak Valley Chevron	Service Stations
Raising Cane's	Quick-Service Restaurants
Rancho Ready Mix Products	Contractors
Rite Aid	Drug Stores
Ross	Family Apparel
Stater Bros	Grocery Stores
Trailor Factory Outlet	Trailers/RVs
Walmart Supercenter	Discount Dept Stores
Wolverine Worldwide	Fulfillment Centers

Percent of Fiscal Year Total Paid By Top 25 Accounts=70.32%

Sources: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HDL Companies

CITY OF BEAUMONT

Top 25 Sales Tax Producers As of June 30, 2021

<u>For Fiscal Year 2011-12</u>	
<u>Business Name</u>	<u>Business Category</u>
84 Lumber Co	Building Materials
Arco AM PM	Service Stations
Baker's Burgers	Quick-Service Restaurants
Beaumont Ace Home Center	Building Materials
Beaumont Financing Authority	Government/Social Org.
Beaumont Gas Mart	Service Stations
Beaumont Service Station	Service Stations
Beaumont Yamaha Kawasaki Polaris	Boats/Motorcycles
Bed Bath & Beyond	Home Furnishings
Best Buy	Electronics/Appliance Stores
Big Tax California	Trailers/RVs
Dangelo Company	Light Industrial/Printers
Food 4 Less	Grocery Stores
Grove 76	Service Stations
Highland Shell	Service Stations
Home Depot	Building Materials
Kohls	Department Stores
McDonalds	Quick-Service Restaurants
Oak Valley Chevron	Service Stations
Petco	Specialty Store
Ross	Family Apparel
Stater Bros	Grocery Stores
Verizon Wireless	Electronics/Appliance Stores
Walgreens	Drug Stores
Walmart Supercenter	Discount Dept Stores

Percent of Fiscal Year Total Paid By Top 25 Accounts=76.97%

Sources: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HDL Companies

CITY OF BEAUMONT

**Taxable Sales by Category
Last Ten Calendar Years (in thousands of dollars)
As of June 30, 2021**

Calendar Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Food Stores	\$ 17,244	\$ 18,063	\$ 18,384	\$ 18,558	\$ 19,259	\$ 21,016	\$ 21,879	\$ 23,369	\$ 24,224	\$ 27,104
Eating and Drinking Places	32,165	34,758	37,418	44,272	48,099	52,522	54,926	58,205	64,026	68,387
Building Materials	37,736	40,162	44,447	48,119	51,999	55,011	59,720	66,532	68,381	86,638
Auto Dealers and Supplies	13,314	13,348	17,714	21,792	28,347	31,853	37,333	39,427	38,759	44,641
Services Stations	66,964	70,477	68,696	65,560	55,945	50,076	54,400	66,433	74,214	61,673
Other Retail Stores	128,350	131,645	140,750	144,719	152,350	154,131	151,487	155,943	154,635	151,769
All Other Outlets	54,145	59,848	65,346	70,781	85,903	101,750	102,867	107,538	139,383	303,271
Total	<u>\$ 349,918</u>	<u>\$ 368,301</u>	<u>\$ 392,755</u>	<u>\$ 413,801</u>	<u>\$ 441,902</u>	<u>\$ 466,359</u>	<u>\$ 482,612</u>	<u>\$ 517,447</u>	<u>\$ 563,622</u>	<u>\$ 743,483</u>

Sources: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HDL Companies

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

CITY OF BEAUMONT

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten (10) Fiscal Years**

Fiscal Year Ended June 30	Real Property										Unsecured Property	Estimated Actual Taxable Value	Less:			Total Assessed Value	Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Miscellaneous Property	Recreational Property	Vacant Property	SBE Nonunitary Property	Cross Reference Property			Tax Exempt Real Property	Unknown Property				
2012	\$ 1,976,695,345	\$ 262,200,512	\$ 143,214,597	\$ 217,412	\$ 774,446	\$ -	\$ 20,537,257	\$ 225,478,917	\$ 60,113	\$ 3,336,676	\$ 61,028,118	\$ 2,693,543,393	\$ (3,914,840)	\$ -	\$ 2,697,458,233	0.2204	100%	
2013	1,992,255,157	261,036,310	140,914,848	221,759	676,041	-	21,094,997	214,352,341	54,015	3,696,048	63,372,242	2,697,673,758	(3,993,201)	-	2,701,666,959	0.2008	100%	
2014	2,121,323,112	257,949,389	142,714,557	781,680	648,056	-	16,942,256	219,214,037	54,015	3,364,361	68,677,971	2,831,669,434	(1,899,747)	-	2,833,569,181	0.10876	100%	
2015	2,598,286,104	276,682,366	182,704,068	785,224	593,479	-	16,992,773	205,513,227	54,015	3,296,822	66,013,382	3,350,921,460	(1,937,692)	-	3,352,859,152	0.10600	100%	
2016	2,940,232,521	291,491,374	176,247,926	231,754	1,321,210	-	17,224,749	190,999,251	54,015	3,613,513	66,523,710	3,687,940,023	(2,346,527)	-	3,690,286,550	0.10440	100%	
2017	3,207,129,206	296,461,009	175,023,847	235,286	1,317,085	-	17,406,132	191,103,172	54,015	3,636,024	69,045,531	3,961,411,307	(2,411,293)	-	3,963,822,600	0.10348	100%	
2018	3,472,221,513	304,990,342	222,291,436	239,990	602,342	-	17,658,455	216,147,224	54,015	4,005,605	72,696,977	4,310,907,899	(2,442,788)	-	4,313,350,687	0.10275	100%	
2019	3,838,660,946	316,507,011	253,366,940	244,789	614,383	4,554	17,902,500	212,687,138	72,099	4,524,155	102,926,670	4,747,511,185	(2,498,684)	-	4,750,009,869	0.10177	100%	
2020	4,270,998,304	352,992,505	282,751,732	1,551,755	626,675	7,212	16,944,899	218,705,217	72,099	4,052,652	116,425,944	5,265,128,994	-	4,168,358	5,269,297,352	0.10049	100%	
2021	4,631,135,525	404,022,040	573,656,274	1,583,016	1,389,803	9,855	17,280,592	191,196,689	72,099	4,624,200	191,707,077	6,016,677,170	-	4,968,448	6,021,645,618	0.10092	100%	

Source: City of Beaumont Finance Department

CITY OF BEAUMONT

**Direct and Overlapping Property Tax Rates
(Rate per \$100 of Taxable Value)
Last Ten (10) Fiscal Years**

Fiscal Year	Basic Levy	San Gorgonio Pass Mem Hospital Debt Service	Schools				Metropolitan Water	San Gorgonio Pass Water	Total Tax Rate	RDA Incremental Rate ¹	Total Direct Rate ²
			Banning Unified	Beaumont Unified	Mt San Jacinto Community College	San Jacinto Unified					
2012	1.0000	0.10365	0.00000	0.07841	0.00000	0.00000	0.00000	0.18500	1.36706	1.18500	0.22038
2013	1.0000	0.11572	0.00000	0.08486	0.00000	0.00000	0.00000	0.18500	1.38558	0.00000	0.20078
2014	1.0000	0.11896	0.00000	0.09000	0.00000	0.00000	0.00000	0.18500	1.39396	0.00000	0.10876
2015	1.0000	0.11296	0.00000	0.08169	0.00000	0.00000	0.00000	0.18500	1.37965	0.00000	0.10600
2016	1.0000	0.08143	0.00000	0.07106	0.01394	0.00000	0.00000	0.18500	1.35143	0.00000	0.10440
2017	1.0000	0.08357	0.00000	0.07193	0.01320	0.00000	0.00000	0.18500	1.35370	0.00000	0.10348
2018	1.0000	0.09052	0.14473	0.07677	0.01320	0.15078	0.00350	0.18250	1.66200	0.00000	0.10275
2019	1.0000	0.08692	0.14278	0.07432	0.01320	0.15291	0.00350	0.18250	1.65613	0.00000	0.10177
2020	1.0000	0.06990	0.14526	0.07438	0.01320	0.15292	0.00350	0.17750	1.63666	0.00000	0.10049
2021	1.0000	0.06716	0.14500	0.07431	0.01320	0.15291	0.00350	0.17500	1.63108	0.00000	0.10092

Sources: HdL Coren & Cone, Riverside County Assessor 2012/12-2020/21 Tax Rate Table

Note: In 1978 California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

Draft - for discussion purposes only - 7/21/21

CITY OF BEAUMONT

**Principal Property Taxpayers
As of June 30, 2021**

Taxpayer	2020/2021			2011/12		
	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Amazon Com Services LLC	\$ 63,928,047	2	1.06%			
Ambest Real Estate	32,968,175	5	0.55%			
Baldi Bros Construction	26,137,962	7	0.43%			
Cathay Bank				\$ 25,983,805	5	0.96%
CJ Foods Manufacturing	43,992,800	4	0.73%			
CT Beaumont Partners				32,383,533	3	1.20%
Dura Plastics Products Inc				19,552,894	8	0.73%
Frederick J Hanshaw	45,133,035	3	0.75%	32,000,000	4	1.19%
High Desert Partners				35,372,284	1	1.31%
Home Depot USA Inc	25,524,784	8	0.42%	24,912,208	6	0.92%
Loma Linda University ¹	24,623,015	9	0.41%	33,408,245	2	1.24%
Lowes HIW Inc				17,822,181	9	0.66%
Pardee Homes				16,269,177	10	0.60%
USEF Crossroads I/II	379,635,253	1	6.30%			
Walmart Real Estate Business Trust	26,298,928	6	0.44%	22,991,446	7	0.85%
Wolverine Worldwide Inc	23,348,023	10	0.39%			
	<u>\$ 691,590,022</u>		<u>11.48%</u>	<u>\$ 260,695,773</u>		<u>9.66%</u>

Note: The amounts shown above includes assessed value data for both the City and the Redevelopment Agency.

¹ Loma Linda University is a learning institution; therefore, a large portion of their property is exempt.

² Pending Appeals on Parcels

Source: The HdL Companies, Riverside County Assessor Combined Tax Rolls and the SBE Non Unitary Tax Roll

CITY OF BEAUMONT

**Property Tax Levies and Collections
Last Ten (10 Calendar Years)**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Current Tax Collections	Percent of Current Taxes Collected		Amount	Percentage of Levy
2012	\$ 2,296,279	\$ 2,606,551	113.5%	\$ 124,065	\$ 2,730,615	118.9%
2013	2,309,158	2,497,216	108.1%	102,869	2,600,085	112.6%
2014	2,425,467	2,884,144	118.9%	128,141	3,012,285	124.2%
2015	2,863,392	3,321,742	116.0%	139,009	3,460,752	120.9%
2016	3,148,647	3,578,931	113.7%	132,853	3,711,784	117.9%
2017	3,380,352	3,908,158	115.6%	129,042	4,037,200	119.4%
2018	3,676,718	4,114,723	111.9%	131,947	4,246,669	115.5%
2019	4,059,559	4,539,114	111.8%	143,229	4,682,344	115.3%
2020	4,507,968	4,972,808	110.3%	159,844	5,132,652	113.9%
2021	5,140,701	5,072,476	98.7%	100,766	5,173,242	100.6%

Source: Riverside County Auditor-Controller Property Tax Division

CITY OF BEAUMONT

**Ratios of Outstanding Debt by Type
Last Ten (10) Fiscal Years**

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita ¹
	Capital Leases	Payable to Successor Agency	WRCOG Judgement	AB 1484 Due Diligence Review	Revenue Bonds	Bond Premium	Capital Leases			
2012	\$ -	\$ -	\$ -	\$ -	\$ 8,725,000	\$ -	\$ -	\$ 8,725,000	949%	\$ 219
2013	-	-	42,994,879	-	8,580,000	-	-	51,574,879	5382%	1,262
2014	-	-	42,994,879	2,575,912	8,430,000	-	-	54,000,791	5362%	1,322
2015	-	4,235,674	62,198,626	2,575,912	-	-	-	69,010,212	6542%	1,530
2016	-	4,235,674	4,100,000	2,275,912	-	-	-	10,611,586	1024%	230
2017	79,323	-	4,100,000	1,975,912	-	-	-	6,155,235	560%	128
2018	186,483	-	-	1,675,912	-	-	346,313	2,208,708	189%	46
2019	297,242	-	-	1,375,912	81,105,000	9,469,765	268,459	92,516,378	7288%	1,797
2020	251,240	-	-	1,075,912	80,105,000	8,495,497	183,671	90,111,320	6618%	1,710
2021	152,680	-	-	775,912	78,860,000	7,842,647	99,306	87,730,545	6316%	\$ 1,597

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

¹ See the Schedule of Demographic and Economic Statistics on page 133 for personal income and population.

Source: City of Beaumont Finance Department

CITY OF BEAUMONT

Direct and Overlapping Governmental Activities Debt As of June 30, 2021

2020-2021 Assessed Valuation

\$ 6,134,559,837

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/21	Percent Applicable (1)	Debt 6/30/21
CFD 93-1 IA 1	\$ 434,579	100.000%	\$ 552,693
CFD 93-1 IA 2	42,936	100.000%	54,606
CFD 93-1 IA 3	1,915,000	100.000%	2,025,000
CFD 93-1 IA 4	749,812	100.000%	952,956
CFD 93-1 IA 5	675,059	100.000%	858,532
CFD 93-1 IA 6A1	26,362,821	100.000%	27,649,098
CFD 93-1 IA 6B	-	100.000%	25,254
CFD 93-1 IA 7A1	9,745,000	100.000%	9,975,000
CFD 93-1 IA 7B	3,760,000	100.000%	4,015,000
CFD 93-1 IA 7C	1,435,000	100.000%	1,575,000
CFD 93-1 IA 7D	3,560,000	100.000%	3,630,000
CFD 93-1 IA 8	6,150,000	100.000%	6,560,000
CFD 93-1 IA 8A	5,460,027	100.000%	5,725,492
CFD 93-1 IA 8B	5,145,000	100.000%	5,355,000
CFD 93-1 IA 8C	27,940,351	100.000%	28,065,664
CFD 93-1 IA 8D	8,315,339	100.000%	8,354,901
CFD 93-1 IA 8E	12,455,000	100.000%	12,510,000
CFD 93-1 IA 8F	12,780,000	100.000%	12,780,000
CFD 93-1 IA 9	355,000	100.000%	375,000
CFD 93-1 IA 10	1,255,000	100.000%	1,330,000
CFD 93-1 IA 11	780,000	100.000%	820,000
CFD 93-1 IA 12	780,000	100.000%	825,000
CFD 93-1 IA 14	5,820,000	100.000%	6,210,000
CFD 93-1 IA 14A	11,395,000	100.000%	12,065,000
CFD 93-1 IA 14B	3,456,137	100.000%	3,595,848
CFD 93-1 IA 16	5,985,000	100.000%	6,320,000
CFD 93-1 IA 17A	8,075,000	100.000%	8,785,000
CFD 93-1 IA 17B	11,540,000	100.000%	11,930,000
CFD 93-1 IA 17C	8,660,000	100.000%	8,700,000
CFD 93-1 IA 18	4,075,000	100.000%	4,300,000
CFD 93-1 IA 19A	16,010,000	100.000%	16,800,000
CFD 93-1 IA 19C	17,661,442	100.000%	19,201,396
CFD 93-1 IA 20	2,615,000	100.000%	2,955,000
CFD 2016-1	8,630,000	100.000%	8,790,000
CFD 2016-2	10,135,000	100.000%	10,285,000
CFD 2016-4	4,080,000	100.000%	4,185,000
CFD 2019-1	2,355,000	100.000%	-
CFD 2018-1 IA-1 Beaumont USD	4,905,000	100.000%	-
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 258,136,439

Source: Webb Municipal Finance, LLC, City of Beaumont Finance Department, the County of Riverside, Beaumont Unified School District, Mount San Jacinto Community College, and the San Gorgonio Memorial Healthcare District

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:

Beaumont Unified School B & I (0.07777%)	\$ 90,172,486	100.000%	\$ 82,562,937
MT San Jacinto Comm (0.01320%)	157,750,000	6.006%	164,385,000
San Gorgonio Memorial Healthcare District (0.06281%)	102,730,000	68.132%	106,565,000
City of Beaumont Capital Lease	152,680	100.000%	251,240
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			<u>\$ 353,764,177</u>
OVERLAPPING TAX INCREMENT DEBT:	\$ 257,970,000	3.862-100%	\$ 36,362,296
TOTAL DIRECT DEBT			251,240
TOTAL OVERLAPPING OBLIGATION DEBT			<u>648,011,673</u>
COMBINED TOTAL DEBT			<u>\$ 648,262,913</u> (2)

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2020-21 Assessed Valuation:

Total Overlapping Debt (excluding tax increment).....	4.21%
Total Direct Debt (\$38,984).....	0.00%
Combined Total Debt (excluding tax increment).....	10.57%

Ratios to Redevelopment Incremental Valuation (\$1,299,120,312):

Total Overlapping Tax Increment Debt.....	2.80%
---	-------

Draft - for discussion purposes only 12/7/21

CITY OF BEAUMONT

**Computation of Legal Debt Margin
Last Ten (10) Fiscal Years**

<u>Fiscal Year</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 101,154,684	\$ 101,312,511	\$ 106,258,844	\$ 125,732,218
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 101,154,684</u>	<u>\$ 101,312,511</u>	<u>\$ 106,258,844</u>	<u>\$ 125,732,218</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Source: California Municipal Statistics, Riverside County Auditor-Controller Property Tax Division

Draft - for discussion purposes only - 12/17/21

2016	2017	2018	2019	2020	2021
\$ 138,385,746	\$ 148,643,348	\$ 161,750,651	\$ 178,125,370	\$ 197,598,651	\$ 225,811,711
-	96,158	132,444	167,456	78,046	251,240
<u>\$ 138,385,746</u>	<u>\$ 148,547,190</u>	<u>\$ 161,618,207</u>	<u>\$ 177,957,914</u>	<u>\$ 197,520,605</u>	<u>\$ 225,560,471</u>

0.00%

0.06%

0.08%

0.09%

0.04%

0.11%

Net Assessed Value	\$ 6,021,645,618
Plus Exempt Property	112,914,219
Total Assessed Value	<u>6,134,559,837</u>

Debt Limit: 3.75 percent of Total Assessed Value	230,045,994
--	-------------

Debt applicable to Limitation: Net Combined applicable to Limitation	648,262,913
---	-------------

Total Debt applicable to Limitation	<u>251,240</u>
-------------------------------------	----------------

Legal Debt Margin	<u>\$ 229,794,754</u>
-------------------	-----------------------

Draft - for discussion purposes only - 12/17/21

CITY OF BEAUMONT

**Pledge-Revenue Coverage
Last Ten (10) Fiscal Years**

Fiscal Year	Wastewater Revenue Bonds					Coverage
	Gross Revenues	Operating Expenses Less Depreciation	Net Revenue Available for Debt Service	Debt Service Requirements		
2012	\$ 4,297,011	\$ 5,814,761	\$ (1,517,750)	\$ 145,000		-1047%
2013	4,495,141	5,621,489	(1,126,348)	150,000		-751%
2014	7,824,125	3,591,728	4,232,397	189,777		2230%
2015	7,783,112	5,038,318	2,744,794	160,000		1715%
2016	8,093,961	3,611,202	4,482,759	-		N/A
2017	9,775,709	4,734,121	5,041,588	-		N/A
2018	9,360,710	3,584,743	5,775,967	-		N/A
2019	10,375,954	5,244,292	5,862,787	1,661,355		353%
2020	11,091,715	4,954,754	10,956,369	4,868,688		225%
2021	12,073,223	5,101,833	6,971,390	5,073,788		137%

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation.
Source: City of Beaumont Finance Department

CITY OF BEAUMONT

Demographic and Economic Statistics Last Ten (10) Fiscal Years

Calendar Year	Population ^{1*}	Personal Income ^{2*}	Per Capita Personal Income [*]	Unemployment Rate (percentage) [*]	Median Age [*]	% of Pop 25+ with High School Degree [*]	% of Pop 25+ with Bachelors Degree
2012	39,776	\$ 919,064	\$ 23,106	11.00%	33	86%	26.2%
2013	40,876	958,297	23,444	9.50%	33	87%	26.4%
2014	40,853	1,007,108	24,652	4.90%	33	86%	25.2%
2015	45,118	1,054,947	23,381	4.00%	34	87%	25.4%
2016	46,179	1,035,820	22,430	3.60%	35	87%	24.5%
2017	48,237	1,099,759	22,799	3.00%	34	87%	24.5%
2018	48,401	1,170,336	24,179	3.30%	35	87%	25.1%
2019	51,475	1,269,357	24,659	3.30%	35	88%	25.3%
2020	52,686	1,361,682	25,845	8.60%	35	88%	26.1%
2021	54,937	1,388,915	26,362	7.90%	35	88%	26.2%

Sources: ¹ State of California, Department of Finance. ² California Employment Development Department, * 2000-2009 Income, Age and Education Data: ESRI - Demographic Estimates are based on the last available Census. Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries 2010 and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey.

CITY OF BEAUMONT

**Principal Employers
Current Fiscal Year**

Employer	2021			2012 *		
	Employees	Rank	Percentage of total City Employment	Employees	Rank	Percentage of total City Employment
Amazon	3,000	1	36.76%	N/A		0.00%
Beaumont Unified School District	1,467	2	17.98%	639	1	17.23%
Walmart	526	3	6.45%	N/A		0.00%
Dura Plastic Products	400	4	4.90%	100	2	2.70%
Total	<u>5,393</u>		<u>66.08%</u>	<u>739</u>		<u>19.92%</u>

Total number of jobs within City limits provided by Employment Development Department, Labor Market Information Division

*Principal employer information available for FY 2012, as required by GASB-S44:33.

Source: Primary Employers Source ESRI and Economics

Draft - for discussion purposes only 12/17/21

CITY OF BEAUMONT

Full-Time Equivalent City Government Employees by Function Last Ten (10) Fiscal Years

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function										
Administration										
Administration	20	20	20	17	11	11	17	9	9	8
City Clerk	1	1	1	1	1	1	2	2	2	2
City Council	5	5	5	5	5	5	5	5	5	5
Finance	0	0	0	0	0	0	0	7	7	7
Human Resources	0	0	0	0	0	0	0	2	2	2
Information Technology	0	0	0	0	0	0	0	1	1	3
Public safety										
Animal Control	5	5	5	4	3	2	3	2	2	2
Police Officers	51	43	43	42	37	38	43	43	43	43
Police Support	19	19	19	15.5	12	16	16.0	16.5	16.5	17
Community Development										
Planning	7	7	7	1	3	2	7	7	7	7
Community Enhancement	1	1	1	2	2	2	2	2	2	2
Building and Safety	4	4	5	5	4	4	4	4	4	5
Community Services										
Parks and Recreation	16	17	17	19	15	16	8.5	8	8	5
Grounds Maintenance/Streets	19	19	19	11.5	5.5	7.5	19	20	20	20
Pool*	13	15	15	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Public Works										
Public Works	3	3	3	2	2	2	3	2.75	3.5	6.5
Street Maintenance	2	2	2	2	2	1.5	5	5	5	5
Wastewater	0	0	0	0	0	2.5	7	7.25	12	10.5
Transit	21	22	22	22	25	25	26	26	26	23
Total:	187	183	184	156.5	135	143	175	177	182.5	180.5

*FY2012, 2013, and 2014 Lifeguards were counted as 1 FTE instead of 0.5 FTE (part-time)

Source: City of Beaumont Finance Department

CITY OF BEAUMONT

Operating Indicators by Function Last Ten (10) Fiscal Years

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function										
Police										
Calls for service	32,637	32,628	31,667	29,852	30,753	26,357	26,526	27,277	32,056	27,506
Citations issued by Officers	3,645	3,562	4,611	2,320	1,308	2,667	1,702	1,398	1,711	1,036
Physical arrests	1,780	1,795	1,621	1,281	1,434	1,529	1,254	891	821	1,036
Fire										
Total number of calls answered	2,946	2,871	3,020	3,177	3,186	3,225	3,618	3,886	4,282	3879
% of calls for medical aid	82.2%	83.4%	81.0%	83.7%	85.0%	82.2%	82.5%	81.7%	80.2%	84.0%
Highways and streets										
Street resurfacing (miles)	N/A	N/A	N/A	N/A	N/A	0.65	1.05	9	20	28
Potholes repaired	N/A	N/A	N/A	N/A	N/A	49	100	395	638	494
Wastewater										
Average daily sewage treatment (million gallons)	2.650	2.790	3.080	3.080	3.160	3.270	3.390	3.670	3.820	3.700

Note: Fire services are contracted through the County of Riverside

Source: City of Beaumont Public Works and Police Departments, and Riverside County Fire Services

CITY OF BEAUMONT

**Capital Assets Statistics by Function
Last Ten (10) Fiscal Years**

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function										
Public safety										
* Police										
Vehicles Added Value	50,000	85,000	60,000	140,000	-	188,738	247,760	89,268	187,282	487,242
Highways and streets										
Storm Drain Added Value	-	-	-	-	-	-	1,184,800	1,596,757	-	4,001,608
Street Improvements	-	-	-	-	-	399,000	-	-	1,395,105	25,352,242
Culture and recreation										
Parks Added Value	-	-	-	-	-	-	2,208,322	3,600,000	1,050,000	-
Sewer										
Sewer Line Added Value	2,577,842	2,291,354	1,560,925	-	131,226,200	-	-	3,676,047	3,950,198	-
Lift Station Added Value	-	72,974	-	302,719	-	172,238	969,346	-	3,352,629	-
Treatment Plant Expansior	-	-	-	-	14,684	427,311	2,236,307	15,377,340	26,290,328	20,188,903
Brine Pipeline	-	-	-	3,334	-	613,161	1,103,175	18,128,897	16,538,109	2,073,430

* Fire services are contracted through the County of Riverside Fire Dept.

Sources: City of Beaumont Public Works and Police Departments, Riverside County Fire Department