

City of Beaumont, Texas



Comprehensive Annual Financial Report

For the Fiscal Year ended September 30, 2013

Prepared by the
Finance Department

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**CITY OF BEAUMONT, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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RICH WITH OPPORTUNITY
BEAUMONT 
T • E • X • A • S



March 4, 2014

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

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Beaumont as of and for the year ended September 30, 2013. This report was prepared by the Finance Department, in accordance with the City Charter, and in compliance with State law, to provide citizens, investors, grantor agencies and other interested parties with reliable financial information about the City.

The report consists of management's representations concerning the finances of the City of Beaumont. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Beaumont has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City of Beaumont's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Beaumont's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Beaumont's financial statements have been audited by Whitley Penn, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Beaumont for the fiscal year ended September 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Beaumont's financial statements for the fiscal year ended September 30, 2013, and that those statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Beaumont was a part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Beaumont's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Beaumont's MD&A can be found immediately after the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Beaumont, Texas, incorporated in 1838, is located in the southeast corner of the state and is the seat of Jefferson County. With a population of an estimated 118,000, the City occupies a land area of 84.01 square miles. The City has a major interstate highway dividing it and is serviced by a major port, a regional airport and three railroad lines. This City is empowered to levy a property tax on both real and personal properties located within its boundaries and collects sales tax revenues on taxable sales and purchases. The City is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City has a Council-Manager form of government. It is governed by an elected Council composed of a Mayor and six council members, who each serve two-year terms. Four council members serve a separate ward district, and two serve at-large. They are charged with formulating public policy, enacting local legislation, adopting budgets, and appointing the City Manager, City Attorney, City Clerk and City Magistrates. The City Manager is the chief administrative and executive officer of the City, and implements Council directives and policies, administers the fiscal affairs, and is responsible for the administration of the municipal operations.

The City of Beaumont provides a full range of services, including police and fire protection; construction and maintenance of streets and other infrastructure; recreational activities; and cultural events.

The annual budget serves as the foundation for the City of Beaumont's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager on or before May 15 of each year. The City Manager uses these requests as the starting point for developing a proposed budget which is presented to the Council for review by August 15. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 27, in the last month

of the City of Beaumont's fiscal year. The appropriated budget is prepared by fund, function, (e.g. public safety), and department (e.g. police). Transfers between expenditure accounts within a department may occur with the approval of the Department Director and review of the Budget Officer. Transfers between operating departments may occur within the same fund with the approval of the City Manager. Transfers of appropriations between funds, however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 21 as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund, with appropriated annual budget, this comparison is presented in the governmental fund subsection of this report, which starts on page 90.

History

In 1835, Henry Millard, Joseph Pulsifer and Thomas Huling visited two small communities located on the banks of the Neches River with the hopes of starting a mercantile business. Given a tour of the riverfront property, Millard and his partners recognized its potential and purchased the property for \$500, naming the town "Beaumont" after his late wife "Mary Beaumont." However, plans for the development of the new town were abruptly halted by the onset of the Texas Revolution.

Returning from war, Millard continued his quest to establish the settlement. On December 16, 1838, by an act of the Third Congress of the Republic of Texas, the City of Beaumont received its charter. By August 1840, the first elected officials were sworn in. Order of business was promptly addressed with passage of the first ordinance establishing a liability for removing carcasses of cattle that drowned while being driven across the Neches. By the early 1900's Beaumont came of age when the first great oil well of the world, the Anthony F. Lucas Gusher, blew in at Spindletop. With the discovery of oil at Spindletop, Beaumont's population exploded.

The early 1920's were hard and the citizens of Beaumont were met with many adversities. They fought an epidemic of the bubonic plague brought on by one of the ships docked in the port and had to replace the wooden streets with asphalt and concrete after the town was destroyed by a flood. By the latter part of the decade, the City enjoyed an economic growth spurred by the growing oil economy. Good times were short-lived, however, because in 1929 the stock market crashed and started the Great Depression. During World War II, wartime changes again brought prosperity to Beaumont. Local industries such as oil refining and manufacturing and shipbuilding experienced increased production which caused an expanded population.

The 1960's and 1970's were years of both torment and triumph. The area, now referred to as the Golden Triangle, had become the petrochemical complex of Southeast Texas. In 1971, Beaumont approved its first bond issue since 1921, totaling \$12 Million. By 1975, the economy had progressed so far that the nationwide recession had little effect on the area. In 1978, Beaumont was named by *Money* magazine as the town with the most potential for growth in the entire country.

During 1982, the local economy began to slide into the deepest recession since the Great Depression. Tens of thousands of jobs in the chemical, petroleum, shipbuilding, and oil drilling industries were lost. By 1987, the recession reached its deepest point, and a steady sustainable recovery had begun and continued through the early 2000's.

In the summer of 2005, as Beaumont was assisting with the housing of evacuees from Hurricane Katrina, the City was dealt a major blow of its own when it took a direct hit from Hurricane Rita. Many homes and businesses suffered major damage or were completely destroyed by winds and downed trees. Most of the electrical utility grid and telecommunications throughout the area were destroyed and had to be rebuilt. Thousands of workers from other parts of the country descended on the area to help rebuild. Residential and commercial construction was soon at an all-time high for hotels and new and remodeled homes, with a need not only to accommodate the increasing labor force, but to replace those structures that had been destroyed. Businesses flourished with renewed activity. As the area attempted to return to a normal life, we were soon forced to deal with the arrival of Hurricanes Humberto in 2007 and Gustav and Ike in 2008. While Humberto was a relatively minor storm, and Gustav skirted the eastern edge of the area, Ike was a completely different story. As one of the largest and most devastating storms in history, encompassing the entire Gulf of Mexico at one point, the storm surge completely obliterated some areas around Beaumont. While the damage in the City itself was not as severe as with Rita, many residents had to relocate, businesses were closed and the rebuilding began again.

While still striving to return to pre-storm conditions, the City of Beaumont is committed to future development citywide.

Factors Affecting Financial Conditions

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. The City, its residents, and local businesses continue their recovery efforts from the impact of Hurricane Rita in September 2005, Hurricane Humberto in August 2007, and Hurricane Ike in September 2008. This restoration has been a combination of repairs to return structures to pre-storm conditions and of major renovations and new construction. As a result of this activity, the area was able to grow and experience a major financial boost. Recovery efforts have now slowed, and the economic impact is beginning to show signs of returning to pre-storm conditions.

As the effects of a diminished national economy trickled down, the City was faced with some major challenges. Unemployment rates rose, and both private and commercial property values decreased due to damages sustained from Hurricane Ike. Over the past two years, both sales tax revenues and property taxes have steadily increased. At this time, home values remain generally stable. The area continues to be cited as one of the top to rebound from national economic woes.

Although Beaumont's economy continues to be dominated by the petrochemical industry, employment trends show a shift to service-oriented jobs. This shift from manufacturing is consistent with national trends. Area chemical plants continue to upgrade and expand their facilities to meet increased product demand and stricter environmental controls. A multibillion dollar investment in local energy projects, most of which are now complete, has provided employment for thousands of temporary workers for several years, as well as adding hundreds of permanent positions. New expansion projects are now being considered for the area, some of which are already underway. This will have a direct impact on the housing, retail, and service markets as well.

Lamar University and Lamar Institute of Technology, both a part of the Texas State University System, are dedicated to providing a quality education for all who seek it. Satisfying the demand for qualified labor has become a top priority for both, and enrollment has steadily increased over the past several years. With workers needed for construction and the ensuing permanent positions, many of the specialized fields of education are tailored to meet the needs of area businesses. Lamar University has some of the best MBA and chemical engineering programs in the county, with plans for a new degree program in energy engineering. With new and upgraded athletic facilities, the area saw the return of their football program with the 2010 season.

The Beaumont Independent School District has completed numerous construction projects that include a new athletic complex, nine new elementary schools, one new middle school, numerous classroom additions, and several facility repairs and renovations.

Beaumont has much to offer. City officials and the Greater Beaumont Chamber of Commerce continue to aggressively market our community to business and industry. A four-year university and one of the fastest-growing technical colleges in Texas provide the basis for an educated and skilled workforce to meet the requirements of companies competing in a global economy.

Cash Management Policies and Practices

Cash temporarily idle during the year was invested in direct obligations of the United States or its agencies and instrumentalities which are non-callable, money market mutual funds, certificates of deposit and approved investment pools. The maturities of the investments range from 1 to 730 days, with a weighted average maturity of 78 days. The weighted average yield on investments was 0.29% at September 30, 2013. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

Risk Management

The City's risk management program includes risks associated with employee health benefits, worker's compensation and general liability. The Human Resources Department is responsible for the administration of the City's comprehensive plan for accident prevention. The financial activity associated with the City's risk management program is recorded in two Internal Service Funds: the Employee Benefits Fund and the General Liability Fund. These funds are supported by premiums assessed to the City's operating funds based on projected costs for administrative and legal services, settlements and judgments, and other related costs.

Pension and Other Postemployment Benefits

The City of Beaumont provides pension benefits for all full-time employees, except for City firefighters, through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. As a matter of policy, the City of Beaumont fully funds each year's annual required contribution to the pension plan as determined by the actuary. The City has funded 80.8% of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over 26.6 years as part of the annual required contribution calculated by the actuary.

The City of Beaumont also provides pension benefits for all City firefighters. The Board of Trustees of the Beaumont Firemen's Relief and Retirement Fund (the Fund) is the administrator of a single-employer defined benefit pension plan. The Board, composed of the Mayor's designee and the Chief Financial Officer as ex-officio Trustees, three firefighters elected by a majority vote of firefighters, and two citizens who must be appointed unanimously by the first five trustees, is subject to administrative supervision by the State Firemen's Pension Commissioner. The City does not hold title to any of the Fund's assets, right to any surpluses or have responsibility for any deficits.

The City of Beaumont also provides post-retirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 221 retired employees participating in the City's group health program.

Additional information on the City of Beaumont's pension arrangements and postemployment benefits can be found in Note 4 in the notes to the financial statements.

AWARDS AND ACKNOWLEDGMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beaumont for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2012. This was the twenty-seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

The preparation of this Comprehensive Annual Financial Report was made possible by the dedicated service and hard work of the entire staff of the Finance Department. The professional expertise and commitment of Todd Simoneaux, Controller; Janice Ridley, Grants Manager; Staff Accountants Kristin Mattingly and Angie Breedon; Carol Wilson, Fiscal Assistant; and Chance Chapman, Grants Accountant made this presentation possible.

Appreciation is also expressed to the staff of the operating departments for their cooperation and contribution, to the firm of Whitley Penn for their professional assistance and to City Council for their interest and support.

Respectfully submitted,



Kyle Hayes
City Manager



Laura Clark, CPA
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Beaumont
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

City of Beaumont, Texas



List of Principal Officials

Becky Ames, *Mayor*

Gethrel Williams-Wright, *At Large, Mayor Pro-Tem*

W. L. Pate, Jr., *At Large*

Dr. Alan B. Coleman, *Ward I*

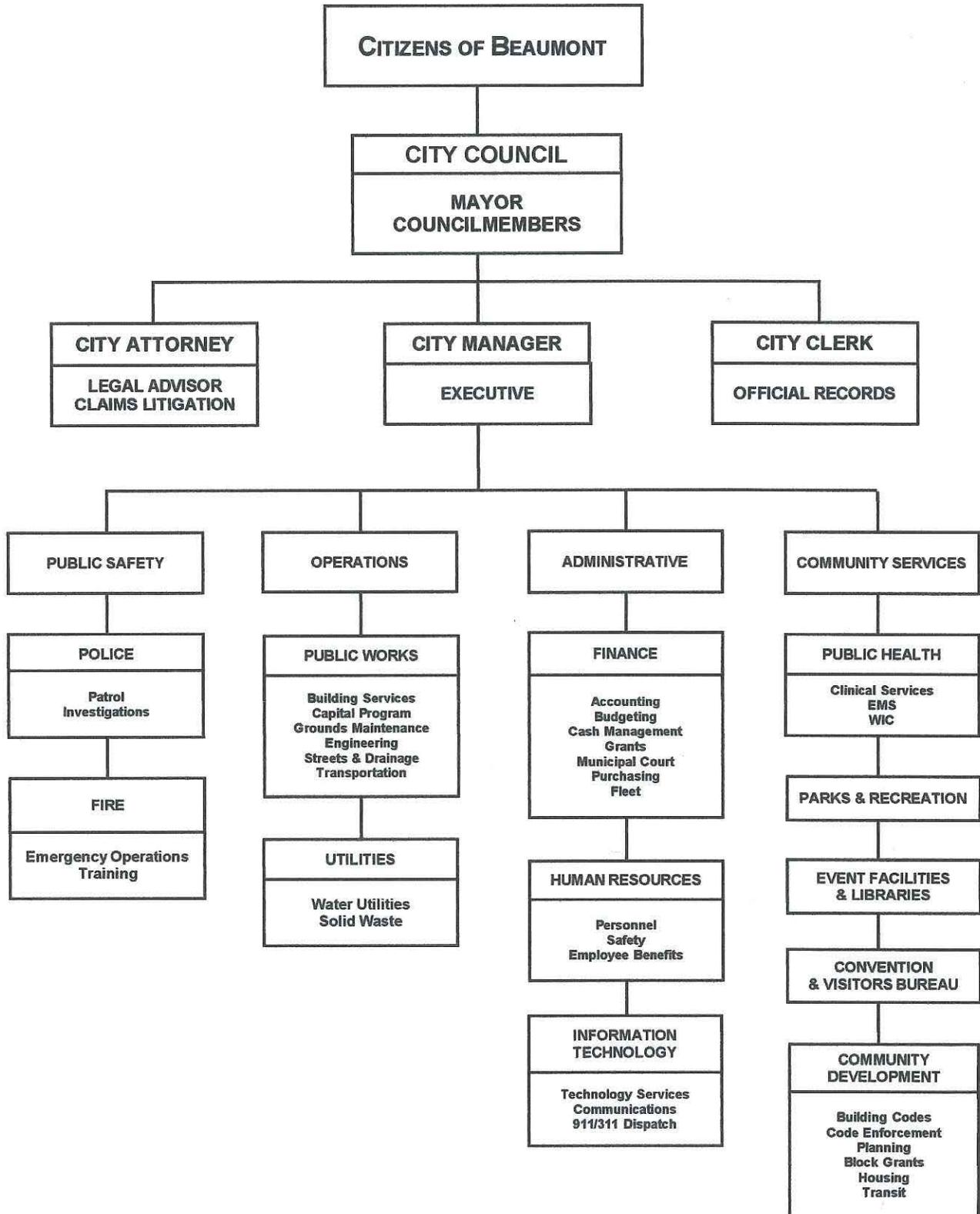
Mike Getz, *Ward II*

Audwin M. Samuel, *Ward III*

Jamie D. Smith, *Ward IV*

Kyle Hayes, *City Manager*

CITY OF BEAUMONT ORGANIZATIONAL CHART





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Houston, Texas 77046
713.621.1515 Main
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REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beaumont, Texas (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Beaumont Firemen's Relief and Retirement Fund, which represent 64 percent, 75 percent, and 22 percent, respectively, of the assets, equity, and revenues of the remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the remaining fund information, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beaumont, Texas, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 4 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities* as of September 30, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information on pages 3 to 11 and 67 to 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
March 4, 2014

CITY OF BEAUMONT, TEXAS

Management's Discussion and Analysis

As management of the City of Beaumont (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with our letter of transmittal at the front of this report and the City's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities at the close of 2013 by \$416.9 million. Of this amount, \$35.8 million is considered unrestricted. The unrestricted net position of the City's governmental activities is \$32.9 million and may be used to meet the government's ongoing obligations. The unrestricted net position of the City's business-type activities is \$2.9 million.
- The change in net position was a decrease of \$239 thousand in 2013, prior to any prior period adjustments for new accounting standards. The key factor for the decrease was that transfers in from business type activities were lower than budgeted due to less business type income than expected for the year.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$159.8 million. Approximately \$30.9 million of the \$159.8 million fund balance is considered unassigned at September 30, 2013.
- The General Fund reported a fund balance of \$32.0 million at the end of the current fiscal year. The unassigned fund balance for the General Fund was \$31.1 million or 28.5 percent of total General Fund expenditures (excluding transfers out).
- The City's total liabilities increased by \$33.0 million during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public works, public safety, housing, economic development, health and welfare, and culture and recreation. The business-type activities of the City include two enterprise activities: a water and sewer system, and a solid waste system.

The government-wide financial statements can be found on pages 13 – 15 of this report.

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

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

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

The City maintains 34 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, General Improvements Fund, the Street Improvements Fund, and the Airport Royalties for Street Improvement Fund. Data from the other 29 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Beaumont adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 – 21 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and solid waste operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions including employee benefits, self-insurance, fleet management, capital reserve and general liability. The services provided by these funds predominantly benefit the governmental rather than the business-type functions. They have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and solid waste operations. The Water Fund and the Solid Waste Fund are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 22 – 24 of this report.

Fiduciary funds. The City is reporting a new fiduciary fund in its financial statements this year. The Beaumont Firemen's Relief and Retirement Fund is being reported as a blended component unit. The fiduciary fund financial statements can be found on pages 25 – 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 – 66 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Beaumont's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 67 - 69 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 74 - 115 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$416.9 million at the close of the most recent fiscal year.

The largest portion of the City's net position (78 percent) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012 Restated	2013	2012 Restated	2013	2012 Restated
Current and other assets	\$ 194,647,138	155,725,603	17,738,146	37,461,068	212,385,284	193,186,671
Capital assets	415,191,985	414,249,767	243,902,978	229,792,432	659,094,963	644,042,199
Total assets	<u>609,839,123</u>	<u>569,975,370</u>	<u>261,641,124</u>	<u>267,253,500</u>	<u>871,480,247</u>	<u>837,228,870</u>
Total deferred outflows of resources	<u>3,415,996</u>	<u>-</u>	<u>118,451</u>	<u>1,048,471</u>	<u>3,534,447</u>	<u>1,048,471</u>
Long-term liabilities outstanding	259,038,145	225,032,343	164,228,363	171,584,754	423,266,508	396,617,097
Other liabilities	26,225,163	16,339,215	8,557,964	8,116,650	34,783,127	24,455,865
Total liabilities	<u>285,263,308</u>	<u>241,371,558</u>	<u>172,786,327</u>	<u>179,701,404</u>	<u>458,049,635</u>	<u>421,072,962</u>
Net position						
Net Investment in capital assets	239,496,952	255,682,220	84,842,375	84,178,555	324,339,327	339,860,775
Restricted	55,587,721	61,256,195	1,161,986	1,351,697	56,749,707	62,607,892
Unrestricted	32,907,138	11,665,397	2,968,887	3,070,315	35,876,025	14,735,712
Total net position	<u>\$ 327,991,811</u>	<u>328,603,812</u>	<u>88,973,248</u>	<u>88,600,567</u>	<u>416,965,059</u>	<u>417,204,379</u>

An additional portion of the City's net position (13 percent) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net position (9 percent) may be used to meet the government's on-going obligations to citizens and creditors. It is important to note that although the total unrestricted net position is \$35.8 million; the net position of the City's business-type activities may not be used to fund governmental activities.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole.

The government's net position decreased by \$239 thousand during the current fiscal year. Governmental activities decreased the City's net position by \$612 thousand. The underlying reason for the decrease in net position was due to a large decrease in the amount of payments in lieu of taxes received from the business type activities as compared to prior years and the current year's budget.

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012 Restated	2013	2012 Restated	2013	2012 Restated
Revenues						
Program revenues						
Charges for services	\$ 9,291,829	10,726,270	51,790,696	50,723,055	61,082,525	61,449,325
Operating grants and contributions	7,308,115	11,334,916	-	-	7,308,115	11,334,916
Capital grants and contributions	12,016,231	5,489,714	435,245	39,156	12,451,476	5,528,870
General revenues						
Property taxes	43,929,650	43,451,923	-	-	43,929,650	43,451,923
Industrial payments	14,926,084	13,434,606	-	-	14,926,084	13,434,606
Sales taxes	40,448,273	35,399,926	-	-	40,448,273	35,399,926
Franchise taxes	10,663,902	11,049,193	-	-	10,663,902	11,049,193
Investment earnings	750,578	813,144	86,278	176,603	836,856	989,747
Miscellaneous	1,144,428	1,847,995	1,196,468	1,377,922	2,340,896	3,225,917
Oil and gas royalties	2,423,682	5,536,704	-	-	2,423,682	5,536,704
Gain on disposal of assets	180,222	143,621	153,175	67,957	333,397	211,578
Total revenues	143,082,994	139,228,012	53,661,862	52,384,693	196,744,856	191,612,705
Expenses						
General government	15,055,091	13,749,521	-	-	15,055,091	13,749,521
Public safety	62,441,823	60,448,548	-	-	62,441,823	60,448,548
Public works	37,752,021	37,758,251	-	-	37,752,021	37,758,251
Health and welfare	9,439,464	9,122,310	-	-	9,439,464	9,122,310
Culture and recreation	13,983,104	12,931,197	-	-	13,983,104	12,931,197
Housing and economic development	5,072,471	3,895,517	-	-	5,072,471	3,895,517
Interest on long-term debt	8,687,154	7,892,941	-	-	8,687,154	7,892,941
Water	-	-	36,626,050	36,345,709	36,626,050	36,345,709
Solid waste	-	-	7,926,998	7,664,085	7,926,998	7,664,085
Total expenses	152,431,128	145,798,285	44,553,048	44,009,794	196,984,176	189,808,079
Increase (decrease) in net position before transfers	(9,348,134)	(6,570,273)	9,108,814	8,374,899	(239,320)	1,804,626
Transfers	8,736,133	9,205,000	(8,736,133)	(9,205,000)	-	-
Increase (decrease) in net position	(612,001)	2,634,727	372,681	(830,101)	(239,320)	1,804,626
Net position October 1	328,603,812	325,969,085	88,600,567	89,430,668	417,204,379	415,399,753
Net position September 30	\$ 327,991,811	328,603,812	88,973,248	88,600,567	416,965,059	417,204,379

Business type activities. Business-type activities net position held constant for the fiscal year.

Financial Analysis of the Government's Funds

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

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

As of September 30, 2013, the City's governmental funds reported combined ending fund balances of \$159.8 million, an increase of \$37.6 million in comparison with the prior year. Approximately \$30.9 million of this amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the City. At September 30, 2013 unassigned fund balance of the general fund was \$31.1 million, while total fund balance was \$32.0 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures (excluding transfers out). Unassigned fund balance represents 28.5 percent of total general fund expenditures (excluding transfers out), while total fund balance represents 29.3 percent of that same amount.

The fund balance of the City's General Fund increased by \$520 thousand during 2013. It was budgeted to incur a decrease of \$717 thousand in fund balance this year, therefore producing a \$1.2 million favorable variance. This change in fund balance is attributable to a increase in industrial payments and sales tax received by the City.

The Debt Service Fund has a total fund balance of \$5.1 million. The net decrease in fund balance during 2013 in this fund was approximately \$454 thousand. The Debt Service Fund is funded with property tax revenue at the level necessary to meet debt service requirements.

The General Improvement Fund has a total fund balance of \$24.3 million. The net decrease in fund balance during 2013 in this fund was approximately \$39.7 million. Fund balance decreased due to the transfer of oil/gas royalties from this fund to a new fund created during the fiscal year.

The Street Improvement Fund has a total fund balance of \$39.6 million. The net increase in fund balance during 2013 in this fund was approximately \$22 million. Fund balance increased due to the issuance of bond proceeds during the year.

The Airport Royalties for Street Improvements Fund was created this fiscal year in order to account for oil/gas royalties.

Proprietary funds. The City's proprietary funds provide the same information found in the government-wide financial statements, but in more detail.

The unrestricted net position at the end of the year amounted to \$4.2 million for the Water Fund. The net position in the Water Fund increased by \$1.6 million during 2013. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year there were increases of \$2,237,700 in appropriations between the original and final amended budget. Following are the components of the increase:

Fund	Amount	Purpose
General Fund	\$1,225,000	Transfers to Other Funds
General Fund	\$ 1,012,700	Increased Operating Expenditures

As the fiscal year progressed, unanticipated funds became available and additional expenditures arose resulting in the need to amend the FY 2013 Budget to allow for appropriation of expenditures related to such. Sufficient fund balance was available to cover all increases in appropriations where increases in individual fund revenues were not able to fully sustain those appropriations.

Actual revenues in the General Fund exceeded budgeted amounts by \$2.3 million. Expenditures came in under budget by \$221 thousand.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for governmental and business-type activities as of September 30, 2013, amounted to \$659 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, streets and drainage systems and infrastructure.

CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 52,552,235	52,331,562	3,496,212	3,496,212	56,048,447	55,827,774
Buildings	47,744,123	37,619,316	1,954,916	2,024,049	49,699,039	39,643,365
Improvements other than buildings	21,868,611	22,352,577	184,153,367	169,641,321	206,021,978	191,993,898
Infrastructure	251,573,073	189,852,267	3,137,687	3,218,316	254,710,760	193,070,583
Machinery and equipment	18,718,601	18,691,460	5,834,362	7,630,303	24,552,963	26,321,763
Construction in progress	22,735,342	93,402,585	45,326,434	43,782,231	68,061,776	137,184,816
Total	\$ 415,191,985	414,249,767	243,902,978	229,792,432	659,094,963	644,042,199

Additional information on the City's capital assets can be found in Note 1 on page 32 and Note 4 on pages 43 - 46 of this report.

Long-term debt. At September 30, 2013, the City, the primary government, had \$389.8 million of long-term bonds and certificates outstanding. Of this amount, \$231.1 million comprises bonds backed by the full faith and credit of the City and \$158.7 million secured solely by specified revenue sources (i.e. revenue bonds).

General Obligation & Revenue Bonds Outstanding

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General obligation bonds	\$ 59,968,050	63,930,500	-	-	59,968,050	63,930,500
Certificates of obligation	171,125,000	130,750,000	-	-	171,125,000	130,750,000
Revenue bonds	-	-	<u>158,716,950</u>	<u>165,014,500</u>	<u>158,716,950</u>	<u>165,014,500</u>
Total	<u>\$ 231,093,050</u>	<u>194,680,500</u>	<u>158,716,950</u>	<u>165,014,500</u>	<u>389,810,000</u>	<u>359,695,000</u>

Total long-term bonds and certificates outstanding at September 30, 2013 increased by \$30.2 million, an 8% increase, compared to September 30, 2012.

The City's most recent bond ratings are shown in the following table.

	<u>Standard & Poor's</u>	<u>Moody's Investor Services</u>
General Obligation Debt	AA-	Aa2
Revenue Bonds	AA-	Aa3

Additional information regarding the City's long-term debt can be found in Note 2 on pages 37 - 38 and in Note 4 on pages 48 - 54 of this report.

Economic Factors and Next Year's Budgets and Rates

Sales tax is the largest single source of revenue for the General Fund representing 33.7% of total General Fund revenues estimated for FY 2014. Since FY 2010 when sales tax collections saw a significant decline, collections have been unpredictable month to month and year to year. FY 2012 and FY 2013 each saw a rally in the amount of sales tax collections as compared to the prior year, respectively. In FY 2013, the City received just over \$5 million more than was received in FY 2012. However, the State Comptroller's Office conducted several audits which resulted in approximately \$4 million in additional revenue related to prior year reporting errors. In modest anticipation of the same trend continuing the FY 2014 Budget includes sales tax revenue that is 3% more than what was collected in FY 2012.

Property tax revenues account for 28.6%, or \$32.0 million of the revenues in the General Fund's FY 2014 Budget. Although assessed values for 2013 remained constant as compared to those of 2012, total property tax revenue, exclusive of delinquent tax collections and related penalties and interest, is estimated to increase as a result of an additional \$.01 being allocated to the General Fund out of a \$.05 increase in the property tax rate for FY 2014.

For FY 2014 the property tax rate increased \$.05 over FY 2013's tax rate to \$.69/\$100 of assessed valuation. This is the first increase in ten years and came after maintaining the same tax rate of \$.64/\$100 for five years. One cent of the tax rate is equal to \$661,991. The breakdown in the dedication of the \$.69 property tax rate for FY 2014 is \$.47/\$100 assessed valuation to general operations and \$.22/\$100 to debt service.

Coupled with the revenues discussed above, overall revenue is expected to remain constant in the General Fund in FY 2014. Expenditures for FY 2014, including transfers, are expected to total \$113.9 million. The budget allows for a 2% cost of living increase for civilian employees; 2% wage increase for civil service employees in the Police Department and a 1% wage increase for civil service employees in the Fire Department pursuant to the current labor agreements. Expenditures are expected to exceed revenues by \$1.9 million, using prior years' excess funds from the fund balance.

The City is confident in its financial sustainability. The stable outlook reflects management's historical commitment to maintaining sound reserves, which, provides stability during the time of economic uncertainty and downturn and allows the City to continue to provide service to all citizens and to enhance quality of life through new and renovated public facilities, improved city streets and beautification of the City.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Beaumont, Finance Department, P.O. Box 3827, Beaumont, Texas, 77704.

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CITY OF BEAUMONT, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash	\$ 123,073,235	1,425,959	124,499,194
Investments	41,831,240	2,810,026	44,641,266
Receivables (net of allowances for uncollectibles):			
Taxes	5,249,654	-	5,249,654
Notes	1,940,716	-	1,940,716
Intergovernmental	7,979,549	-	7,979,549
Utilities	-	6,945,705	6,945,705
Other	11,751,209	13,026	11,764,235
Internal balances	103,697	(103,697)	-
Prepaid items	1,231,868	-	1,231,868
Inventories	611,070	2,326,319	2,937,389
Restricted assets:			
Temporarily restricted			
Cash and cash equivalents	-	4,320,808	4,320,808
Permanently restricted			
Cash and cash equivalents	874,900	-	874,900
Capital assets not being depreciated:			
Land	52,552,235	3,496,212	56,048,447
Construction work in progress	22,735,342	45,326,434	68,061,776
Capital assets, net of accumulated depreciation			
Buildings	47,744,123	1,954,916	49,699,039
Improvements other than buildings	21,868,611	184,153,367	206,021,978
Infrastructure	251,573,073	3,137,687	254,710,760
Equipment	18,718,601	5,834,362	24,552,963
Total assets	<u>609,839,123</u>	<u>261,641,124</u>	<u>871,480,247</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refundings	<u>3,415,996</u>	<u>118,451</u>	<u>3,534,447</u>
LIABILITIES			
Accounts payable	4,209,671	3,373,752	7,583,423
Accrued liabilities	3,456,450	526,330	3,982,780
Unearned revenue	4,917,469	-	4,917,469
Other liabilities	1,286,457	887,468	2,173,925
Estimated claims liability	3,618,121	-	3,618,121
Accrued interest payable	901,917	611,592	1,513,509
Customer deposits	-	3,158,822	3,158,822
Noncurrent liabilities:			
Due within one year	7,835,078	7,031,275	14,866,353
Due in more than one year	259,038,145	157,197,088	416,235,233
Total liabilities	<u>285,263,308</u>	<u>172,786,327</u>	<u>458,049,635</u>
NET POSITION			
Net investment in capital assets	239,496,952	84,842,375	324,339,327
Restricted for:			
Debt service	5,176,401	1,161,986	6,338,387
Other	1,427,639	-	1,427,639
Public works - royalties	47,466,683	-	47,466,683
Culture and recreation			
Expendable	642,098	-	642,098
Nonexpendable	874,900	-	874,900
Unrestricted	<u>32,907,138</u>	<u>2,968,887</u>	<u>35,876,025</u>
Total net position	<u>\$ 327,991,811</u>	<u>88,973,248</u>	<u>416,965,059</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BEAUMONT, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 15,055,091	285,784	-	447,537
Public safety	62,441,823	2,079,686	1,563,109	6,994,062
Public works	37,752,021	1,908,910	2,504,618	3,485,013
Health and welfare	9,439,464	3,498,188	1,590,590	52,559
Culture and recreation	13,983,104	1,519,261	215,105	605,558
Housing and economic development	5,072,471	-	1,434,693	431,502
Interest on long-term debt	8,687,154	-	-	-
Total governmental activities	<u>152,431,128</u>	<u>9,291,829</u>	<u>7,308,115</u>	<u>12,016,231</u>
Business-type activities:				
Water	36,626,050	43,072,796	-	435,245
Solid waste	7,926,998	8,717,900	-	-
Total business-type activities	<u>44,553,048</u>	<u>51,790,696</u>	<u>-</u>	<u>435,245</u>
Total	\$ <u>196,984,176</u>	<u>61,082,525</u>	<u>7,308,115</u>	<u>12,451,476</u>

General revenues:

Taxes:

- Property taxes
- Industrial payments
- Sales taxes
- Franchise taxes
- Investment earnings
- Miscellaneous
- Gain on sale of capital assets
- Oil and gas royalties

Transfers

- Total general revenues and transfers
- Change in net assets

Net position, beginning

Prior Period Adjustment

Net position, beginning as restated

Net position, ending

The notes to the financial statements are an integral part of this statement.

**Net (Expense) Revenue and
Changes in Net Assets**

	Governmental Activities	Business-Type Activities	Total
	(14,321,770)	-	(14,321,770)
	(51,804,966)	-	(51,804,966)
	(29,853,480)	-	(29,853,480)
	(4,298,127)	-	(4,298,127)
	(11,643,180)	-	(11,643,180)
	(3,206,276)	-	(3,206,276)
	(8,687,154)	-	(8,687,154)
	<u>(123,814,953)</u>	<u>-</u>	<u>(123,814,953)</u>
	-	6,881,991	6,881,991
	-	790,902	790,902
	-	<u>7,672,893</u>	<u>7,672,893</u>
	<u>(123,814,953)</u>	<u>7,672,893</u>	<u>(116,142,060)</u>
\$	43,929,650	-	43,929,650
	14,926,084	-	14,926,084
	40,448,273	-	40,448,273
	10,663,902	-	10,663,902
	750,578	86,278	836,856
	1,144,428	1,196,468	2,340,896
	180,222	153,175	333,397
	2,423,682	-	2,423,682
	8,736,133	<u>(8,736,133)</u>	<u>-</u>
	<u>123,202,952</u>	<u>(7,300,212)</u>	<u>115,902,740</u>
	(612,001)	372,681	(239,320)
	330,245,776	88,905,207	419,150,983
	(1,641,964)	(304,640)	(1,946,604)
	<u>328,603,812</u>	<u>88,600,567</u>	<u>417,204,379</u>
\$	<u>327,991,811</u>	<u>88,973,248</u>	<u>416,965,059</u>

CITY OF BEAUMONT, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General	Debt Service	General Improvement
ASSETS			
Cash	\$ 14,955,479	3,957,246	15,181,342
Investments	9,166,261	1,164,793	9,304,694
Receivables (net of allowance for uncollectibles)			
Taxes	3,409,514	1,840,140	-
Notes	-	1,178,142	-
Intergovernmental	-	-	45,879
Other	10,913,224	475	3,796
Due from other funds	4,180,425	-	-
Inventories	-	-	-
Prepaid items	896,794	-	-
	43,521,697	8,140,796	24,535,711
LIABILITIES			
Accounts payable	1,180,985	-	107,181
Accrued liabilities	3,035,972	-	-
Due to other funds	-	-	-
Other liabilities	1,018,541	-	-
Unearned revenue	-	-	-
	5,235,498	-	107,181
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property tax	3,283,839	1,786,253	-
Unavailable revenue - EMS fees	2,145,537	-	-
Unavailable revenue - demolition fees	634,850	-	-
Unavailable revenue - forfeitures	198,234	-	-
Unavailable revenue - notes	-	1,178,142	-
Unavailable revenue - grants	-	-	45,879
	6,262,460	2,964,395	45,879
FUND BALANCES:			
Nonspendable:			
Inventories	-	-	-
Prepaid items	896,794	-	-
Permanent fund principal	-	-	-
Restricted:			
Debt service	-	5,176,401	-
Culture and recreation	-	-	10,484,540
General government	-	-	-
Health and welfare	-	-	-
Public safety	-	-	6,339,489
Public works	-	-	7,558,622
Assigned:			
Culture and recreation	-	-	-
Public works	-	-	-
Unassigned:	31,126,945	-	-
	32,023,739	5,176,401	24,382,651
Total Fund Balances	32,023,739	5,176,401	24,382,651
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 43,521,697	8,140,796	24,535,711

Amounts reported for governmental activities in the statement of net position are different because:

- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
- Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.
- An Internal Service Fund is used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the statement of net position.
- Long-term liabilities, including bonds payable, are not due and payable in the current and therefore, are not reported in the funds.

Net position of governmental activities

The notes to the financial statements are an integral part of this statement.

Street Improvement	Airport Royalties for Street Improvement	Other Governmental Funds	Total Governmental Funds
24,345,343	47,800,000	11,894,349	118,133,759
15,295,181	-	3,336,662	38,267,591
-	-	-	5,249,654
-	-	762,574	1,940,716
609,890	-	7,323,780	7,979,549
6,117	-	824,114	11,747,726
-	-	-	4,180,425
-	-	249,162	249,162
-	-	335,074	1,231,868
<u>40,256,531</u>	<u>47,800,000</u>	<u>24,725,715</u>	<u>188,980,450</u>
673,974	250,890	752,898	2,965,928
-	-	309,155	3,345,127
-	82,427	4,097,998	4,180,425
-	-	219,269	1,237,810
-	-	4,892,222	4,892,222
<u>673,974</u>	<u>333,317</u>	<u>10,271,542</u>	<u>16,621,512</u>
-	-	-	5,070,092
-	-	-	2,145,537
-	-	-	634,850
-	-	-	198,234
-	-	1,297,152	2,475,294
-	-	1,907,022	1,952,901
-	-	3,204,174	12,476,908
-	-	249,162	249,162
-	-	335,074	1,231,868
-	-	874,900	874,900
-	-	-	5,176,401
-	-	642,098	11,126,638
-	-	396,181	396,181
-	-	2,375	2,375
-	-	739,926	7,079,415
39,582,557	47,466,683	289,157	94,897,019
-	-	1,331,606	1,331,606
-	-	6,533,382	6,533,382
-	-	(143,862)	30,983,083
<u>39,582,557</u>	<u>47,466,683</u>	<u>11,249,999</u>	<u>159,882,030</u>
<u>40,256,531</u>	<u>47,800,000</u>	<u>24,725,715</u>	
			398,120,534
			12,476,908
			18,803,722
			<u>(261,291,383)</u>
			<u>327,991,811</u>

CITY OF BEAUMONT, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General	Debt Service
REVENUES		
Taxes:		
Property	\$ 31,344,833	12,296,341
Gross receipts	8,187,844	-
Sales	40,448,273	-
Industrial payments	14,926,084	-
Licenses and permits	1,617,747	-
Charges for services	4,302,405	-
Fines and forfeitures	1,524,879	-
Recreational activities	881,388	-
Intergovernmental	-	-
Investment earnings	95,393	22,217
Contributions	-	-
Miscellaneous	1,064,782	316,338
Oil and gas royalties	-	-
Total Revenues	104,393,628	12,634,896
EXPENDITURES		
Current:		
General government	13,020,232	-
Public safety	56,941,047	-
Public works	19,400,192	-
Health and welfare	7,335,837	-
Culture and recreational	9,248,304	-
Housing and economic development	3,204,283	-
Capital outlay	106,414	-
Debt service:		
Principal	-	5,417,450
Interest and charges	-	8,581,591
Issuance cost - debt	-	449,158
Total Expenditures	109,256,309	14,448,199
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,862,681)	(1,813,303)
OTHER FINANCING SOURCES (USES)		
Transfers in	8,883,333	904,515
Transfers (out)	(3,500,000)	(920,000)
Bond premium	-	1,374,532
Issuance of debt	-	-
Total Other Financing Sources and (Uses)	5,383,333	1,359,047
NET CHANGE IN FUND BALANCES	520,652	(454,256)
FUND BALANCES, BEGINNING	31,503,087	5,630,657
FUND BALANCES, ENDING	\$ 32,023,739	5,176,401

The notes to the financial statements are an integral part of this statement.

<u>General Improvement</u>	<u>Street Improvement</u>	<u>Airport Royalties for Street Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
-	-	-	-	43,641,174
-	-	-	2,476,058	10,663,902
-	-	-	-	40,448,273
-	-	-	-	14,926,084
-	-	-	-	1,617,747
-	-	-	1,521,917	5,824,322
-	-	-	255,840	1,780,719
-	-	-	-	881,388
-	1,117,803	-	16,183,166	17,300,969
39,076	54,054	-	247,363	458,103
-	-	-	230,726	230,726
-	-	-	34,317	1,415,437
-	-	-	2,423,682	2,423,682
<u>39,076</u>	<u>1,171,857</u>	<u>-</u>	<u>23,373,069</u>	<u>141,612,526</u>
-	-	-	1,969	13,022,201
-	-	-	1,668,807	58,609,854
-	-	-	5,072,925	24,473,117
-	-	-	1,621,816	8,957,653
-	-	-	2,675,372	11,923,676
-	-	-	1,819,582	5,023,865
1,336,673	7,270,149	333,317	5,752,092	14,798,645
-	-	-	-	5,417,450
-	-	-	-	8,581,591
-	-	-	-	449,158
<u>1,336,673</u>	<u>7,270,149</u>	<u>333,317</u>	<u>18,612,563</u>	<u>151,257,210</u>
<u>(1,297,597)</u>	<u>(6,098,292)</u>	<u>(333,317)</u>	<u>4,760,506</u>	<u>(9,644,684)</u>
-	920,000	47,800,000	6,924,058	65,431,906
(52,349,058)	-	-	(3,831,715)	(60,600,773)
-	-	-	-	1,374,532
<u>13,900,000</u>	<u>27,180,000</u>	<u>-</u>	<u>-</u>	<u>41,080,000</u>
<u>(38,449,058)</u>	<u>28,100,000</u>	<u>47,800,000</u>	<u>3,092,343</u>	<u>47,285,665</u>
(39,746,655)	22,001,708	47,466,683	7,852,849	37,640,981
<u>64,129,306</u>	<u>17,580,849</u>	<u>-</u>	<u>3,397,150</u>	<u>122,241,049</u>
<u>24,382,651</u>	<u>39,582,557</u>	<u>47,466,683</u>	<u>11,249,999</u>	<u>159,882,030</u>

CITY OF BEAUMONT, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Amounts reported for governmental activities in the Statement of Net Position are different because:

Net change in fund balances - total governmental funds (page 19)	\$ 37,640,981
Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were more than depreciation in the current period.	(925,678)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,266,812
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(37,120,052)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(1,166,816)
Internal Service Funds are used by management to charge the costs of certain capital assets and employee benefits to individual funds. The net revenue of certain activities of Internal Service Funds is reported with governmental activities.	<u>(307,248)</u>
Change in net position of governmental activities (pages 14-15)	\$ <u><u>(612,001)</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BEAUMONT, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGETARY BASIS (NON-GAAP) - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Over (Under)
	Original	Final		
REVENUES				
Sales taxes	\$ 35,434,000	38,534,000	40,380,530	1,846,530
Property taxes	31,516,000	31,516,000	31,344,833	(171,167)
Industrial payments	13,667,300	13,667,300	14,926,084	1,258,784
Gross receipts tax	8,280,000	8,280,000	8,187,844	(92,156)
Other	9,983,000	9,983,000	9,486,890	(496,110)
Total Revenues	<u>98,880,300</u>	<u>101,980,300</u>	<u>104,326,181</u>	<u>2,345,881</u>
EXPENDITURES				
Current				
General government	13,561,300	13,561,300	13,020,232	(541,068)
Public safety	56,853,800	56,853,800	56,941,047	87,247
Public works	18,657,900	19,369,900	19,506,606	136,706
Health and welfare	7,231,300	7,231,300	7,335,837	104,537
Cultural and recreational	9,214,700	9,199,700	9,248,304	48,604
Cultural and recreational	2,946,700	3,261,700	3,204,283	(57,417)
Total Expenditures	<u>108,465,700</u>	<u>109,477,700</u>	<u>109,256,309</u>	<u>(221,391)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,585,400)</u>	<u>(7,497,400)</u>	<u>(4,930,128)</u>	<u>2,567,272</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,280,000	10,280,000	8,883,333	(1,396,667)
Transfers (out)	(2,275,000)	(3,500,000)	(3,500,000)	-
Total Other Financing Sources (Uses)	<u>8,005,000</u>	<u>6,780,000</u>	<u>5,383,333</u>	<u>(1,396,667)</u>
NET CHANGE IN FUND BALANCES	(1,580,400)	(717,400)	453,205	1,170,605
FUND BALANCES, BEGINNING OF YEAR	<u>28,325,405</u>	<u>28,325,405</u>	<u>31,503,087</u>	<u>3,177,682</u>
FUND BALANCES, END OF YEAR	<u>\$ 26,745,005</u>	<u>27,608,005</u>	<u>31,956,292</u>	<u>4,348,287</u>
NET CHANGE IN FUND BALANCE BUDGET BASIS			453,205	
Accrual of sales taxes			67,743	
Unbilled revenue			(296)	
NET CHANGE IN FUND BALANCE GAAP BASIS			<u>520,652</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF BEAUMONT, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Solid Waste	Total	
ASSETS				
Current Assets:				
Cash	\$ 224,973	1,200,986	1,425,959	5,814,376
Investments	2,073,938	736,088	2,810,026	3,563,649
Receivables (net of allowance for uncollectibles)				
Utilities	5,807,977	1,137,728	6,945,705	-
Other	11,414	1,612	13,026	3,483
Inventories	2,326,319	-	2,326,319	361,908
Restricted cash:				
Debt service	1,161,986	-	1,161,986	-
Customer utility deposits	3,158,822	-	3,158,822	-
Total Current Assets	<u>14,765,429</u>	<u>3,076,414</u>	<u>17,841,843</u>	<u>9,743,416</u>
Noncurrent Assets:				
Capital Assets:				
Land	613,374	2,882,838	3,496,212	437,785
Construction in progress	45,326,434	-	45,326,434	313,168
Buildings and improvements	312,541,016	1,047,144	313,588,160	11,177,863
Equipment	14,726,989	12,064,522	26,791,511	41,618,540
Infrastructure	3,641,481	261,462	3,902,943	217,991
Total Capital Assets	376,849,294	16,255,966	393,105,260	53,765,347
Less accumulated depreciation	(138,199,927)	(11,002,355)	(149,202,282)	(36,693,896)
Total Capital Assets, Net of Accumulated Depreciation	<u>238,649,367</u>	<u>5,253,611</u>	<u>243,902,978</u>	<u>17,071,451</u>
Total Noncurrent Assets	<u>238,649,367</u>	<u>5,253,611</u>	<u>243,902,978</u>	<u>17,071,451</u>
Total Assets	<u>253,414,796</u>	<u>8,330,025</u>	<u>261,744,821</u>	<u>26,814,867</u>
DEFERRED OUTFLOW OF RESOURCES:				
Deferred loss on refundings	118,451	-	118,451	-
Total Deferred Outflow of Resources	<u>118,451</u>	<u>-</u>	<u>118,451</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>253,533,247</u>	<u>8,330,025</u>	<u>261,863,272</u>	<u>26,814,867</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	3,296,216	77,536	3,373,752	1,243,743
Accrued payroll	409,877	116,453	526,330	111,323
Accrued interest payable	603,378	8,214	611,592	4,996
Customer utility deposits payable	3,158,822	-	3,158,822	-
Estimated claims liability	-	-	-	3,618,121
Compensated absences	42,285	29,166	71,451	24,085
Other liabilities	761,628	125,840	887,468	48,647
Unearned revenue	-	-	-	25,247
Unamortized premium - revenue bonds	26,172	-	26,172	-
Obligations under capital leases	4,540	298,011	302,551	228,314
Revenue bonds payable	6,631,100	-	6,631,100	-
Total Current Liabilities	<u>14,934,018</u>	<u>655,220</u>	<u>15,589,238</u>	<u>5,304,476</u>
Noncurrent Liabilities:				
OPEB obligation	-	-	-	2,400,000
Compensated absences	895,696	360,077	1,255,773	225,214
Obligations under capital leases	757	305,122	305,879	185,152
Revenue bonds payable	152,085,850	-	152,085,850	-
Unamortized premium - revenue bonds	33,218	-	33,218	-
Accrued landfill closure costs	-	3,516,369	3,516,369	-
Total Noncurrent Liabilities	<u>153,015,521</u>	<u>4,181,568</u>	<u>157,197,089</u>	<u>2,810,366</u>
Total Liabilities	<u>167,949,539</u>	<u>4,836,788</u>	<u>172,786,327</u>	<u>8,114,842</u>
NET POSITION				
Net investment of capital assets	80,191,897	4,650,478	84,842,375	16,657,985
Restricted for:				
Debt service	1,161,986	-	1,161,986	-
Unrestricted	4,229,825	(1,157,241)	3,072,584	2,042,040
Total Net Position	<u>85,583,708</u>	<u>3,493,237</u>	<u>89,076,945</u>	<u>18,700,025</u>
Total Liabilities and Net Position	<u>\$ 253,533,247</u>	<u>8,330,025</u>		<u>26,814,867</u>

Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.

Net position of business-type activities (page 13)

(103,697)

88,973,248

The notes to the financial statements are an integral part of this statement.

CITY OF BEAUMONT, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water</u>	<u>Solid Waste</u>	<u>Total</u>	<u>Activities Internal Service Funds</u>
OPERATING REVENUES				
Charges for services	\$ 43,072,796	8,717,900	51,790,696	29,515,970
Miscellaneous	1,194,110	2,358	1,196,468	535,434
Total Operating Revenues	<u>44,266,906</u>	<u>8,720,258</u>	<u>52,987,164</u>	<u>30,051,404</u>
OPERATING EXPENSES				
Personnel services	11,561,461	3,514,833	15,076,294	2,724,119
Other operating expenses	11,168,831	3,193,004	14,361,835	7,346,329
Landfill closure costs	-	104,786	104,786	-
Health and life insurance premiums	-	-	-	19,904,484
Other insurance premiums	-	-	-	1,167,074
Damage claims	-	-	-	258,149
Depreciation	7,543,776	1,059,575	8,603,351	3,240,161
Total Operating Expenses	<u>30,274,068</u>	<u>7,872,198</u>	<u>38,146,266</u>	<u>34,640,316</u>
OPERATING INCOME (LOSS)	<u>13,992,838</u>	<u>848,060</u>	<u>14,840,898</u>	<u>(4,588,912)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	81,214	5,064	86,278	23,433
Interest expense	(6,175,313)	(20,442)	(6,195,755)	(22,594)
Gain (loss) on sale of equipment	134,714	18,461	153,175	182,717
Other nonoperating revenues (expenses)	(17,919)	-	(17,919)	-
Total Nonoperating Revenues (Expenses)	<u>(5,977,304)</u>	<u>3,083</u>	<u>(5,974,221)</u>	<u>183,556</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS/ TRANSFERS	8,015,534	851,143	8,866,677	(4,405,356)
CAPITAL CONTRIBUTIONS	435,245	-	435,245	-
TRANSFERS IN	-	-	-	3,905,000
TRANSFERS OUT	<u>(6,826,133)</u>	<u>(1,910,000)</u>	<u>(8,736,133)</u>	<u>-</u>
CHANGE IN NET POSITION	1,624,646	(1,058,857)	565,789	(500,356)
TOTAL NET POSITION - BEGINNING	84,263,702	4,552,094		19,200,381
PRIOR PERIOD ADJUSTMENT	<u>(304,640)</u>	<u>-</u>		<u>-</u>
TOTAL NET POSITION - ENDING	<u>\$ 85,583,708</u>	<u>3,493,237</u>		<u>18,700,025</u>

Some amounts reported for business-type activities in the statement of net position are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

(193,108)

Change in net position of business-type activities (pages 14-15)

372,681

The notes to the financial statements are an integral part of this statement.

CITY OF BEAUMONT, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Solid Waste	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 44,346,597	8,681,979	53,028,576	30,059,976
Cash payments for goods and services	(11,467,079)	(3,216,607)	(14,683,686)	(28,071,521)
Cash payments to employees	(11,458,223)	(3,479,361)	(14,937,584)	(2,678,103)
Net Cash Provided (Used) by Operating Activities	<u>21,421,295</u>	<u>1,986,011</u>	<u>23,407,306</u>	<u>(689,648)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	-	3,905,000
Transfers (out)	(6,826,133)	(1,910,000)	(8,736,133)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(6,826,133)</u>	<u>(1,910,000)</u>	<u>(8,736,133)</u>	<u>3,905,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	134,226	16,850	151,076	183,337
Proceeds from capital debt	-	-	-	-
Payments for capital acquisitions	(22,305,129)	-	(22,305,129)	(3,786,118)
Principal payments on capital debt	(6,302,090)	(290,124)	(6,592,214)	(223,772)
Interest paid and fiscal charges	(6,197,365)	(24,385)	(6,221,750)	(24,865)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(34,670,358)</u>	<u>(297,659)</u>	<u>(34,968,017)</u>	<u>(3,851,418)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(2,073,939)	(736,088)	(2,810,027)	(3,563,649)
Receipt of interest	81,214	5,064	86,278	23,433
Net Cash Provided (Used) by Investing Activities	<u>(1,992,725)</u>	<u>(731,024)</u>	<u>(2,723,749)</u>	<u>(3,540,216)</u>
NET INCREASE (DECREASE) IN CASH	<u>(22,067,921)</u>	<u>(952,672)</u>	<u>(23,020,593)</u>	<u>(4,176,282)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>26,613,702</u>	<u>2,153,658</u>	<u>28,767,360</u>	<u>9,990,658</u>
CASH AND CASH EQUIVALENTS, END OF YEAR				
Restricted	4,545,781	1,200,986	5,746,767	5,814,376
Unrestricted	4,320,808	-	4,320,808	-
	<u>224,973</u>	<u>1,200,986</u>	<u>1,425,959</u>	<u>5,814,376</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	13,992,838	848,060	14,840,898	(4,588,912)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	7,543,776	1,059,575	8,603,351	3,240,161
Landfill closure costs	-	104,786	104,786	-
Change in assets and liabilities:				
(Increase) decrease in accounts and other receivable	(375,461)	(38,279)	(413,740)	8,572
(Increase) decrease in inventory	(265,401)	-	(265,401)	66,416
Increase (decrease) in accrued payroll	54,592	14,015	68,607	39,722
Increase (decrease) in accrued compensated absences	48,646	21,457	70,103	6,294
Increase (decrease) in accounts payable	(26,766)	(26,038)	(52,804)	67,964
Increase (decrease) in other liabilities	(6,081)	2,435	(3,646)	470,135
Increase (decrease) in customer deposits	455,152	-	455,152	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 21,421,295</u>	<u>1,986,011</u>	<u>23,407,306</u>	<u>(689,648)</u>
Noncash investing, capital and financial activities				
Contributions of capital assets from government	\$ 435,214	-	435,214	-

The notes to the financial statements are an integral part of this statement.

**CITY OF BEAUMONT, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
BEAUMONT FIREMEN'S RELIEF AND RETIREMENT FUND
DECEMBER 31, 2012**

ASSETS

Cash	\$ 2,901,995
Receivables - interest and dividends	67,273
Investments at fair value:	
Common stocks	10,616,460
Bond and note funds	2,417,646
Equity mutual funds	17,202,259
International equity funds	18,267,965
International fixed funds	20,437,750
Fixed mutual funds	7,871,197
Government and agency bonds	2,054,406
Alternative funds	4,314,067
Private equity funds	2,321,578
Corporate bonds and notes	3,469,456
Total investments at fair value	<u>88,972,784</u>
Property and equipment, net	<u>328,505</u>
Total Assets	<u>92,270,557</u>

LIABILITIES

Accrued expenses	<u>124,292</u>
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**NET POSITION HELD IN TRUST
FOR PENSION BENEFITS**

\$ 92,146,265

The notes to the financial statements are an integral part of this statement.

**CITY OF BEAUMONT, TEXAS
STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED
BEAUMONT FIREMEN'S RELIEF AND RETIREMENT FUND
DECEMBER 31, 2012**

ADDITIONS

Contributions		
Employer	\$	2,247,413
Plan members		<u>2,476,565</u>
Total Contributions		<u>4,723,978</u>
 Investment Income		
Net appreciation in fair value		8,382,670
Interest		335,967
Dividends		1,574,851
Other		<u>291,430</u>
Total Investment Income		<u>10,584,918</u>
Less investment expense		<u>(275,146)</u>
Net Investment Income		<u>10,309,772</u>
Total Additions		<u>15,033,750</u>

DEDUCTIONS

Benefits paid		6,420,301
Administrative expenses		<u>285,154</u>
Total Deductions		<u>6,705,455</u>

CHANGE IN NET POSITION 8,328,295

**NET POSITION HELD IN TRUST FOR
PENSION BENEFITS**

BEGINNING OF YEAR		<u>83,817,970</u>
END OF YEAR	\$	<u><u>92,146,265</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BEAUMONT, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Beaumont, Texas (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following represents the significant accounting policies and practices used by the City.

Reporting Entity

The City is a municipal corporation operating under a Council-Manager form of government. It is governed by an elected board composed of a Mayor and six (6) Council members.

As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations.

Blended Component Units Reported with the Primary Government

Blended component units provide services exclusively or almost exclusively for the City, or their board of directors are substantially the same as the City Council. The following blended component units are reported:

Beaumont Firemen's Relief and Retirement Fund

Beaumont Municipal Transit Corporation

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

Excluded From the Financial Reporting Entity

The following agencies were considered in the determination of component units of the City's financial reporting entity:

Beaumont Multi-Family Housing Corporation
Beaumont Industrial Development Corporation
Beaumont Health Facilities Development Corporation
Beaumont Housing Financing Corporation

Related Organization

The Beaumont Housing Authority (Authority) is a legally separate organization formed to administer housing programs funded by the U. S. Department of Housing and Urban Development (HUD), which has a scope of public service within the geographic boundaries of the City. The City governing authority appoints a majority of the Authority members; however, the City's accountability does not extend beyond making the appointments, as the administration of the Authority is vested solely with its board, and there is no financial relationship between the Authority and the primary government.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental, special revenue and capital project funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, industrial payments, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City has the following major governmental funds:

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

The ***Debt Service Fund*** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The ***General Improvement Capital Project Fund*** accounts for the construction of capital facilities and improvements other than infrastructure.

The ***Street Improvement Capital Project Fund*** accounts for the construction and expansion of the City's infrastructure (roads, drainage, etc.).

The ***Airport Royalties for Street Improvement Fund*** accounts for the construction and expansion of the City's infrastructure (roads, drainage, etc.) as restricted and approved by the Federal Aviation Administration.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The City reports the following major proprietary funds:

The *Water Fund* accounts for the provision of water and sewer services to residents and commercial businesses in the City and proximate area.

The *Solid Waste Fund* accounts for trash and brush collection, disposal services and the operations of the City landfill.

Additionally, the government reports the following fund types:

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the City or its citizenry.

Internal Service Funds account for employee benefits, risk management, fleet and other capital asset management services provided to other departments or agencies of the City on a cost reimbursement basis.

Fiduciary Funds account for assets held by the City in a trustee capacity or as an asset for individuals, private organizations, other governmental units and other funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-like activities and Enterprise Funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as *program revenue* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenue* rather than as program revenue. Likewise, general revenue includes all taxes.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Proprietary funds distinguish *operating* revenue and expenses from *nonoperating* items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund principal ongoing operations. The principal operating revenue of the Water Fund, of the Solid Waste Fund, and of the City's Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for us, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position/Fund Balance

Deposit and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes and policies mandated by City Council authorize the City to invest in obligations of the U.S. Treasury, certificates of deposit, and certain investment pools.

Investments for the City are reported at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances, outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Assets or Equity (continued)

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Funds set aside for payment of enterprise fund revenue bonds are classified as restricted assets since their use is limited by applicable bond indentures. Additionally, cash received for utility deposits is restricted on the Water Fund balance sheet.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the primary government are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 - 50
Improvements other than buildings	10 - 50
Machinery and equipment	3 - 12
Infrastructure	12 - 50

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Assets or Equity (continued)

Compensated Absences

The City's employees earn vacation, sick leave, personal leave and short-term disability, all of which may either be taken or accumulated, up to certain amounts, until paid on termination or retirement. For all funds, this liability reflects amounts attributable to cumulative employee services already rendered. Amounts liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund receiving the benefit only when those absences have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement). Amounts for compensated absences that are not expected to be liquidated with expendable available financial resources are not reported in the Governmental Fund financial statements. In proprietary fund types, this liability is recorded as a current liability in the individual proprietary fund since payment of this liability will be made from resources of these funds.

Policies relating to the accrual and payment of these benefits are as follows:

Vacation - Employees may earn from 3.08 to 7.69 hours of vacation per pay period and may accrue up to 30 days (240 hours) to be used in future periods. Upon separation, employees are paid for accumulated vacation leave if they have completed 12 consecutive months of service with the City. Fire Department employees are paid for this accumulation without a service waiting period.

Sick Leave - Police and Fire Department employees earn 1.25 days of sick leave for each month of service. Payment for accrued sick leave is limited to 90 days upon separation. Unlike Fire Department employees, who have no waiting period, Police Department employees must have two years of employment before qualifying to receive accumulated sick leave upon separation.

Personal Leave - Employees other than Police and Fire earn 1.54 hours of personal leave per pay period and are allowed to accrue up to 90 days of leave. Police Department personnel earn one day of personal leave per quarter up to a maximum of 32 hours. Fire Department personnel earn one day of personal leave per year for 10 years of service and 2 days per year for 20 years of service. Payment of unused personal leave upon termination is limited to a combined total of 90 days for personal leave and short-term disability.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Assets or Equity (continued)

Compensated Absences (continued)

Short-term Disability (STD) - Employees other than Police and Fire earn 3.69 hours of short-term disability per pay period. Short-term disability leave may only be used after an employee has been absent five consecutive working days. Accrual of short-term disability leave is limited to 720 hours. Upon termination, employees are paid for up to 720 unused STD hours accumulated prior to October 1, 1991, at the employee's rate of pay as of September 30, 1991. Upon termination, employees are not paid for accumulated STD leave earned on or after October 1, 1991.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance Policies

Beginning with fiscal year 2011, the City of Beaumont, Texas implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form or are required to be maintained intact. As such, the inventory, prepaid, and permanent fund principal items have been properly classified in the Governmental Funds Balance Sheet.

Restricted fund balance - amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Assets or Equity (continued)

Fund Balance Policies (continued)

Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. the City Council). To be reported as committed, amounts cannot be used for any other purposes unless the City takes the same highest level of action to remove or change the constraint. The City establishes (and modifies or rescinds) fund balance commitments by passage of a resolution.

Assigned fund balance – amounts the City intends to use for a specific purpose. City Council authorized that the assignment of fund balance can be expressed by the City's Chief Financial Officer. The City did have assigned fund balance as of September 30, 2013.

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Beginning fund balances for the City's governmental funds have been restated to reflect the above classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the city considers restricted funds to have been spent first. The City has not adopted a policy stating which fund balance category is spent first when committed, assigned or unassigned fund balances are available. By default, the City will consider amounts to have been spent first out of committed funds, then assigned and finally unassigned funds.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from several sources including property taxes, EMS fees, demolition fees, forfeitures, notes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Assets or Equity (continued)

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Date of Management's Review

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through March 4, 2014, the date that the financial statements were available to be issued.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$261,291,383 difference are as follows:

Bonds Payable	\$ 231,093,050
Plus: Unamortized premiums	6,301,074
Accrued interest payable	896,921
Notes payable	5,430,000
Compensated absences	19,916,412
Fiduciary net pension obligation	1,069,922
Less: Deferred loss on refunding bonds	<u>(3,415,996)</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 \$ <u>261,291,383</u>

Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$(925,678) difference are as follows:

Capital outlay	\$ 13,473,591
Contributed capital assets	1,325,054
Depreciation expense	<u>(15,724,323)</u>
 Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	 \$ <u>(925,678)</u>

(continued)

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(continued)**

**Explanation of Certain Differences Between the Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities
(continued)**

Another element of that reconciliation states, "the issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$(37,120,052) difference are as follows:

Debt issued or incurred	\$ (41,080,000)
Accrued interest	(82,970)
Bond premium	(1,374,532)
Principal repayments:	
General obligation debt	\$ <u>5,417,450</u>
Net adjustment to decrease <i>net charges in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>(37,120,052)</u>

Another element of that reconciliation states, "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$(1,166,816) difference are as follows:

Compensated absences	\$ (520,138)
Amortized deferred loss on refunding bonds	(160,841)
Loss on sale of assets	(2,495)
Fiduciary pension costs	<u>(483,342)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental fund</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>(1,166,816)</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The City uses the following procedures for establishing the budget reported in the financial statements:

1. At least 45 days prior to the close of the fiscal year, City Council is presented with a proposed budget for the next fiscal year which begins October 1st. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizens' comments.
3. The budget is legally enacted through passage of an ordinance no later than September 27th.
4. The City Manager may transfer budgeted amounts between departments within any fund; however, transfers between funds must be approved by the City Council.
5. Budgets are considered a management control and planning tool and, as such, are incorporated into the accounting system of the City.
6. Annual budgets are adopted for all funds, except for capital projects funds and certain special revenue funds where funds are designated for a specific purpose as identified in the grant award document, which adopts grant year or project length financial plans. These funds include the American Recovery and Reinvestment Act (ARRA) Fund, Disaster Rehab Fund, EDA Small Business Loan Fund, EDI Special Project Fund, Emergency Shelter Grant Fund, Hazard Mitigation Fund, Health Grant Fund, HOME Fund, HUD Community Development Fund, Miscellaneous Grant Fund, Police Grant Fund, and Shelter Plus Care Fund.
7. Annual budgets are adopted and reported on a basis consistent with generally accepted accounting principles (GAAP) for budgeted governmental funds except for the General Fund, which adopts a budget which does not include all of the accruals required by GAAP.

4. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Deposits - State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The City's deposits were fully insured or collateralized as required by state statutes and the City's investment policy as of September 30, 2013.

Investments - The City has a written investment policy regarding the investment of its funds. The investments of the City are in compliance with the investment policy, the City Charter, the Public Funds Investment Act (Chapter 2256 of the Government Code, as amended) and all other state and local statutes governing the investment of public funds. The City is authorized to invest in U.S. government obligations and its agencies or instrumentalities, collateralized certificates of deposit, fully collateralized repurchase agreements, no load money market mutual funds and approved government investment pools.

The City's cash and investments carried at fair value as of September 30, 2013 are:

	<u>Fair Value</u>	<u>Percentage of Total</u>	<u>Weighted Average Maturity (Days)</u>
Money Market Account	\$ 129,691,777	74.5%	1
Government Investment Pools	3,125	00.1%	1
Certificates of Deposit	<u>44,641,266</u>	<u>25.4%</u>	<u>80</u>
Total Investments	\$ <u>174,336,168</u>	<u>100.00%</u>	
Portfolio Weighted Average Maturity			<u>78</u>

Interest Rate Risk - Fair value fluctuates with interest rates and increasing rates may cause fair value to decline below original cost. In compliance with the City's Investment policy, the City minimized interest rate risk by limiting the weighted average maturity of the portfolio to 365 days with a stated final maturity date not to exceed 2 years from the date of purchase. In addition, the portfolio is structured so that securities mature to meet cash flow requirements, thereby avoiding the need to sell securities prior to maturity and below the original cost.

Credit Risk - In compliance with the City's investment policy, as of September 30, 2013, all of the City's purchased investments in investment pools, Texpool, and TexasDaily were rated AAAM by Standard & Poors.

Concentration Risk - The City's investment policy allows no more than 30% par of the portfolio to be invested with any one U.S. Agency. In compliance with the policy, as of September 30, 2013 the City has no U.S. Agency investments.

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Deposits and Investments (continued)

Local Government Investment Pools are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (PFIA), Chapter 2236 of the Texas Government Code. In addition to other provisions of the PFIA designed to promote liquidity and safety of principle, the PFIA requires Pools to (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. In addition, the Texas State Comptroller of Public Accounts exercises oversight responsibility over TexPool.

The City's investments in 2a7-like pools are reported at share value. A 2a7-like pool is one that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Property Taxes

Property appraisal within the City is the responsibility of the Jefferson County Appraisal District (Appraisal District). The Appraisal District is required under the Property Tax Code to appraise all property within the county on the basis of 100% of its market value. The value of real property within the Appraisal District must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City can appeal classes of appraised values established by the Appraisal District through various appeals and legal action. Under the Property Tax Code legislation, the City establishes tax rates for property within the city's corporate limits. However, if the new tax rate exceeds the effective tax rate after certain adjustments for the previous year by more than eight percent (8%), qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than eight percent (8%) above the effective tax rate.

The City's property taxes are levied annually in October on the basis of the Appraisal District's assessed values as of January 1 of that calendar year. Taxes are applicable to the fiscal year in which they are levied. They become delinquent, with an enforceable lien on property, on February 1 of the subsequent calendar year. The City has contracted with the Jefferson County Tax Assessor-Collector to bill and collect its taxes.

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Property Taxes (continued)

In the fund financial statements, property taxes that are measurable and available (receivable within the current period and collected within the current period or within 60 days thereafter to be used to pay liabilities of the current period) are recognized as revenue in the year of levy. Property taxes that are measurable, but not available, are recorded, net of estimated uncollectible amounts, as unavailable revenues in the year of levy. Such unavailable revenues are recognized as revenue in the fiscal year in which they become available.

The balance of property taxes receivable and property tax assessments included in unavailable revenues as of September 30, 2013 are as follows:

Property Taxes

		General Fund	Debt Service	Total
Property taxes receivable	\$	3,514,963	1,897,051	5,412,014
Less: allowance for doubtful accounts		(105,449)	(56,912)	(162,361)
Net property taxes receivable	\$	3,409,514	1,840,139	5,249,653
Unavailable property taxes	\$	3,283,839	1,786,253	5,070,092

Receivables

Receivables as of year-end for the City's individual major funds, nonmajor and internal service funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables - All Funds

	General	Debt Service	General Improvement	Street Improvement	Nonmajor Governmental	Water	Solid Waste	Internal Service	Total
Receivables:									
Interest	\$ 4,240	475	3,796	6,117	-	588	289	1,500	17,005
Taxes - Property	3,514,963	1,897,051	-	-	-	-	-	-	5,412,014
Taxes - Other	6,375,491	-	-	-	-	-	-	-	6,375,491
Accounts	39,298	-	-	-	-	6,177,136	1,010,742	-	7,227,176
Notes	-	1,178,142	-	-	762,574	-	-	-	1,940,716
Intergovernmental	-	-	45,879	609,890	7,323,780	-	-	-	7,979,549
Other	17,736,490	-	-	-	949,752	16,207	229,370	3,425	18,935,244
Gross receivables	27,670,482	3,075,668	49,675	616,007	9,036,106	6,193,931	1,240,401	4,925	47,887,195
Less: allowance for uncollectibles	(13,347,744)	(56,911)	-	-	(125,639)	(374,540)	(101,061)	(1,442)	(14,007,337)
Net Total Receivables	\$ 14,322,738	3,018,757	49,675	616,007	8,910,467	5,819,391	1,139,340	3,483	33,879,858

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets

Capital asset activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Current Year		Ending Balance
		Additions	Deletions	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 52,331,562	220,673	-	52,552,235
Construction in progress	93,402,585	6,621,866	77,289,109	22,735,342
Total Capital Assets Not Being Depreciated	145,734,147	6,842,539	77,289,109	75,287,577
Capital assets being depreciated:				
Buildings	63,454,067	11,758,570	-	75,212,637
Improvements other than buildings	46,300,786	1,131,754	-	47,432,540
Infrastructure	302,738,962	71,953,727	-	374,692,689
Machinery and equipment	73,968,439	5,512,460	1,260,167	78,220,732
Total Capital Assets Being Depreciated	486,462,254	90,356,511	1,260,167	575,558,598
Less accumulated depreciation for:				
Buildings	(25,834,751)	(1,633,763)	-	(27,468,514)
Improvements other than buildings	(23,948,209)	(1,615,720)	-	(25,563,929)
Infrastructure	(112,886,695)	(10,232,921)	-	(123,119,616)
Machinery and equipment	(55,276,979)	(5,482,080)	(1,256,928)	(59,502,131)
Total Accumulated Depreciation	(217,946,634)	(18,964,484)	(1,256,928)	(235,654,190)
Total Capital Assets Being Depreciated, Net	268,515,620	71,392,027	3,239	339,904,408
Governmental Activities Capital Assets, Net	\$ 414,249,767	78,234,566	77,292,348	415,191,985
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 3,496,212	-	-	3,496,212
Construction in progress	43,782,231	17,710,864	16,166,661	45,326,434
Total Capital Assets Not Being Depreciated	47,278,443	17,710,864	16,166,661	48,822,646
Capital assets being depreciated:				
Buildings and system	3,677,040	-	-	3,677,040
Improvements other than buildings	289,378,336	20,532,784	-	309,911,120
Infrastructure	3,902,943	-	-	3,902,943
Machinery and equipment	27,002,831	636,910	848,230	26,791,511
Total Capital Assets Being Depreciated	323,961,150	21,169,694	848,230	344,282,614
Less accumulated depreciation for:				
Buildings and system	(1,652,991)	(69,133)	-	(1,722,124)
Improvements other than buildings	(119,737,015)	(6,020,738)	-	(125,757,753)
Infrastructure	(684,627)	(80,629)	-	(765,256)
Machinery and equipment	(19,372,528)	(2,432,851)	(848,230)	(20,957,149)
Total Accumulated Depreciation	(141,447,161)	(8,603,351)	(848,230)	(149,202,282)
Total Capital Assets Being Depreciated, Net	182,513,989	12,566,343	-	195,080,332
Business-type Activities Capital Assets, Net	\$ 229,792,432	30,277,207	16,166,661	243,902,978

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets (continued)

Depreciation expense was charged to function/programs of the City as follows:

Governmental Activities:	2013
General government	\$ 643,594
Public safety	1,501,597
Public works	11,724,792
Health and welfare	61,683
Culture and recreation	1,792,657
Capital assets held by the City's Internal Service Funds are charged to the various functions based on their usage of the assets	<u>3,240,161</u>
Total Depreciation Expense - Governmental Activities	\$ <u><u>18,964,484</u></u>
Business-type Activities:	
Water	\$ 7,543,776
Solid waste	<u>1,059,575</u>
Total Depreciation Expense - Business-type Activities	\$ <u><u>8,603,351</u></u>

Construction Commitments

The City has active construction projects as of September 30, 2013. At year-end, the City's commitments (based upon budgeted project costs upon completion) are as follows on the next two pages:

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets (continued)

Construction Commitments (continued)

Project	Expenditures to Date	Remaining Commitments
Governmental Activities:		
Fleet Fire Maintenance Facility	\$ 122,398	1,877,602
Fleet Service Center Improvements	109,147	2,390,853
Fire Station No. 2	180,514	2,819,486
Communications Building	2,037,406	362,595
Civic Center Improvements	210,672	289,328
Hike & Bike Trail Phase II	117,609	708,791
Athletic Complex Tennis Center	46,605	2,953,395
Fire Station No. 11	102,721	2,397,279
Senior Center	5,306	4,494,694
Concord (Lucas to Hwy 105)	5,312,493	15,687,507
Washington Blvd - MLK to IH10	1,425,805	26,097,195
Washington Blvd - Langham to Major	113,846	12,886,154
Dowlen - College to Walden	203,048	15,296,952
Old Dowlen Road to Hwy 105	1,262,200	10,287,800
North Street - MLK to 23rd	633,524	12,166,476
Dowlen - US 69 N to Delaware	673,074	16,846,926
11th St. - Washington to US 69 N	17,240	25,982,760
Seventh Street	664,368	6,645,949
Magnolia - Delaware to E. Lucas	576,271	5,073,729
Babe Zaharias Drive	41,771	2,108,229
Laurel - IH10 to Office Park	260,434	6,229,566
Regina - Howell to Thomas	141,087	2,058,913
Delaware - Concord to Dowlen	843,549	16,676,451
Avenue A - Washington to US 69 S	911,681	11,288,319
Gladys Street - IH10 to Dowlen	674,499	4,325,501
College Street - IH10 to Goliad	795,143	11,904,857
South Park Relief	1,712,808	9,990,592
Northwest Parkway	195,459	5,804,541
Fire Headquarters Window Replacement	227,104	29,000
Skate Park	435,341	11,859
Klein Park Walking Trail	1,549	84,031
Jefferson Plaster Repair	7,571	142,429
Fire Station No. 10 Foundation	13,395	71,605
3rd Floor EOC	518,931	481,069
Golf Cart Storage Building	13,563	436,437
Miller Library Courtyard	2,058	72,942
Other Projects	2,125,152	499,012
	<u>\$ 22,735,342</u>	<u>237,480,824</u>
Total Governmental Activities	<u>\$ 22,735,342</u>	<u>237,480,824</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets (continued)

Construction Commitments (continued)

Project	Expenditures to Date	Remaining Commitments
Business-type Activities:		
36" Diameter Water Transmission Line	\$ 319,431	8,534,818
Degritter	243,624	7,775,911
Wetlands Evaluation Design & Construction	13,744,782	352,903
Water Plant Improvements Phase II	977,364	11,080,729
Master Plan for Water/Sewer System	521,272	3,403
Grit Pumps at WWTP	1,189,211	70,881
60" Trunk Line Rehabilitation	3,906,935	45,000
Automatic Flushing	26,229	74,440
Florida Avenue & Fannett Rd Interceptors	419,443	2,027,552
WWTP Master Plan	502,977	173,200
Water Bottling Plant	49,285	1,453,014
WWTP Bar Screens & Digester Rehab	3,674,960	43,742
Primer Sanitary Sewer Lift Station	44,217	1,057,407
Downtown Lift Station	89,210	2,211,306
72" & 36" Trunk Line Rehabilitations	411,503	5,612,730
Dowlen - College to Walden	173,608	1,713,753
Washington - Langham to Major	84,076	1,998,429
Concord	5,684	1,362,402
WWTP Piping Rehab	67,710	1,138,168
WWTP Holding Pond & Dredge Pond 1 & 2	4,706,427	1,274,405
WWTP Clarifiers Rehab	102,946	3,705,211
WWTP Chlorine Disinfection System	111,285	2,397,283
WWTP Sludge Thickener	29,669	622,545
WWTP Ground Improvements	212,986	795,479
WWTP Electrical Improvements	69,309	1,332,600
36" Longfellow Interceptor Rehab	343,648	2,677,290
48" Interceptor Rehabilitation	198,336	3,205,500
66" & 21" Trunk Lines Rehab	285,419	3,734,625
SS Inter. Harriot Lift Station to WWTP	350,549	3,857,660
SS Inter. Matthew Rd/Phelan to Major/Folsom	318,545	5,689,800
Loeb Well No. 1 Electrical Improvements	103,359	600,103
Water Rights Study	216,981	142
Bunns Bluff Pump Station	116,402	2,686,563
Hydrogen Sulfide Removal at Loeb 1	11,293	1,189,380
Wiess Bluff Pumping Station	51,494	2,950,156
Wiess Canal Stabilization	152,052	3,354,418
54" Central Trunk Phase II	389,741	4,414,794
AMI/AMR/Leak Detection	11,027,001	4,075,699
Additional Water Supply System	46,871	7,953,884
WWTP 30" Sanitary Sewer Force Main	30,600	44,400
	<hr/>	<hr/>
Total Business-type Activities	\$ <u>45,326,434</u>	<u>103,291,725</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2013, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Governmental Funds	
	Nonmajor Governmental	\$ 4,180,425
	Total Governmental Funds	<u>\$ 4,180,425</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur; (2) transactions are recorded in the accounting system; and (3) payments between funds are made.

Interfund transfers:

Certain transfers occur among funds to allocate appropriate costs related to the operations of the funds.

	<u>Transfers In</u>						<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Street Improvement</u>	<u>Airport Royalties for Street Improvement</u>	<u>Nonmajor Governmental</u>	<u>Internal Service</u>	
Transfers Out:							
General	\$ -	-	-	-	2,375,000	1,125,000	3,500,000
General Improvement	-	-	-	47,800,000	4,549,058	-	52,349,058
Debt Service	-	-	920,000	-	-	-	920,000
Internal Service	-	-	-	-	-	-	-
Nonmajor							
Governmental	600,000	881,715	-	-	-	2,350,000	3,831,715
Water	6,583,333	22,800	-	-	-	220,000	6,826,133
Solid Waste	1,700,000	-	-	-	-	210,000	1,910,000
Total Transfers Out	<u>\$ 8,883,333</u>	<u>904,515</u>	<u>920,000</u>	<u>47,800,000</u>	<u>6,924,058</u>	<u>3,905,000</u>	<u>69,336,906</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Capital Leases

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

	Business-type Activities		
	Enterprise Funds	Internal Service Funds	Totals
Buildings	\$ -	411,591	411,591
Machinery and equipment	1,474,369	2,107,235	3,581,604
Less accumulated depreciation	<u>(925,540)</u>	<u>(1,306,333)</u>	<u>(2,231,873)</u>
Total	<u>\$ 548,829</u>	<u>1,212,493</u>	<u>1,761,322</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013, were as follows:

Year Ending September 30	Enterprise Funds	Internal Service Funds	Totals
2014	\$ 319,554	244,143	563,697
2015	<u>314,299</u>	<u>191,007</u>	<u>505,306</u>
Total minimum lease payments	633,853	435,150	1,069,003
Less: amount representing interest	<u>25,422</u>	<u>21,685</u>	<u>47,107</u>
Present value of minimum lease payments	<u>\$ 608,431</u>	<u>413,465</u>	<u>1,021,896</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Debt

General Obligation Bonds and Certificates of Obligation

The City issues general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. General obligation debt has been issued for both governmental and business-type activities.

General obligation bonds and certificates of obligation are direct obligations and pledge the full faith and credit of the City. During the year \$41,080,000 of certificates of obligation were issued to finance construction projects to both expand existing infrastructure and construct additional infrastructure and facilities of the general government.

Purpose	Original Amount	Interest Rate Range	Outstanding Amount
Expand and construct infrastructure and facilities of the general government	\$ 41,080,000	2.00% - 5.00%	\$ 41,080,000
Total	\$ <u>41,080,000</u>		\$ <u>41,080,000</u>

General obligation debt currently outstanding is as follows:

Purpose	Original Amount	Interest Rate Range	Outstanding Amount
Governmental activities	\$ 206,710,000	2.00% - 5.50%	\$ 176,555,000
Governmental activities - refunding	<u>82,454,250</u>	3.00% - 5.25%	<u>59,968,050</u>
Total	\$ <u>289,164,250</u>		\$ <u>236,523,050</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Debt (continued)

General Obligation Bonds and Certificates of Obligation (continued)

Annual debt service requirements to maturity for certificates of obligation and notes are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 2,035,000	8,043,711
2015	2,460,000	7,733,287
2016	2,775,000	7,666,252
2017	2,830,000	7,585,600
2018	3,135,000	7,496,802
2019-2023	28,525,000	34,417,328
2024-2028	40,720,000	27,472,221
2029-2033	47,195,000	16,757,809
2034-2038	41,430,000	5,835,377
2039-2043	5,450,000	276,000
Total	\$ <u>176,555,000</u>	<u>123,284,387</u>

Due to the numerous outstanding debt issues, details of each issue are not included in this report, but are disclosed in the separately issued Annual Debt Service Report.

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Debt (continued)

Prior Refunding Issues

In prior years, the City issued general obligation bonds and revenue bonds to advance refund certain general obligation and other bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service when due to the earliest call date or to maturity on the old bonds. Accordingly, the trust account assets and the liability for the refunded bonds are not included in the City's financial statements.

The following schedule reflects the refunded bonds as of the date of the refunding and as of September 30, 2013:

Type	Refunding Series	Date	Outstanding as of Refunding	Outstanding as of 09/30/13
Governmental Activities				
Refunding	2004	11/04	\$ 20,640,000	6,570,000
Refunding	2006	12/06	19,899,250	11,483,050
Refunding	2011	01/11	17,785,000	17,785,000
Refunding	2012	08/12	24,130,000	24,130,000
Total Refunding			<u>\$ 82,454,250</u>	<u>59,968,050</u>
Business-type Activities				
Revenue Refunding	2005	05/05	\$ 17,660,000	14,150,000
Revenue Refunding	2006	08/06	28,840,000	25,190,000
Revenue Refunding	2006	12/06	4,075,750	2,351,950
Revenue Refunding	2010	08/10	6,540,000	6,540,000
Total Revenue Refunding			<u>\$ 57,115,750</u>	<u>48,231,950</u>

Annual debt service requirements to maturity for refunding bonds are as follows:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2014	\$ 4,083,900	2,638,233
2015	4,179,800	2,482,458
2016	4,569,500	2,304,022
2017	4,975,050	2,092,475
2018	5,374,800	1,874,885
2019-2023	12,050,000	7,391,685
2024-2028	9,310,000	4,465,087
2029-2033	15,425,000	2,243,832
Total	<u>\$ 59,968,050</u>	<u>25,492,677</u>

Due to the numerous outstanding debt issues, details of each issue are not included in this report, but are disclosed in the separately issued Annual Debt Service Report.

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Debt (continued)

Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service.

Annual debt service requirements to maturity for revenue bonds are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 6,631,100	7,240,532
2015	6,730,200	6,992,444
2016	7,030,500	6,690,517
2017	7,344,950	6,381,202
2018	8,045,200	6,051,697
2019-2023	41,180,000	25,303,246
2024-2028	48,175,000	15,177,519
2029-2033	23,945,000	5,748,153
2034-2038	9,635,000	1,087,260
Total	\$ <u>158,716,950</u>	<u>80,672,570</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Debt (continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 63,930,500	-	3,962,450	59,968,050	4,083,900
Certificates of obligation	130,750,000	41,080,000	705,000	171,125,000	1,115,000
Issuance premiums	5,195,583	1,374,532	269,041	6,301,074	269,041
Total Bonds Payable	<u>199,876,083</u>	<u>42,454,532</u>	<u>4,936,491</u>	<u>237,394,124</u>	<u>5,467,941</u>
OPEB liability	1,690,000	710,000	-	2,400,000	-
Net pension obligation fire	586,579	483,343	-	1,069,922	-
Capital leases	637,238	-	223,773	413,465	228,314
U. S. Government Note	6,180,000	-	750,000	5,430,000	920,000
Compensated absences	19,639,279	1,670,513	1,144,081	20,165,711	1,218,823
Governmental Activity Long-term Liabilities	<u>\$ 228,609,179</u>	<u>45,318,388</u>	<u>7,054,345</u>	<u>266,873,222</u>	<u>7,835,078</u>
Business-type Activities					
Bonds payable:					
Revenue and refunding bonds	\$ 165,014,500	-	6,297,550	158,716,950	6,631,100
Issuance premiums	85,562	-	26,172	59,390	26,172
Total Bonds Payable	<u>165,100,062</u>	<u>-</u>	<u>6,323,722</u>	<u>158,776,340</u>	<u>6,657,272</u>
Capital leases	903,094	-	294,664	608,430	302,552
Compensated absences	1,257,120	130,303	60,199	1,327,224	71,451
Accrued landfill closure costs	3,411,583	104,786	-	3,516,369	-
Business-type Activity Long-term Liabilities	<u>\$ 170,671,859</u>	<u>235,089</u>	<u>6,678,585</u>	<u>164,228,363</u>	<u>7,031,275</u>

Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$249,299 of Internal Service Funds compensated absences are included in the above amounts. Also for the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund. It should be noted that the City's Employee Benefits Fund is used to liquidate the net other post-employment obligation.

The governmental activities in the government-wide statement of net position includes \$413,466 in capital leases of the Internal Service Funds.

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Debt (continued)

Conduit Debt Obligations

The City has issued Industrial Revenue Bonds, Housing Finance Corporation Bonds, Multi-Family Housing Finance Corporation Bonds, Housing Corporation Mortgage Bonds and Health Facilities Development Corporation Bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

There is one issue currently outstanding. The Beaumont Multi-Family Housing Development Corporation - Multi-Family Mortgage Revenue Bonds, Series 1998, had an original issue amount of \$8,280,000 and had an outstanding balance at September 30, 2013 of \$6,585,000.

Segment Information

The City only reports two enterprise funds, the Water Fund and the Solid Waste Fund. Each of these funds is presented individually in the basic financial statements. Therefore, segment information is not presented in the notes to the financial statements.

Endowment

David E. Dickenson willed the residuary of his estate “absolutely and in fee simple to the City to be credited to the Beaumont Public Library System Endowment Trust, the income only therefrom to be used for the purchase of books, not computer software, selected by the Director of Public Libraries of the Beaumont Public Library System with the approval of the Beaumont Library Commission.” Earnings from investments available for expenditure were \$2,370 at September 30, 2013. Accumulated earnings available for expenditure are reported as restricted, expendable net assets.

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Other Information

Risk Management/Insurance Funds

Transactions related to the City's risk management program are recorded in two separate internal service funds - the Employee Benefits Fund and the General Liability Fund. The City's General, Water, Solid Waste, Hotel Occupancy Tax, Fleet and certain Grant Funds participate in the program and make contributions based on amounts needed to fund prior and current claims and to establish a reserve for unexpected and unusual claims. Employees of the City also participate in the form of contributions for coverage of dependents.

The Employee Benefits Fund records all transactions related to employee health claims, workers' compensation claims, dental insurance premiums and the administration of these programs. The program is managed by a benefit coordinator with necessary support staff. The City offers employees an indemnity health plan. Under the indemnity health plan, the City retains all risks associated with the employee health program up to \$150,000 per person. Risks associated with workers' compensation liabilities are also retained by the City, up to \$500,000 per incident. The City purchases commercial insurance to cover losses beyond coverage provided by the fund. The City has not incurred losses in excess of insurance coverage for the past three fiscal years. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported (IBNR). Claim liabilities are calculated considering recent claim settlement trends. Changes in the Employee Benefits Fund's claims liability (including an estimate for claims incurred, but not reported) were:

	Year Ended 09/30/13	Year Ended 09/30/12
Liability for claims, beginning of fiscal year	\$ 3,054,241	3,333,079
Incurred claims and changes in estimated	15,795,241	12,800,941
Claim payments	<u>(15,661,312)</u>	<u>(13,079,779)</u>
Liability for claims, end of fiscal year	\$ <u>3,188,170</u>	<u>3,054,241</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Other Information (continued)

Risk Management/Insurance Funds (continued)

The General Liability Fund accounts for the City's risk management activity related to torts and other statutory causes of action. The City retains all risks associated with torts and other statutory causes of action, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Under the laws of the State of Texas, claims for torts are limited to \$250,000 per person and \$500,000 per incident. This limit does not apply to claims arising from other causes of action. The General Liability Fund records a claim as payable when information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the General Liability Fund's claims liability were:

	<u>Year Ended</u> 09/30/13	<u>Year Ended</u> 09/30/12
Liability for claims, beginning of fiscal year	\$ 830,550	1,220,400
Incurred claims and changes in estimated	258,149	316,177
Claim payments	<u>(658,748)</u>	<u>(706,027)</u>
Liability for claims, end of fiscal year	\$ <u>429,951</u>	<u>830,550</u>

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits and legal claims. Although the outcome of these lawsuits and claims is not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not exceed the amount of \$10,000.

Employee Retirement Systems

Plan Description

The City provides pension benefits for all full-time employees, except for City firefighters, through a non-traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Employee Retirement Systems (continued)

Plan Description (continued)

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 14953, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credit for service since the plan began is a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City are as follows:

	Plan Year 2012	Plan Year 2013
Employee deposit rate	7%	7%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60 / 5,0 / 20	60 / 5,0 / 20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating
Supplement death benefit for active employees	No	No
for retirees	No	No

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Employee Retirement Systems (continued)

Contributions

Under the state law governing TMRS, the actuary annually determines the City contribution rate using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credit and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2012 valuation is effective for rates beginning January 2014). The annual pension cost and net pension obligation/(asset) follow on the next page:

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Employee Retirement Systems (continued)

Annual Pension Cost

Actuarial Valuation Date December 31

	2012	2011	2010
Actuarial value of assets	\$ 302,442,540	282,382,028	265,807,439
Actuarial accrued liability	374,139,851	361,053,750	341,548,694
Percentage funded	80.8%	78.2%	77.8%
Unfunded actuarial liability (UAAL)	71,697,311	78,671,722	75,741,255
Annual covered payroll (Calendar year)	54,823,096	54,831,894	52,931,386
UAAL as a percentage of covered payroll	130.8%	143.5%	143.1%
Net Pension Obligation (NPO) at the Beginning of Period	-	-	-
Annual Pension Cost:			
Annual required contribution (ARC)	11,205,185	10,430,647	10,045,917
Contributions made	(11,205,185)	(10,430,647)	(10,045,917)
NPO at the End of the Period	\$ -	-	-
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	26.6 Years - Closed Period	26.6 Years - Closed Period	26.6 Years - Closed Period
Asset Valuation Method	10-year Smoothed Cost	10-year Smoothed Cost	10-year Smoothed Cost
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service
Included Inflation at	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%
Payroll Growth	3.0%	3.0%	3.0%

The funded status as of December 31, 2012, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Funded Ratio (3) (1) / (2)	Unfunded AAL (UAAL) (4) (2) - (1)	Covered Payroll (5)	UAAL as a Percentage of Covered Payroll (6) (4) / (5)
12/31/2010	\$ 265,807,439	\$ 341,548,694	77.8%	\$ 75,741,255	\$ 52,931,386	143.1%
12/31/2011	\$ 282,382,028	\$ 361,053,750	78.2%	\$ 78,671,722	\$ 54,831,894	143.5%
12/31/2012	\$ 302,442,540	\$ 374,139,851	80.8%	\$ 71,697,311	\$ 54,823,096	130.8%

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Employee Retirement Systems (continued)

Annual Pension Cost (continued)

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Post Employment Benefits Other Than Pension Benefits

Plan Description

All City of Beaumont employees retiring under TMRS or BRRP will be provided the opportunity to elect employer-subsidized health insurance until age 65. Eligible retirees may elect PPO coverage. The PPO and Rx coverage is self-insured by the City. As of the valuation date, the City subsidizes 31% to 46% of the cost of eligible retirees' health insurance. The City subsidizes spouse and family health coverage.

Funding Policy and Annual OPEB Cost

The City's annual other post employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City had its OPEB actuarial valuation performed for the fiscal year beginning October 1, 2012 as required by GASB. The City's annual OPEB cost for the fiscal year ending September 30, 2013 is as follows:

Annual required contribution	\$ 2,103,000
Interest on OPEB obligation	76,000
Adjustment to ARC	<u>(69,000)</u>
Annual OPEB cost end of year	2,110,000
Net estimated employer contributions	<u>(1,400,000)</u>
Increase in net OPEB obligation	710,000
Net OPEB obligation - as of beginning of the year	<u>1,690,000</u>
Net OPEB obligation (asset) - as of end of year	\$ <u>2,400,000</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Post Employment Benefits Other Than Pension Benefits

Funding status and funding progress

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of September 30, 2013, is as follows:

<u>Fiscal Year Ending</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Estimated Covered Payroll</u>	<u>UAAL as a Percent of Payroll</u>
September 30, 2011	\$ 26,662,000	0	\$ 26,662,000	0%	\$ 73,159,000	36%
September 30, 2012	29,583,990	0	29,583,990	0%	75,353,770	36%
September 30, 2013	30,302,242	0	30,302,242	0%	77,614,383	39%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$30,302,242 at September 30, 2013.

Actuarial methods and assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the City's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Method and Assumptions

Investment rate of return	4.5%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level percentage payroll, 30yr, Open
Growth rate	3.0% per annum
Health care trend (initial/ultimate/grade down)	10%/4.5%/0.5%

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Post Employment Benefits Other Than Pension Benefits (continued)

Actuarial methods and assumptions (continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress represented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

OPEB disclosure as of September 30, 2013 is as follows:

Fiscal Year Ended	Employer Annual Required Contribution	Employer Amount Contributed (est.)	Interest on NOO (9) x 4.5%	ARC Adjustment (9) / (6)	Amortization Factor	OPEB Cost (2)+(4)-(5)	Change in NOO (7) - (3)	NOO Balance NOO + (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
September 30, 2011	\$ 1,786,000	\$ 1,534,000	\$ 47,000	\$ 43,000	24.52000	\$ 1,771,000	\$ 257,000	\$ 1,307,000
September 30, 2012	2,015,000	1,638,000	59,000	53,000	24.52000	2,021,000	383,000	1,690,000
September 30, 2013	2,103,000	1,400,000	76,000	69,000	24.52000	2,110,000	710,000	2,400,000

Employer Contribution Percentage

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
September 30, 2011	\$ 1,791,000	\$ 1,534,000	86%	\$ 1,307,000
September 30, 2012	2,021,000	1,638,000	81%	1,690,000
September 30, 2013	2,110,000	1,400,000	66%	2,400,000

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Beaumont Firemen's Relief and Retirement Fund

Plan Description

The Board of Trustees of the Beaumont Firemen's Relief and Retirement Fund (the Fund) is the administrator of a single-employer defined benefit pension plan covering all City firefighters. The Board, composed of the Mayor's designee and the Chief Financial Officer as ex-officio Trustees, three firefighters elected by a majority vote of firefighters, and two citizens who must be appointed unanimously by the first five trustees, is subject to administrative supervision by the State Firemen's Pension Commissioner. The City does not hold title to any of the Fund's assets, right to any surpluses or have responsibility for any deficits. A copy of the audited financial statements may be obtained at 1515 Cornerstone Court, Beaumont, Texas 77706.

The Fund provides service retirement, death, disability and withdrawal benefits. These benefits are vested after 20 years of credited service. Employees may retire at age 50 with 20 years of service. Vested termination benefits on a deferred basis are available for firefighters who terminate employment with 20 or more years of service, but who have not attained age 50 at their date of termination. The monthly benefit at retirement, payable in a Joint and 75% to Spouse form of annuity, is equal to 63.15% of Highest 60-Month Average Salary plus \$123.00 per month for each year of service in excess of 20 years.

Contribution

Under this plan, Beaumont Firefighters are required to contribute 15.0% of their pay to the Fund while the City is required to make contributions equal to 15.0% of pay. The contribution requirements are actuarially determined as a percentage of payroll. The benefit and contribution provisions of this plan are authorized by the Texas Local Firefighters Retirement Act (TLFRA).

**BEAUMONT FIREMEN'S RELIEF & RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS**

Fiscal Year	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Percentage Funded	Unfunded AAL (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
	(1)	(2)	(1/2)	(2-1)	(3)	[(2-1)/3]
2006	\$ 78,964,100	\$ 101,323,626	78.000 %	\$ 22,359,526	\$ 15,305,782	146.100 %
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	84,289,366	116,023,687	72.600	31,734,321	16,591,576	191.300
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	91,469,680	128,396,184	71.200	36,926,504	16,422,122	224.858
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	92,033,413	134,837,879	68.300	42,804,466	17,889,017	239.300

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Beaumont Firemen's Relief and Retirement Fund (continued)

Annual Pension Cost

For 2012, the City's annual pension cost of \$2,241,133 for the Beaumont Firemen's Relief and Retirement Fund was equal to the City's required and actual contributions. The required contribution was determined as part of the December 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8.0% investment rate of return (net of administrative expenses); (b) projected salary increase of 4.00% per year; and (c) 1.48% payroll growth rate. Both (a) and (b) included an inflation assumption of 4.0%.

**Historical Trend Information
City of Beaumont Three-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/10	\$ 2,071,835	94.1%	\$ 129,902
12/31/11	\$ 2,123,422	82.3%	\$ 586,579
12/31/12	\$ 2,247,413	82.3%	\$1,069,922

Actuarial Information

Valuation date	December 31, 2012
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, open
Remaining amortization period for the plan in effect on December 31, 2012	30 years
Asset valuation method	Market value smoothed by a five-year deferred recognition method with a 80%/120% corridor on market

Actuarial Assumptions

The actuarial assumptions include an inflation assumption of 4.00% per year.

Investment rate of return, net of expenses, compounded annually	8.0% per year
Projected salary increases including promotion and longevity	5.48% per year on average for a 30-year career
Payroll growth rate	1.48% per year
Post retirement cost-of-living adjustments	None

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Post Employment Health Care Benefits

Employees who retire from the City are eligible to continue to participate in the City's health insurance program. The City subsidizes 31% to 46% of the premium. As of September 30, 2013 a total of 221 retirees are participating in the City's group health program. Retirees may enroll in the City's self-funded health insurance plan.

Closure and Postclosure Care Cost

The City owns and operates a landfill site located on Lafin Road. State and federal laws and regulations require the City to place a final cover on the landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3.51 million reported as landfill closure and postclosure care liability at September 30, 2013 represents the cumulative amount reported to date based on the use of estimated capacity of the landfill that had previously been in existence. The City has obtained approval to expand the landfill vertically, and therefore, the revised capacity estimates greatly exceed that which previously had been considered. The remaining estimated liability for landfill closure and postclosure care, estimated at \$3.51 million, will be recognized as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2013. The City expects to close the landfill in the year 2060. Actual costs may be higher due to inflation, changes in technology or changes in regulations. As of September 30, 2013, 14% of the landfill's total capacity has been used.

The City is required by state and federal laws and regulations to demonstrate financial assurance for closure and postclosure care costs. The City has complied with the financial test criteria as specified in Subchapter K of 31 Texas Administrative Code, Chapter 330.285.

Operating Leases

The City is a party to numerous operating leases both as a lessor and as a lessee. Many of these leases are on a month-to-month basis while others terminate up to 82 years in the future. Most leases extending more than six years in the future are de minimis in amount. No material early cancellation penalties exist.

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Negative Fund Balances

Several Governmental Funds ended the fiscal year with a negative fund balance. The details of those funds are as follows:

The American Recovery and Reinvestment Act (ARRA) Fund had a negative fund balance in the amount of \$137,762.

The Miscellaneous Grant Fund had a negative fund balance of \$5,725.

The Tyrrell Historical Trust Fund had a negative fund balance of \$375.

The Employee Benefits Fund had a negative fund balance of \$5,687,526.

The ARRA, Miscellaneous Grant, and Tyrrell Historical Trust Funds have a negative fund balance due to the timing of reimbursements related to current year expenditures.

The Employee Benefits Fund has a negative fund balance due to increased medical claims that were not anticipated during the budget process.

Prior Period Adjustment

A prior period adjustment was necessary in the government-wide Statement of Activities. The adjustment was necessary in order to restate net position for the early implementation of GASB 65 and to include the net pension obligation relating to the Fiduciary Fund added to the CAFR this year. A prior period adjustment was also necessary in the statement of Revenues, Expenditures and Changes in Fund Net Position in order to adjust the net position of the Water Fund for the early implementation of GASB 65.

**CITY OF BEAUMONT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FUNDING PROGRAMS FOR EMPLOYEE RETIREMENT SYSTEMS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

TEXAS MUNICIPAL RETIREMENT SYSTEM

<u>Fiscal Year</u>	<u>Actuarial Value of Assets</u> (1)	<u>Actuarial Accrual Liability (AAL) Unit Credit</u> (2)	<u>Percentage Funded (1)/(2)</u> (3)	<u>Unfunded AAL (UAAL) (2)-(1)</u> (4)	<u>Annual Covered Payroll</u> (5)	<u>Unfunded Excess as a Percentage of Covered Payroll (4)/(5)</u> (6)
2004	\$ 127,605,243	\$ 159,881,675	79.812 %	\$ 32,276,432	\$ 36,527,445	88.362 %
2005	127,734,267	161,103,998	79.287	33,369,731	36,865,628	90.517
2006	132,780,856	169,626,085	78.279	36,845,229	41,494,752	88.794
2007	133,771,037	173,199,708	77.235	39,428,671	41,335,291	95.386
2008	131,620,940	202,114,342	65.122	70,493,402	43,948,069	160.401
2009	136,596,397	222,116,608	61.498	85,520,211	52,318,963	163.459
2010	145,470,240	228,819,833	63.574	83,349,593	53,763,533	155.030
2011	265,807,439	341,584,694	77.816	75,741,255	52,931,386	143.093
2012	282,382,028	361,053,750	78.211	78,671,722	54,831,894	143.478
2013	302,442,540	374,139,851	80.837	71,697,311	54,823,096	130.779

CITY OF BEAUMONT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FUNDING PROGRAMS FOR EMPLOYEE RETIREMENT SYSTEMS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

BEAUMONT FIREMEN'S RELIEF & RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS

Fiscal Year	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) Entry Age (2)	Percentage Funded (1/2)	Unfunded AAL (UAAL) (2-1)	Annual Covered Payroll (3)	UAAL as a Percentage of Covered Payroll [(2-1)/3]
2003	\$ N/A	\$ N/A	N/A %	\$ N/A	\$ N/A	N/A %
2004	69,318,546	85,786,521	80.804	16,467,975	12,653,337	130.147
2005	N/A	N/A	N/A	N/A	N/A	N/A
2006	78,964,100	101,323,626	78.000	22,359,526	15,305,782	146.100
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	84,289,366	116,023,687	72.600	31,734,321	16,591,576	191.300
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	91,469,680	128,396,184	71.200	36,926,504	16,422,122	224.858
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	92,033,413	134,837,879	68.300	42,804,466	17,889,017	239.300

**CITY OF BEAUMONT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**BEAUMONT FIREMEN'S RELIEF & RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Plan Year Ended December 31</u>	<u>Annual Contribution As a Fixed Percentage of Payroll</u>	<u>Annual Required Contribution (1)</u>	<u>Percentage Contributed</u>
2003	13.0%	1,571,562	100.00%
2004	13.0%	1,589,272	100.00%
2005	13.0%	1,894,185	100.00%
2006	13.0%	1,683,354	100.00%
2007	13.0%	1,640,345	100.00%
2008	13.0%	2,119,278	100.00%
2009	13.0%	2,146,871	94.10%
2010	13.0%	2,071,835	94.10%
2011	13.0%	2,123,422	82.30%
2012	13.0%	2,247,413	82.30%

(1) The annual required contribution is based on actual covered payroll as reported in the Fund's annual report to the State of Texas Firefighters' Pension Commission.

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

American Recovery and Reinvestment Act (ARRA) Fund - to account for funds used to develop, promote, implement and manage energy efficiency and conservation projects and programs designed to reduce fossil fuel emissions, reduce total energy use and improve energy efficiency.

Confiscated Goods Fund - to account for resources received resulting from seized and forfeited properties to be used for enhanced law enforcement.

Disaster Rehab Fund - to account for funds received under the Department of Defense Appropriation Act, 2006 for the purpose of emergency relief related to Hurricane Rita.

EDA Small Business Loan Fund - to account for Economic Development Administration funds used to establish a revolving loan fund to promote business development.

EDI Special Project Fund - to account for economic development funds used to further the revitalization of Downtown Beaumont.

Emergency Shelter (ESG) Grant Fund - to account for funds received for the acquisition and operation of homeless shelters and the re-housing and/or prevention of homeless individuals.

Hazard Mitigation Grant Fund - to account for grants funds received for the acquisition and removal of flooded structures.

Health Grant Fund - to account for grant awarded funds received for the purpose of various health related programs such as immunizations and nutritional assistance.

Henry Homberg Golf Course Fund - to account for activities related to the Henry Homberg Golf Course.

Historical Fire Museum Trust Fund - to account for contributions related to the Texas State Fire Museum.

HOME Fund - to account for the Department of Housing and Urban Development program to provide home ownership for low and moderate income families.

Hotel Occupancy Tax Fund - to account for hotel occupancy tax revenues used to promote tourism and the arts.

HUD Community Development Fund - to account for funds received under the Community Development Act of 1974, as amended.

Ike Recovery Fund - to account for activities related to Hurricane Ike.

Library Trust Fund - to account for contributions to be used for public library needs.

Miscellaneous Grant Fund - to account for other miscellaneous grant awarded funds received from state and federal agencies to be used for various programs.

Miscellaneous Trust Fund - to account for miscellaneous nonmajor contributions.

Municipal Airport Fund - to account for operations of the Beaumont Municipal Airport.

Municipal Court Juvenile Case Manager Fund - to account for fees charged to finance the Juvenile Case Manager at Municipal Court.

Municipal Court Security Fund - to account for fees charged to finance security at the Municipal Court.

Municipal Court Technology Fund - to account for resources received from misdemeanor offenses to be used to purchase technological enhancements for Municipal Court.

Municipal Transit Fund - to account for operations and capital improvements of the Beaumont Municipal Transit System.

Police Grants Fund - to account for grant awarded funds to be used for various police-related activities.

Public Education Government Programming (PEG) Fund - to account for activities related to programming on governmental access channels.

Shelter Plus Care Fund - to account for funds received from the Department of Housing and Urban Development to provide transitional housing to homeless HIV positive residents of Hardin, Jefferson and Orange Counties.

Texas Motor Carrier Violations Fund - to account for fines received to be used in the enforcement of TxDOT regulations.

Tyrrell Historical Trust Fund - to account for activities related to the Tyrrell Historical Library.

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

Julie Rogers Trust Fund - to account for endowments received for the Julie Rogers Theatre.

Library Endowment Trust Fund - to account for resources placed under a trust agreement between the City and private organizations where only the revenue earned on the principal can be expended for the public library.

CITY OF BEAUMONT, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	Special Revenue		
	American Recovery and Reinvestment Act (ARRA)	Confiscated Goods	Disaster Rehab
ASSETS			
Cash	\$ -	187,924	-
Investments	-	115,179	-
Receivables:			
Notes	-	-	-
Intergovernmental	665,550	-	-
Other	-	-	-
Inventories	-	-	-
Prepaid items	-	-	-
Total Assets	665,550	303,103	-
LIABILITIES			
Accounts payable	78	11,092	-
Accrued liabilities	-	-	-
Due to other funds	665,457	-	-
Other liabilities	-	-	-
Unearned revenue	-	64,981	-
Total Liabilities	665,535	76,073	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	137,777	-	-
Unavailable revenue - notes	-	-	-
Total Deferred Inflows of Resources	137,777	-	-
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepays	-	-	-
Permanent fund principal	-	-	-
Restricted:			
Culture and recreation	-	-	-
General government	-	-	-
Health and welfare	-	-	-
Public safety	-	227,030	-
Public works	-	-	-
Assigned:			
Culture and recreation	-	-	-
Public works	-	-	-
Unassigned:	(137,762)	-	-
Total Fund Balances	(137,762)	227,030	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 665,550	303,103	-

CITY OF BEAUMONT, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	Special Revenue		
	Homberg Golf Course	Historical Fire Museum Trust	HOME
ASSETS			
Cash	\$ 161,635	601	-
Investments	99,100	369	-
Receivables:			
Notes	-	-	455,242
Intergovernmental	-	-	450,253
Other	-	-	-
Inventories	-	-	-
Prepaid items	-	-	-
	<u>260,735</u>	<u>970</u>	<u>905,495</u>
LIABILITIES			
Accounts payable	10,845	8	134,288
Accrued liabilities	15,074	-	3,024
Due to other funds	-	-	312,941
Other liabilities	4,280	-	-
Unearned revenue	789	-	-
	<u>30,988</u>	<u>8</u>	<u>450,253</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	-	-	-
Unavailable revenue - notes	-	-	455,242
	<u>-</u>	<u>-</u>	<u>455,242</u>
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepays	-	-	-
Permanent fund principal	-	-	-
Restricted:			
Culture and recreation	-	-	-
General government	-	-	-
Health and welfare	-	-	-
Public safety	-	-	-
Public works	-	-	-
Assigned:			
Culture and recreation	229,747	962	-
Public works	-	-	-
Unassigned:	-	-	-
	<u>229,747</u>	<u>962</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 260,735</u>	<u>970</u>	<u>905,495</u>

Special Revenue

Hotel Occupancy Tax	HUD Community Development	Ike Recovery	Library Trust	Miscellaneous Grant
323,419	-	2,267,683	62,177	-
198,225	-	1,389,870	38,108	-
-	256,615	-	-	-
-	889,906	1,718,528	-	33,821
14,140	585,295	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>535,784</u>	<u>1,731,816</u>	<u>5,376,081</u>	<u>100,285</u>	<u>33,821</u>
13,646	24,694	-	743	36,725
27,635	13,151	-	-	-
-	495,478	-	-	2,821
-	100	-	-	-
-	356,483	3,644,520	-	-
<u>41,281</u>	<u>889,906</u>	<u>3,644,520</u>	<u>743</u>	<u>39,546</u>
-	-	1,718,528	-	-
-	841,910	-	-	-
-	<u>841,910</u>	<u>1,718,528</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
494,503	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	99,542	-
-	-	13,033	-	-
-	-	-	-	(5,725)
<u>494,503</u>	<u>-</u>	<u>13,033</u>	<u>99,542</u>	<u>(5,725)</u>
<u>535,784</u>	<u>1,731,816</u>	<u>5,376,081</u>	<u>100,285</u>	<u>33,821</u>

(continued)

CITY OF BEAUMONT, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

Special Revenue

	Miscellaneous Trust	Municipal Airport	Municipal Court Juvenile Case Manager
ASSETS			
Cash	\$ 621,192	6,501,657	6,211
Investments	380,731	38,826	3,807
Receivables:			
Notes	-	-	-
Intergovernmental	-	-	-
Other	-	-	9,139
Inventories	-	-	-
Prepaid items	-	-	-
Total Assets	<u>1,001,923</u>	<u>6,540,483</u>	<u>19,157</u>
LIABILITIES			
Accounts payable	451	3,872	-
Accrued liabilities	-	-	1,931
Due to other funds	-	-	-
Other liabilities	117	9,735	-
Unearned revenue	-	6,527	-
Total Liabilities	<u>568</u>	<u>20,134</u>	<u>1,931</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	-	-	-
Unavailable revenue - notes	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepays	-	-	-
Permanent fund principal	-	-	-
Restricted:			
Culture and recreation	-	-	-
General government	-	-	-
Health and welfare	-	-	-
Public safety	-	-	17,226
Public works	-	-	-
Assigned:			
Culture and recreation	1,001,355	-	-
Public works	-	6,520,349	-
Unassigned:	-	-	-
Total Fund Balances	<u>1,001,355</u>	<u>6,520,349</u>	<u>17,226</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,001,923</u>	<u>6,540,483</u>	<u>19,157</u>

Special Revenue

<u>Municipal Court Security</u>	<u>Municipal Court Technology</u>	<u>Municipal Transit</u>	<u>Police Grants</u>	<u>Public Education Government Programming</u>
5,325	253,862	91,839	-	245,925
3,263	155,593	48,892	-	150,728
-	-	-	-	-
-	-	409,900	2,532,636	-
5,183	6,939	197,663	-	-
-	-	249,162	-	-
-	-	335,074	-	-
<u>13,771</u>	<u>416,394</u>	<u>1,332,530</u>	<u>2,532,636</u>	<u>396,653</u>
-	-	92,977	357,672	472
1,035	-	206,573	9,401	-
-	-	-	2,074,148	-
-	-	159,587	42,900	-
-	-	-	47,605	-
<u>1,035</u>	<u>-</u>	<u>459,137</u>	<u>2,531,726</u>	<u>472</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	249,162	-	-
-	-	335,074	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	396,181
-	-	-	-	-
12,736	416,394	-	910	-
-	-	289,157	-	-
-	-	-	-	-
-	-	-	-	-
<u>12,736</u>	<u>416,394</u>	<u>873,393</u>	<u>910</u>	<u>396,181</u>
<u>13,771</u>	<u>416,394</u>	<u>1,332,530</u>	<u>2,532,636</u>	<u>396,653</u>

(continued)

CITY OF BEAUMONT, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	Special Revenue		
	Shelter Plus Care	Texas Motor Carrier Violations	Tyrrell Historical Trust
ASSETS			
Cash	\$ -	51,015	-
Investments	-	31,268	-
Receivables:			
Notes	-	-	-
Intergovernmental	84,870	-	-
Other	-	3,743	-
Inventories	-	-	-
Prepaid items	-	-	-
Total Assets	84,870	86,026	-
LIABILITIES			
Accounts payable	8,175	20,396	-
Accrued liabilities	-	-	-
Due to other funds	76,695	-	375
Other liabilities	-	-	-
Unearned revenue	-	-	-
Total Liabilities	84,870	20,396	375
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	-	-	-
Unavailable revenue - notes	-	-	-
Total Deferred Inflows of Resources	-	-	-
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepays	-	-	-
Permanent fund principal	-	-	-
Restricted:			
Culture and recreation	-	-	-
General government	-	-	-
Health and welfare	-	-	-
Public safety	-	65,630	-
Public works	-	-	-
Assigned:			
Culture and recreation	-	-	-
Public works	-	-	-
Unassigned:	-	-	(375)
Total Fund Balances	-	65,630	(375)
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 84,870	86,026	-

<u>Permanent</u>		
<u>Julie Rogers Trust</u>	<u>Library Endowment Trust</u>	<u>Total Nonmajor Governmental Funds</u>
76,754	557,193	11,894,349
47,043	341,505	3,336,662
-	-	762,574
-	-	7,323,780
-	-	824,114
-	-	249,162
-	-	335,074
<u>123,797</u>	<u>898,698</u>	<u>24,725,715</u>
-	-	752,898
-	-	309,155
-	-	4,097,998
-	-	219,269
-	-	4,892,222
<u>-</u>	<u>-</u>	<u>10,271,542</u>
-	-	1,907,022
-	-	1,297,152
<u>-</u>	<u>-</u>	<u>3,204,174</u>
-	-	249,162
-	-	335,074
100,000	774,900	874,900
23,797	123,798	642,098
-	-	396,181
-	-	2,375
-	-	739,926
-	-	289,157
-	-	1,331,606
-	-	6,533,382
-	-	(143,862)
<u>123,797</u>	<u>898,698</u>	<u>11,249,999</u>
<u>123,797</u>	<u>898,698</u>	<u>24,725,715</u>

CITY OF BEAUMONT, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue		
	American Recovery and Reinvestment Act (ARRA)	Confiscated Goods	Disaster Rehab
REVENUES			
Gross receipts taxes	\$ -	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental	122,215	268,021	1,850
Investment earnings	-	380	-
Contributions	-	-	-
Royalties	-	-	-
Miscellaneous	-	22,188	-
Total Revenues	122,215	290,589	1,850
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	227,416	-
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreational	-	-	-
Housing and economic development	122,215	-	-
Capital outlay	-	-	-
Total Expenditures	122,215	227,416	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	63,173	1,850
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCES	-	63,173	1,850
FUND BALANCES - BEGINNING	(137,762)	163,857	(1,850)
FUND BALANCES - ENDING	\$ (137,762)	227,030	-

Special Revenue

EDA Small Business Loan	EDI Special Project	Emergency Shelter (ESG)	Hazard Mitigation	Health Grants
-	-	-	-	-
-	-	-	-	30,682
3,048	327,200	129,370	110,062	1,298,174
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>3,048</u>	<u>327,200</u>	<u>129,370</u>	<u>110,062</u>	<u>1,328,856</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,311,257
-	-	-	-	-
3,048	-	129,370	5,219	-
-	327,200	-	104,302	-
<u>3,048</u>	<u>327,200</u>	<u>129,370</u>	<u>109,521</u>	<u>1,311,257</u>
-	-	-	541	17,599
-	-	-	-	-
-	-	-	-	-
-	-	-	541	17,599
-	-	-	(541)	(15,224)
-	-	-	-	2,375
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,375</u>

(continued)

CITY OF BEAUMONT, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Special Revenue

	Homberg Golf Course	Historical Fire Museum Trust	HOME
REVENUES			
Gross receipts taxes	\$ -	-	-
Charges for services	567,137	-	-
Fines and forfeitures	-	-	-
Intergovernmental	-	-	818,182
Investment earnings	209	2	-
Contributions	-	-	-
Royalties	-	-	-
Miscellaneous	-	-	-
Total Revenues	<u>567,346</u>	<u>2</u>	<u>818,182</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreational	611,589	36	-
Housing and economic development	-	-	818,182
Capital outlay	-	-	-
Total Expenditures	<u>611,589</u>	<u>36</u>	<u>818,182</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(44,243)</u>	<u>(34)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	250,000	-	-
Transfers (out)	-	-	-
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	205,757	(34)	-
FUND BALANCES - BEGINNING	<u>23,990</u>	<u>996</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ <u>229,747</u></u>	<u><u>962</u></u>	<u><u>-</u></u>

Special Revenue

Hotel Occupancy Tax	HUD Community Development	Ike Recovery	Library Trust	Miscellaneous Grant
2,476,058	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,526,263	2,350,000	-	227,994
1,395	-	7,601	280	-
-	-	-	105,609	-
-	-	-	-	-
11,779	-	-	350	-
<u>2,489,232</u>	<u>1,526,263</u>	<u>2,357,601</u>	<u>106,239</u>	<u>227,994</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	181,251
1,858,557	-	-	52,329	-
-	741,548	-	-	-
3,000	-	-	2,057	52,559
<u>1,861,557</u>	<u>741,548</u>	<u>-</u>	<u>54,386</u>	<u>233,810</u>
<u>627,675</u>	<u>784,715</u>	<u>2,357,601</u>	<u>51,853</u>	<u>(5,816)</u>
-	-	-	-	-
(697,000)	(784,715)	(2,350,000)	-	-
<u>(697,000)</u>	<u>(784,715)</u>	<u>(2,350,000)</u>	<u>-</u>	<u>-</u>
(69,325)	-	7,601	51,853	(5,816)
<u>563,828</u>	<u>-</u>	<u>5,432</u>	<u>47,689</u>	<u>91</u>
<u>494,503</u>	<u>-</u>	<u>13,033</u>	<u>99,542</u>	<u>(5,725)</u>

(continued)

CITY OF BEAUMONT, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Special Revenue

	Miscellaneous Trust	Municipal Airport	Municipal Court Juvenile Case Manager
REVENUES			
Gross receipts taxes	\$ -	-	-
Charges for services	-	140,492	-
Fines and forfeitures	-	-	60,427
Intergovernmental	-	-	-
Investment earnings	1,334	231,326	10
Contributions	123,446	-	-
Royalties	751,526	1,672,156	-
Miscellaneous	-	-	-
Total Revenues	<u>876,306</u>	<u>2,043,974</u>	<u>60,437</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	46,866
Public works	-	274,998	-
Health and welfare	-	-	-
Culture and recreational	148,192	-	-
Housing and economic development	-	-	-
Capital outlay	13,563	137,525	-
Total Expenditures	<u>161,755</u>	<u>412,523</u>	<u>46,866</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>714,551</u>	<u>1,631,451</u>	<u>13,571</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	4,549,058	-
Transfers (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,549,058</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	714,551	6,180,509	13,571
FUND BALANCES - BEGINNING	<u>286,804</u>	<u>339,840</u>	<u>3,655</u>
FUND BALANCES - ENDING	<u>\$ 1,001,355</u>	<u>6,520,349</u>	<u>17,226</u>

Special Revenue

Municipal Court Security	Municipal Court Technology	Municipal Transit	Police Grants	Public Education Government Programming
-	-	-	-	-
-	-	557,673	-	225,933
39,011	51,742	-	-	-
-	-	3,011,734	5,859,745	-
9	1,032	719	-	198
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>39,020</u>	<u>52,774</u>	<u>3,570,126</u>	<u>5,859,745</u>	<u>226,131</u>
-	-	-	-	1,969
27,220	37,268	-	1,274,773	-
-	-	4,797,927	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	507,116	4,584,972	-
<u>27,220</u>	<u>37,268</u>	<u>5,305,043</u>	<u>5,859,745</u>	<u>1,969</u>
<u>11,800</u>	<u>15,506</u>	<u>(1,734,917)</u>	<u>-</u>	<u>224,162</u>
-	-	2,125,000	-	-
-	-	-	-	-
-	-	<u>2,125,000</u>	<u>-</u>	<u>-</u>
11,800	15,506	390,083	-	224,162
936	400,888	483,310	910	172,019
<u>12,736</u>	<u>416,394</u>	<u>873,393</u>	<u>910</u>	<u>396,181</u>

(continued)

CITY OF BEAUMONT, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue		
	Shelter Plus Care	Texas Motor Carrier Violations	Tyrrell Historical Trust
REVENUES			
Gross receipts taxes	\$ -	-	-
Charges for services	-	-	-
Fines and forfeitures	-	104,660	-
Intergovernmental	129,308	-	-
Investment earnings	-	164	7
Contributions	-	-	-
Royalties	-	-	-
Miscellaneous	-	-	-
Total Revenues	129,308	104,824	7
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	55,264	-
Public works	-	-	-
Health and welfare	129,308	-	-
Culture and recreational	-	-	3,494
Housing and economic development	-	-	-
Capital outlay	-	19,798	-
Total Expenditures	129,308	75,062	3,494
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	29,762	(3,487)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCES	-	29,762	(3,487)
FUND BALANCES - BEGINNING	-	35,868	3,112
FUND BALANCES - ENDING	\$ -	65,630	(375)

<u>Permanent</u>		
<u>Julie Rogers Trust</u>	<u>Library Endowment Trust</u>	<u>Total Nonmajor Governmental Funds</u>
-	-	2,476,058
-	-	1,521,917
-	-	255,840
-	-	16,183,166
327	2,370	247,363
-	1,671	230,726
-	-	2,423,682
-	-	34,317
<u>327</u>	<u>4,041</u>	<u>23,373,069</u>
-	-	1,969
-	-	1,668,807
-	-	5,072,925
-	-	1,621,816
-	1,175	2,675,372
-	-	1,819,582
-	-	5,752,092
-	<u>1,175</u>	<u>18,612,563</u>
<u>327</u>	<u>2,866</u>	<u>4,760,506</u>
-	-	6,924,058
-	-	(3,831,715)
-	-	3,092,343
327	2,866	7,852,849
<u>123,470</u>	<u>895,832</u>	<u>3,397,150</u>
<u>123,797</u>	<u>898,698</u>	<u>11,249,999</u>

**CITY OF BEAUMONT, TEXAS
CONFISCATED GOODS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Intergovernmental	\$ 100,000	268,021	168,021
Investment earnings	-	380	380
Miscellaneous	-	22,188	22,188
Total Revenues	<u>100,000</u>	<u>290,589</u>	<u>190,589</u>
EXPENDITURES			
Current			
Public safety	144,271	227,416	83,145
Capital outlay	76,200	-	(76,200)
Total Expenditures	<u>220,471</u>	<u>227,416</u>	<u>6,945</u>
NET CHANGE IN FUND BALANCES	(120,471)	63,173	183,644
FUND BALANCES, BEGINNING	<u>120,471</u>	<u>163,857</u>	<u>43,386</u>
FUND BALANCES, ENDING	\$ <u><u>-</u></u>	<u><u>227,030</u></u>	<u><u>227,030</u></u>

**CITY OF BEAUMONT, TEXAS
HENRY HOMBERG GOLF COURSE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Charges for services	\$ 419,000	419,000	567,137	148,137
Investment earnings	-	-	209	209
Total Revenues	<u>419,000</u>	<u>419,000</u>	<u>567,346</u>	<u>148,346</u>
EXPENDITURES				
Current				
Culture and recreation	562,200	552,000	611,589	59,589
Capital outlay	-	40,200	-	(40,200)
Total Expenditures	<u>562,200</u>	<u>592,200</u>	<u>611,589</u>	<u>49,389</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(143,200)</u>	<u>(173,200)</u>	<u>(44,243)</u>	<u>128,957</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	200,000	250,000	50,000
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>200,000</u>	<u>250,000</u>	<u>150,000</u>
NET CHANGE IN FUND BALANCES	(43,200)	26,800	205,757	178,957
FUND BALANCES, BEGINNING	<u>48,249</u>	<u>48,249</u>	<u>23,990</u>	<u>(24,259)</u>
FUND BALANCES, ENDING	<u>\$ 5,049</u>	<u>75,049</u>	<u>229,747</u>	<u>154,698</u>

**CITY OF BEAUMONT, TEXAS
HISTORICAL FIRE MUSEUM TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ -	2	2
Contributions	5,000	-	(5,000)
Total Revenues	<u>5,000</u>	<u>2</u>	<u>(4,998)</u>
EXPENDITURES			
Current			
Culture and recreational	6,118	36	(6,082)
Total Expenditures	<u>6,118</u>	<u>36</u>	<u>(6,082)</u>
NET CHANGE IN FUND BALANCES	(1,118)	(34)	1,084
FUND BALANCES, BEGINNING	<u>1,118</u>	<u>996</u>	<u>(122)</u>
FUND BALANCES, ENDING	\$ <u><u>-</u></u>	<u><u>962</u></u>	<u><u>962</u></u>

CITY OF BEAUMONT, TEXAS
HOTEL OCCUPANCY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Gross receipts taxes	\$ 2,375,000	2,455,000	2,476,058	21,058
Investment earnings	2,000	2,000	1,395	(605)
Miscellaneous	13,900	13,900	11,779	(2,121)
Total Revenues	<u>2,390,900</u>	<u>2,470,900</u>	<u>2,489,232</u>	<u>18,332</u>
EXPENDITURES				
Current				
Culture and recreational	1,479,900	1,998,900	1,858,557	(140,343)
Capital outlay	-	13,000	3,000	(10,000)
Total Expenditures	<u>1,479,900</u>	<u>2,011,900</u>	<u>1,861,557</u>	<u>(150,343)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>911,000</u>	<u>459,000</u>	<u>627,675</u>	<u>168,675</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,029,000)	(597,000)	(697,000)	(100,000)
Total Other Financing Sources (Uses)	<u>(1,029,000)</u>	<u>(597,000)</u>	<u>(697,000)</u>	<u>(100,000)</u>
NET CHANGE IN FUND BALANCES	(118,000)	(138,000)	(69,325)	68,675
FUND BALANCES, BEGINNING	<u>384,789</u>	<u>384,789</u>	<u>563,828</u>	<u>179,039</u>
FUND BALANCES, ENDING	<u>\$ 266,789</u>	<u>246,789</u>	<u>494,503</u>	<u>247,714</u>

CITY OF BEAUMONT, TEXAS
IKE RECOVERY FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Intergovernmental	\$ 500,000	500,000	2,350,000	1,850,000
Investment earnings	-	-	7,601	7,601
Miscellaneous	-	2,350,000	-	(2,350,000)
Total Revenues	<u>500,000</u>	<u>2,850,000</u>	<u>2,357,601</u>	<u>(492,399)</u>
EXPENDITURES				
Current				
Public safety	-	-	-	-
Public works	500,658	500,658	-	(500,658)
Culture and recreational	-	-	-	-
Total Expenditures	<u>500,658</u>	<u>500,658</u>	<u>-</u>	<u>(500,658)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(658)</u>	<u>2,349,342</u>	<u>2,357,601</u>	<u>8,259</u>
OTHER FINANCING SOURCES (USES)				
Transfers out				
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,350,000)</u>	<u>(2,350,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(658)	(658)	7,601	8,259
FUND BALANCES, BEGINNING	<u>658</u>	<u>658</u>	<u>5,432</u>	<u>4,774</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>-</u>	<u>13,033</u>	<u>13,033</u>

CITY OF BEAUMONT, TEXAS
LIBRARY TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ 400	280	(120)
Contributions	13,000	105,609	92,609
Miscellaneous	-	350	350
Total Revenues	<u>13,400</u>	<u>106,239</u>	<u>92,839</u>
EXPENDITURES			
Current			
Culture and recreational	11,588	52,329	40,741
Capital outlay	-	2,057	2,057
Total Expenditures	<u>11,588</u>	<u>54,386</u>	<u>42,798</u>
NET CHANGE IN FUND BALANCES	1,812	51,853	50,041
FUND BALANCES, BEGINNING	<u>(1,812)</u>	<u>47,689</u>	<u>49,501</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>99,542</u>	<u>99,542</u>

**CITY OF BEAUMONT, TEXAS
 MISCELLANEOUS TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 YEAR ENDED SEPTEMBER 30, 2013**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ 1,200	1,334	134
Contributions	29,600	123,446	93,846
Royalties	-	751,526	751,526
Total Revenues	<u>30,800</u>	<u>876,306</u>	<u>845,506</u>
EXPENDITURES			
Current			
General government	279,205	-	(279,205)
Culture and recreational	-	148,192	148,192
Capital		13,563	13,563
Total Expenditures	<u>279,205</u>	<u>161,755</u>	<u>(117,450)</u>
NET CHANGE IN FUND BALANCES	(248,405)	714,551	962,956
FUND BALANCES, BEGINNING	<u>248,405</u>	<u>286,804</u>	<u>38,399</u>
FUND BALANCES, ENDING	\$ <u><u>-</u></u>	<u><u>1,001,355</u></u>	<u><u>1,001,355</u></u>

CITY OF BEAUMONT, TEXAS
MUNICIPAL AIRPORT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Charges for services	\$ 154,100	154,100	140,492	(13,608)
Royalties	-	1,650,000	1,672,156	22,156
Investment earnings	2,000	145,000	231,326	86,326
Total Revenues	<u>156,100</u>	<u>1,949,100</u>	<u>2,043,974</u>	<u>94,874</u>
EXPENDITURES				
Current				
Public works	389,100	389,100	274,998	(114,102)
Capital outlay	36,000	91,100	137,525	46,425
Total Expenditures	<u>425,100</u>	<u>480,200</u>	<u>412,523</u>	<u>(67,677)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(269,000)</u>	<u>1,468,900</u>	<u>1,631,451</u>	<u>162,551</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	52,349,100	4,549,058	(47,800,042)
Transfers out	-	(47,800,000)	-	47,800,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,549,100</u>	<u>4,549,058</u>	<u>(42)</u>
NET CHANGE IN FUND BALANCES	(269,000)	6,018,000	6,180,509	162,509
FUND BALANCES, BEGINNING	<u>373,470</u>	<u>373,470</u>	<u>339,840</u>	<u>(33,630)</u>
FUND BALANCES, ENDING	<u>\$ 104,470</u>	<u>6,391,470</u>	<u>6,520,349</u>	<u>128,879</u>

CITY OF BEAUMONT, TEXAS
MUNICIPAL COURT JUVENILE CASE MANAGER FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Fines and forfeitures	\$ 51,000	60,427	9,427
Interest	-	10	10
Total Revenues	<u>51,000</u>	<u>60,437</u>	<u>9,437</u>
EXPENDITURES			
Current			
Public safety	<u>51,028</u>	<u>46,866</u>	<u>(4,162)</u>
Total Expenditures	<u>51,028</u>	<u>46,866</u>	<u>(4,162)</u>
NET CHANGE IN FUND BALANCES	(28)	13,571	13,599
FUND BALANCES, BEGINNING	<u>28</u>	<u>3,655</u>	<u>3,627</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>17,226</u>	<u>17,226</u>

**CITY OF BEAUMONT, TEXAS
MUNICIPAL COURT SECURITY FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Fines and forfeitures	\$ 24,941	39,011	14,070
Investment earnings	-	9	9
Total Revenues	<u>24,941</u>	<u>39,020</u>	<u>14,079</u>
EXPENDITURES			
Current			
Public safety	<u>25,000</u>	<u>27,220</u>	<u>2,220</u>
Total Expenditures	<u>25,000</u>	<u>27,220</u>	<u>2,220</u>
NET CHANGE IN FUND BALANCES	(59)	11,800	11,859
FUND BALANCES, BEGINNING	<u>59</u>	<u>936</u>	<u>877</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>12,736</u>	<u>12,736</u>

**CITY OF BEAUMONT, TEXAS
MUNICIPAL COURT TECHNOLOGY FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Fines and forfeitures	\$ 45,000	51,742	6,742
Investment earnings	1,800	1,032	(768)
Total Revenues	<u>46,800</u>	<u>52,774</u>	<u>5,974</u>
EXPENDITURES			
Current			
Public safety	50,400	37,268	(13,132)
Capital outlay	368,902	-	(368,902)
Total Expenditures	<u>419,302</u>	<u>37,268</u>	<u>(382,034)</u>
NET CHANGE IN FUND BALANCES	(372,502)	15,506	388,008
FUND BALANCES, BEGINNING	<u>372,502</u>	<u>400,888</u>	<u>28,386</u>
FUND BALANCES, ENDING	\$ <u><u>-</u></u>	<u><u>416,394</u></u>	<u><u>416,394</u></u>

CITY OF BEAUMONT, TEXAS
MUNICIPAL TRANSIT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Charges for services	\$ 530,000	530,000	557,673	27,673
Intergovernmental	2,142,200	2,652,200	3,011,734	359,534
Investment earnings	400	400	719	319
Total Revenues	<u>2,672,600</u>	<u>3,182,600</u>	<u>3,570,126</u>	<u>387,526</u>
EXPENDITURES				
Current				
Public works	5,105,000	5,105,000	4,797,927	(307,073)
Capital outlay	-	510,000	507,116	(2,884)
Total Expenditures	<u>5,105,000</u>	<u>5,615,000</u>	<u>5,305,043</u>	<u>(309,957)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(2,432,400)</u>	<u>(2,432,400)</u>	<u>(1,734,917)</u>	<u>697,483</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,125,000	2,125,000	2,125,000	-
Total Other Financing Sources (Uses)	<u>2,125,000</u>	<u>2,125,000</u>	<u>2,125,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(307,400)	(307,400)	390,083	697,483
FUND BALANCES, BEGINNING	<u>338,950</u>	<u>338,950</u>	<u>483,310</u>	<u>144,360</u>
FUND BALANCES, ENDING	<u>\$ 31,550</u>	<u>31,550</u>	<u>873,393</u>	<u>841,843</u>

CITY OF BEAUMONT, TEXAS
PUBLIC EDUCATION GOVERNMENT PROGRAMMING FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Charges for Services	\$ 232,800	225,933	(6,867)
Investment earnings	-	198	198
Total Revenues	<u>232,800</u>	<u>226,131</u>	<u>(6,669)</u>
EXPENDITURES			
Current			
General Government	462,600	1,969	(460,631)
Total Expenditures	<u>462,600</u>	<u>1,969</u>	<u>(460,631)</u>
NET CHANGE IN FUND BALANCES	(229,800)	224,162	453,962
FUND BALANCES, BEGINNING	<u>229,800</u>	<u>172,019</u>	<u>(57,781)</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>396,181</u>	<u>396,181</u>

CITY OF BEAUMONT, TEXAS
TEXAS MOTOR CARRIER VIOLATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Fines and forfeitures	\$ 30,000	104,660	74,660
Investment earnings	400	164	(236)
Total Revenues	<u>30,400</u>	<u>104,824</u>	<u>74,424</u>
EXPENDITURES			
Current			
Public safety	69,063	55,264	(13,799)
Capital outlay	-	19,798	19,798
Total Expenditures	<u>69,063</u>	<u>75,062</u>	<u>5,999</u>
NET CHANGE IN FUND BALANCES	(38,663)	29,762	68,425
FUND BALANCES, BEGINNING	<u>38,663</u>	<u>35,868</u>	<u>(2,795)</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>65,630</u>	<u>65,630</u>

**CITY OF BEAUMONT, TEXAS
 TYRRELL HISTORICAL TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 YEAR ENDED SEPTEMBER 30, 2013**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ 100	7	(93)
Contributions	9,503	-	(9,503)
Total Revenues	<u>9,603</u>	<u>7</u>	<u>(9,596)</u>
EXPENDITURES			
Current			
Culture and recreation	12,800	3,494	(9,306)
Total Expenditures	<u>12,800</u>	<u>3,494</u>	<u>(9,306)</u>
NET CHANGE IN FUND BALANCES	(3,197)	(3,487)	(290)
FUND BALANCES, BEGINNING	<u>3,197</u>	<u>3,112</u>	<u>(85)</u>
FUND BALANCES, ENDING	\$ <u><u>-</u></u>	<u><u>(375)</u></u>	<u><u>(375)</u></u>

**CITY OF BEAUMONT, TEXAS
 JULIE ROGERS TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 YEAR ENDED SEPTEMBER 30, 2013**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ 500	327	(173)
Total Revenues	<u>500</u>	<u>327</u>	<u>(173)</u>
EXPENDITURES			
Current			
Culture and recreation	23,982	-	(23,982)
Total Expenditures	<u>23,982</u>	<u>-</u>	<u>(23,982)</u>
NET CHANGE IN FUND BALANCES	(23,482)	327	23,809
FUND BALANCES, BEGINNING	<u>123,482</u>	<u>123,470</u>	<u>(12)</u>
FUND BALANCES, ENDING	<u>\$ 100,000</u>	<u>123,797</u>	<u>23,797</u>

**CITY OF BEAUMONT, TEXAS
LIBRARY ENDOWMENT TRUST
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ 4,000	2,370	(1,630)
Contributions	-	1,671	1,671
Total Revenues	<u>4,000</u>	<u>4,041</u>	<u>41</u>
EXPENDITURES			
Current			
Culture and recreation	<u>125,756</u>	<u>1,175</u>	<u>(124,581)</u>
Total Expenditures	<u>125,756</u>	<u>1,175</u>	<u>(124,581)</u>
NET CHANGE IN FUND BALANCES	(121,756)	2,866	124,622
FUND BALANCES, BEGINNING	<u>896,656</u>	<u>895,832</u>	<u>(824)</u>
FUND BALANCES, ENDING	<u>\$ 774,900</u>	<u>898,698</u>	<u>123,798</u>

CITY OF BEAUMONT, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Property taxes	\$ 12,429,000	12,429,000	12,296,341	(132,659)
Investment earnings	20,000	20,000	22,217	2,217
Miscellaneous	292,000	292,000	316,338	24,338
Total Revenues	<u>12,741,000</u>	<u>12,741,000</u>	<u>12,634,896</u>	<u>(106,104)</u>
EXPENDITURES				
Debt service:				
Principal and interest	13,936,300	14,221,600	13,990,291	(231,309)
Service charges	10,000	10,000	8,750	(1,250)
Other operating expenses	4,000	4,000	449,158	445,158
Total Expenditures	<u>13,950,300</u>	<u>14,235,600</u>	<u>14,448,199</u>	<u>212,599</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,209,300)</u>	<u>(1,494,600)</u>	<u>(1,813,303)</u>	<u>(318,703)</u>
OTHER FINANCING SOURCES (USES)				
Bond premium	-	-	1,374,532	1,374,532
Transfers in	707,000	707,000	904,515	197,515
Transfers out	-	-	(920,000)	(920,000)
Total Other Financing Sources (Uses)	<u>707,000</u>	<u>707,000</u>	<u>1,359,047</u>	<u>652,047</u>
NET CHANGE IN FUND BALANCES	(502,300)	(787,600)	(454,256)	333,344
FUND BALANCES, BEGINNING	<u>4,419,426</u>	<u>4,419,426</u>	<u>5,630,657</u>	<u>1,211,231</u>
FUND BALANCES, ENDING	<u>\$ 3,917,126</u>	<u>3,631,826</u>	<u>5,176,401</u>	<u>1,544,575</u>

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, and to other government units, on a cost reimbursement basis.

Fleet Fund - to account for the revenues and cost of operations to provide for maintenance of City vehicles.

Employee Benefits Fund - to account for employee health claims, workers' compensation, dental insurance premiums and the administration of these programs.

General Liability Fund - to account for the City's risk management activity related to torts and other statutory causes of action.

Capital Reserve Fund - to account for the revenues and costs associated with replacement of City vehicles, equipment and building improvements.

CITY OF BEAUMONT, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Fleet	Employee Benefits
ASSETS		
Current Assets:		
Cash	\$ 1,034,033	377,780
Investments	633,762	231,542
Accounts receivable (net of allowance for uncollectibles)	251	313
Inventories	361,908	-
Total Current Assets	2,029,954	609,635
Noncurrent Assets:		
Capital Assets:		
Land	242,850	-
Construction in progress	-	-
Buildings	1,265,756	-
Improvements other than buildings	967,907	-
Equipment	559,624	-
Infrastructure	-	-
Accumulated depreciation	(2,201,871)	-
Total Capital Assets, net of accumulated depreciation	834,266	-
Total Assets	2,864,220	609,635
LIABILITIES		
Current liabilities:		
Accounts payable	396,673	630,360
Accrued payroll	78,376	32,947
Accrued interest payable	-	-
Estimated claims liability	-	3,188,170
Compensated absences	3,648	20,437
Other liabilities	48,647	-
Unearned revenue	-	25,247
Obligations under capital leases	-	-
Total Current Liabilities	527,344	3,897,161
Noncurrent liabilities:		
Compensated absences	225,214	-
OPEB liability	-	2,400,000
Obligations under capital leases	-	-
Total Noncurrent Liabilities	225,214	2,400,000
Total Liabilities	752,558	6,297,161
NET POSITION		
Net investment in capital assets	834,266	-
Unrestricted	1,277,396	(5,687,526)
Total Net Position	\$ 2,111,662	(5,687,526)

<u>General Liability</u>	<u>Capital Reserve</u>	<u>Total</u>
1,195,950	3,206,613	5,814,376
733,001	1,965,344	3,563,649
299	2,620	3,483
-	-	361,908
<u>1,929,250</u>	<u>5,174,577</u>	<u>9,743,416</u>
-	194,935	437,785
-	313,168	313,168
-	5,772,478	7,038,234
-	3,171,722	4,139,629
-	41,058,916	41,618,540
-	217,991	217,991
-	(34,492,025)	(36,693,896)
-	<u>16,237,185</u>	<u>17,071,451</u>
<u>1,929,250</u>	<u>21,411,762</u>	<u>26,814,867</u>
-	216,710	1,243,743
-	-	111,323
-	4,996	4,996
429,951	-	3,618,121
-	-	24,085
-	-	48,647
-	-	25,247
-	228,314	228,314
<u>429,951</u>	<u>450,020</u>	<u>5,304,476</u>
-	-	225,214
-	-	2,400,000
-	185,152	185,152
-	<u>185,152</u>	<u>2,810,366</u>
<u>429,951</u>	<u>635,172</u>	<u>8,114,842</u>
-	15,823,719	16,657,985
<u>1,499,299</u>	<u>4,952,871</u>	<u>2,042,040</u>
<u>1,499,299</u>	<u>20,776,590</u>	<u>18,700,025</u>

CITY OF BEAUMONT, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Fleet</u>	<u>Employee Benefits</u>
OPERATING REVENUES		
Charges for services	\$ 8,902,758	18,304,912
Miscellaneous	15,174	-
Total Operating Revenues	<u>8,917,932</u>	<u>18,304,912</u>
OPERATING EXPENSES		
Personnel services	2,171,463	552,656
Other operating expenses	6,595,506	-
Health and life insurance	-	19,904,484
Other insurance premiums	-	1,162,938
Damage claims	-	-
Depreciation	46,770	-
Total Operating Expenses	<u>8,813,739</u>	<u>21,620,078</u>
OPERATING INCOME (LOSS)	<u>104,193</u>	<u>(3,315,166)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	3,724	3,215
Interest (expense)	-	-
Gain (loss) on sale of equipment	566	-
Total Nonoperating Revenues (Expenses)	<u>4,290</u>	<u>3,215</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>108,483</u>	<u>(3,311,951)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	-	1,030,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,030,000</u>
CHANGE IN NET POSITION	<u>108,483</u>	<u>(2,281,951)</u>
TOTAL NET POSITION - BEGINNING	<u>2,003,179</u>	<u>(3,405,575)</u>
TOTAL NET POSITION - ENDING	<u>\$ 2,111,662</u>	<u>(5,687,526)</u>

<u>General Liability</u>	<u>Capital Reserve</u>	<u>Total</u>
-	2,308,300	29,515,970
392,000	128,260	535,434
<u>392,000</u>	<u>2,436,560</u>	<u>30,051,404</u>
-	-	2,724,119
-	750,823	7,346,329
-	-	19,904,484
4,136	-	1,167,074
258,149	-	258,149
-	3,193,391	3,240,161
<u>262,285</u>	<u>3,944,214</u>	<u>34,640,316</u>
<u>129,715</u>	<u>(1,507,654)</u>	<u>(4,588,912)</u>
4,858	11,636	23,433
-	(22,594)	(22,594)
-	182,151	182,717
4,858	171,193	183,556
<u>134,573</u>	<u>(1,336,461)</u>	<u>(4,405,356)</u>
525,000	2,350,000	3,905,000
<u>525,000</u>	<u>2,350,000</u>	<u>3,905,000</u>
<u>659,573</u>	<u>1,013,539</u>	<u>(500,356)</u>
<u>839,726</u>	<u>19,763,051</u>	<u>19,200,381</u>
<u>1,499,299</u>	<u>20,776,590</u>	<u>18,700,025</u>

CITY OF BEAUMONT, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Fleet Fund</u>	<u>Employee Benefits Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 8,918,253	18,305,945
Cash payments for goods and services	(6,470,016)	(19,962,392)
Cash payments to employees	(2,153,299)	(524,804)
Net Cash Provided (Used) by Operating Activities	<u>294,938</u>	<u>(2,181,251)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in (out)	-	1,030,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>1,030,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	566	-
Payments for capital acquisitions	-	-
Principal payments	-	-
Interest paid and fiscal charges	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>566</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(633,762)	(231,542)
Receipt of interest	3,724	3,215
Net Cash Provided (Used) by Investing Activities	<u>(630,038)</u>	<u>(228,327)</u>
NET INCREASE (DECREASE) IN CASH	(334,534)	(1,379,578)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,368,567	1,757,358
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>1,034,033</u>	<u>377,780</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	104,193	(3,315,166)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	46,770	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	321	1,033
(Increase) decrease in inventory	66,416	-
Increase (decrease) in accrued payroll	12,018	27,704
Increase (decrease) in accrued compensated absences	6,146	148
Increase (decrease) in accounts payable	56,689	236,681
Increase (decrease) in other liabilities	2,385	868,349
Net Cash Provided (Used) by Operating Activities	<u>\$ 294,938</u>	<u>(2,181,251)</u>

General Liability Fund	Capital Reserve Fund	Total
391,785	2,443,993	30,059,976
(663,094)	(976,019)	(28,071,521)
-	-	(2,678,103)
<u>(271,309)</u>	<u>1,467,974</u>	<u>(689,648)</u>
525,000	2,350,000	3,905,000
<u>525,000</u>	<u>2,350,000</u>	<u>3,905,000</u>
-	182,771	183,337
-	(3,786,118)	(3,786,118)
-	(223,772)	(223,772)
-	(24,865)	(24,865)
<u>-</u>	<u>(3,851,984)</u>	<u>(3,851,418)</u>
(733,001)	(1,965,344)	(3,563,649)
4,858	11,636	23,433
<u>(728,143)</u>	<u>(1,953,708)</u>	<u>(3,540,216)</u>
(474,452)	(1,987,718)	(4,176,282)
1,670,402	5,194,331	9,990,658
<u>1,195,950</u>	<u>3,206,613</u>	<u>5,814,376</u>
129,715	(1,507,654)	(4,588,912)
-	3,193,391	3,240,161
(215)	7,433	8,572
-	-	66,416
-	-	39,722
-	-	6,294
(210)	(225,196)	67,964
(400,599)	-	470,135
<u>(271,309)</u>	<u>1,467,974</u>	<u>(689,648)</u>

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STATISTICAL SECTION

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	119
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	125
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	129
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	133
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	135

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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CITY OF BEAUMONT, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Table 1

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 125,909,127	116,437,445	149,512,460	141,708,437	105,526,386	225,292,931	233,685,013	244,456,024	255,682,220	239,496,952
Restricted	5,527,451	23,430,760	17,082,280	33,243,763	44,059,378	3,493,658	3,220,969	52,168,970	61,256,195	55,587,721
Unrestricted	27,084,927	32,759,480	36,631,201	41,836,760	78,239,215	33,862,711	37,214,528	43,184,422	13,307,361	32,907,138
Total governmental activities net position	<u>158,521,505</u>	<u>172,627,685</u>	<u>203,225,941</u>	<u>216,788,980</u>	<u>227,824,979</u>	<u>262,649,300</u>	<u>274,120,510</u>	<u>339,809,416</u>	<u>330,245,776</u>	<u>327,991,811</u>
Business-type activities										
Net investment in capital assets	45,075,890	42,726,071	60,156,005	49,961,564	16,129,394	76,267,795	79,163,020	81,404,123	84,178,555	84,842,375
Restricted	-	5,567,163	8,304,238	19,438,392	27,099,488	1,731,920	1,201,843	1,043,696	1,351,697	1,161,986
Unrestricted	20,903,460	15,554,684	1,362,977	942,883	29,370,066	(3,736,414)	(3,899,854)	(4,910,878)	3,374,955	2,968,887
Total business-type activities net position	<u>65,979,350</u>	<u>63,847,918</u>	<u>69,823,220</u>	<u>70,342,839</u>	<u>72,598,948</u>	<u>74,263,301</u>	<u>76,465,009</u>	<u>77,536,941</u>	<u>88,905,207</u>	<u>88,973,248</u>
Primary government										
Net investment in capital assets	170,985,017	159,163,516	209,668,465	191,670,001	121,655,780	301,560,726	312,848,033	325,860,147	339,860,775	324,339,327
Restricted	5,527,451	28,997,923	25,386,518	52,682,155	71,158,866	5,225,578	4,422,812	53,212,666	62,607,892	56,749,707
Unrestricted	47,988,387	48,314,164	37,994,178	42,779,663	107,609,261	30,126,297	33,314,674	38,273,544	16,682,316	35,876,025
Total primary government net position	<u>\$ 224,500,855</u>	<u>236,475,603</u>	<u>273,049,161</u>	<u>287,131,819</u>	<u>300,423,927</u>	<u>336,912,601</u>	<u>350,585,519</u>	<u>417,346,357</u>	<u>419,150,983</u>	<u>416,965,059</u>

CITY OF BEAUMONT, TEXAS
 CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (Unaudited)

Table 2

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 15,560,007	15,691,342	18,897,028	9,721,808	10,943,026	14,879,737	13,994,339	13,611,409	13,749,521	15,055,091
Public safety	45,346,660	44,082,534	47,670,710	47,558,832	56,758,353	73,758,247	57,876,156	58,527,385	60,448,548	62,441,823
Public works	15,611,646	19,046,419	22,288,221	28,301,631	30,696,168	35,561,966	33,999,134	35,705,525	37,758,251	37,752,021
Health and welfare	6,669,212	6,510,523	7,634,163	8,322,153	8,937,123	9,374,347	9,658,981	9,706,501	9,122,310	9,439,464
Culture and recreation	5,501,926	6,196,627	7,444,367	10,610,409	12,208,308	13,037,623	13,071,169	12,853,055	12,931,197	13,983,104
Housing and economic development	3,212,200	2,687,260	2,722,445	2,456,746	3,292,996	5,158,671	4,005,377	3,101,564	3,895,517	5,072,471
Interest on long term debt	5,562,579	4,450,054	5,091,360	5,828,709	5,695,426	6,411,126	6,971,319	7,293,752	7,892,941	8,687,154
Total governmental activities expenses	97,464,230	98,664,759	111,748,294	112,800,288	128,531,400	158,181,717	139,376,475	140,799,191	145,798,285	152,431,128
Business-type activities:										
Water	19,307,013	21,603,317	24,508,826	25,867,726	27,776,144	29,257,032	29,489,721	32,914,864	36,345,709	36,626,050
Solid Waste	6,612,451	6,785,020	7,830,064	6,898,708	7,786,682	7,742,028	7,700,271	7,718,434	7,664,085	7,926,998
Total business-type activities expenses	25,919,464	28,388,337	32,138,890	32,766,434	35,562,826	36,999,060	37,189,992	40,633,298	44,009,794	44,553,048
Total primary governmental expenses	123,383,694	127,053,096	143,887,184	145,566,722	164,094,226	195,180,777	176,566,467	181,432,489	189,808,079	196,984,176
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	285,253	357,848	376,279	402,054	436,963	453,769	480,946	71,072	249,701	285,784
Public safety	2,369,318	2,972,297	3,125,378	3,339,471	3,495,697	3,630,155	3,847,567	2,379,384	2,004,181	2,079,696
Public works	1,702,483	2,135,756	2,245,753	2,399,591	2,512,532	2,609,174	2,765,439	2,407,533	2,501,285	1,908,910
Health and welfare	2,163,059	2,713,546	2,853,301	3,048,756	3,167,975	3,289,828	3,486,857	4,524,753	4,698,857	3,498,188
Culture and recreation	846,669	1,062,142	1,116,845	1,193,351	1,310,886	1,361,308	1,442,838	1,193,488	1,272,246	1,519,261
Operating grants and contributions	8,707,905	9,697,001	16,675,590	7,323,773	6,970,721	35,770,353	11,954,137	9,051,687	11,334,916	7,308,115
Capital grants and contributions	867,439	1,511,121	5,206,959	5,297,682	10,789,104	25,264,204	17,470,998	23,601,693	6,489,714	12,016,231
Total governmental activities program revenues	18,942,126	20,449,711	31,800,105	23,004,678	28,683,878	72,378,790	41,448,781	43,229,610	27,550,900	28,616,175
Business-type activities:										
Charges for services:										
Water	27,218,523	30,366,549	30,195,416	30,033,919	32,604,904	33,904,140	36,350,431	41,079,187	42,126,438	43,072,796
Solid Waste	7,602,172	7,636,897	9,836,758	8,470,653	8,997,501	9,719,378	9,025,813	8,326,121	8,596,617	8,717,900
Operating grants and contributions	388,260	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	1,288,125	1,888,406	2,179,008	1,025,119	743,285	625,348	39,156	435,245
Total business-type activities program revenues	35,208,955	38,003,446	41,320,299	40,392,978	43,781,413	44,648,637	46,119,529	50,030,656	50,762,211	52,225,941
Total primary government program revenues	52,151,081	58,453,157	72,920,404	63,397,656	72,465,291	117,027,427	87,568,310	93,260,266	78,313,111	80,842,116
Net (Expense) Revenue										
Governmental Activities	(80,522,104)	(78,215,048)	(80,148,189)	(89,795,610)	(99,847,522)	(85,802,927)	(97,927,694)	(97,569,581)	(118,247,385)	(123,814,953)
Business-type Activities	9,289,491	9,615,109	9,181,409	7,626,544	8,218,587	7,649,577	8,929,537	9,397,358	6,752,417	7,672,893
Total Primary government net expense	(71,232,613)	(68,599,939)	(70,966,780)	(82,169,066)	(91,628,935)	(78,153,350)	(88,998,157)	(88,172,223)	(111,494,968)	(116,142,060)

Continued

CITY OF BEAUMONT, TEXAS
 CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (Unaudited)

Table 2

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Property taxes	28,414,874	30,244,932	32,805,215	32,227,889	36,637,764	40,626,667	41,837,975	41,818,536	43,451,923	43,929,650
Industrial payments	11,920,119	11,456,951	11,491,345	12,081,915	13,178,802	16,102,794	14,745,496	13,220,777	13,434,606	14,926,084
Sales taxes	27,411,884	27,818,618	39,785,613	36,124,788	38,046,947	41,069,600	33,362,907	34,743,695	35,399,926	40,448,273
Franchise taxes	7,682,390	7,957,612	9,196,920	10,624,615	11,152,174	11,932,706	11,332,943	11,076,437	11,049,193	10,663,902
Investment earnings	440,795	893,550	2,545,667	4,242,678	2,781,047	776,016	426,274	944,412	813,144	750,578
Miscellaneous	1,728,207	1,054,730	3,035,923	2,408,391	1,873,133	1,630,492	2,012,747	1,698,692	1,847,995	1,144,428
Oil and gas royalties	-	-	-	-	-	-	-	47,022,314	5,536,704	2,423,682
Gain on sale of equipment	-	95,618	134,975	176,812	(369,998)	305,506	10,200	174,597	143,621	180,222
Transfers	7,975,200	8,222,500	6,604,000	8,796,732	7,291,000	7,376,000	7,566,000	9,559,027	9,205,000	8,736,133
Total Governmental Activities	<u>85,573,469</u>	<u>87,744,511</u>	<u>105,599,658</u>	<u>106,683,820</u>	<u>110,590,869</u>	<u>119,819,781</u>	<u>111,294,542</u>	<u>160,258,487</u>	<u>120,882,112</u>	<u>123,202,952</u>
Business-type Activities:										
Investment earnings	170,056	575,814	985,109	1,657,483	966,796	356,015	159,058	241,871	176,603	86,278
Miscellaneous	974,788	-	-	-	236,938	883,369	745,546	867,301	1,377,922	1,196,468
Gain on sale or equipment	24,254	44,200	83,515	32,325	124,788	30,736	60,672	124,429	67,957	153,175
Transfers	(7,975,200)	(8,222,500)	(6,604,000)	(8,796,732)	(7,291,000)	(7,376,000)	(7,566,000)	(9,559,027)	(9,205,000)	(8,736,133)
Total Business-type Activities	<u>(6,806,102)</u>	<u>(7,602,486)</u>	<u>(5,535,376)</u>	<u>(7,106,924)</u>	<u>(5,962,478)</u>	<u>(6,105,880)</u>	<u>(6,600,724)</u>	<u>(8,325,426)</u>	<u>(7,582,518)</u>	<u>(7,300,212)</u>
Total Primary Government	<u>78,767,367</u>	<u>80,142,025</u>	<u>100,064,282</u>	<u>99,576,896</u>	<u>104,628,391</u>	<u>113,713,901</u>	<u>104,693,818</u>	<u>151,933,061</u>	<u>113,299,594</u>	<u>115,902,740</u>
Change in Net Position										
Governmental Activities	5,051,365	9,529,463	25,451,469	16,888,210	10,743,347	34,016,854	13,366,848	65,688,906	2,634,727	(612,001)
Business-type Activities	2,483,389	2,012,623	3,646,033	519,620	2,256,109	1,543,697	2,328,813	1,071,932	(830,101)	372,681
Total Primary Government	<u>\$ 7,534,754</u>	<u>11,542,086</u>	<u>29,097,502</u>	<u>17,407,830</u>	<u>12,999,456</u>	<u>35,560,551</u>	<u>15,695,661</u>	<u>66,760,838</u>	<u>1,804,626</u>	<u>(239,320)</u>

(concluded)

Source: Comprehensive Annual Financial Reports

CITY OF BEAUMONT, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Table 3

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011*	2012	2013
General Fund										
Reserved for:										
Inventories	\$ 20,602	19,275	27,885	-	-	-	-	-	-	-
Prepaid items	164,403	156,798	617,792	443,500	647,714	777,163	765,720	-	-	-
Unreserved	13,626,198	15,697,159	22,928,311	28,062,717	26,058,048	30,064,159	30,614,757	-	-	-
Nonspendable										
Prepaid items	-	-	-	-	-	-	-	758,242	839,219	896,794
Unassigned	-	-	-	-	-	-	-	31,106,453	30,663,868	31,126,945
Total general fund	<u>13,811,203</u>	<u>15,873,232</u>	<u>23,573,988</u>	<u>28,506,217</u>	<u>26,705,762</u>	<u>30,841,322</u>	<u>31,380,477</u>	<u>31,864,695</u>	<u>31,503,087</u>	<u>32,023,739</u>
All Other Governmental Funds										
Reserved for:										
Inventories	56,635	90,635	94,358	89,965	111,770	97,646	108,541	-	-	-
Prepaid items	29,974	37,661	42,283	60,999	60,552	54,563	54,609	-	-	-
Debt Service	1,526,258	1,934,054	2,172,266	2,457,628	2,596,861	2,488,333	2,211,163	-	-	-
Culture and recreation	1,012,912	1,039,112	935,555	1,476,022	1,526,002	1,483,465	1,343,069	-	-	-
Capital projects	2,703,715	19,457,829	13,267,205	6,144,027	40,462,156	5,629,641	7,104,162	-	-	-
Unreserved, reported in:										
Special revenue funds	2,677,839	1,140,970	2,558,998	2,295,203	(5,541,244)	(483,176)	340,636	-	-	-
Capital projects funds	-	-	-	-	-	(3,847,121)	-	-	-	-
Nonspendable										
Inventories	-	-	-	-	-	-	-	191,640	224,396	249,162
Prepaid items	-	-	-	-	-	-	-	43,571	46,685	335,074
Permanent fund principal	-	-	-	-	-	-	-	874,900	874,900	874,900
Restricted										
Airport	-	-	-	-	-	-	-	46,473,413	52,349,058	-
Debt service	-	-	-	-	-	-	-	4,196,626	5,630,657	5,176,401
Culture and recreation	-	-	-	-	-	-	-	1,321,068	2,499,257	11,126,638
General government	-	-	-	-	-	-	-	-	172,019	396,181
Health and welfare	-	-	-	-	-	-	-	-	-	2,375
Public safety	-	-	-	-	-	-	-	484,993	605,204	7,079,415
Public works	-	-	-	-	-	-	-	19,083,936	27,594,060	94,897,019
Assigned										
Culture and recreation	-	-	-	-	-	-	-	336,208	338,601	1,331,606
Public safety	-	-	-	-	-	-	-	114,971	910	-
Public works	-	-	-	-	-	-	-	720,186	552,069	6,533,382
Unassigned	-	-	-	-	-	-	-	(969,874)	(149,854)	(143,862)
Total all other governmental funds	<u>\$ 8,007,333</u>	<u>23,700,261</u>	<u>19,070,665</u>	<u>12,523,844</u>	<u>39,216,097</u>	<u>5,423,351</u>	<u>11,162,180</u>	<u>72,871,638</u>	<u>90,737,962</u>	<u>127,858,291</u>

* Fund balance classifications were changed in FY2011 per GASB 54
Source: Comprehensive Annual Financial Reports

CITY OF BEAUMONT, TEXAS
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (Unaudited)

Table 4

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES:										
Taxes:										
Property	\$ 28,418,583	30,248,641	32,783,443	32,366,044	36,390,650	40,409,738	41,888,211	44,084,576	43,749,171	43,641,174
Gross receipts	7,682,390	7,957,612	9,196,920	10,609,568	11,043,895	12,019,462	11,367,860	11,067,081	11,060,202	10,663,902
Sales	27,411,884	27,818,618	36,984,234	35,913,802	38,134,102	40,597,703	33,779,627	34,619,069	35,399,926	40,448,273
Industrial payments	11,920,119	11,466,951	11,491,345	12,081,915	13,178,802	16,102,794	14,745,496	13,220,777	13,434,606	14,926,084
Licenses and permits	1,314,852	1,260,317	1,403,390	1,638,901	1,772,817	1,793,578	1,983,123	1,961,700	2,122,127	1,617,747
Charges for services	3,691,365	4,778,487	4,522,761	4,716,602	5,138,652	5,061,523	5,308,792	5,564,204	5,248,525	5,824,322
Fines and forfeitures	1,943,586	2,959,522	2,885,262	2,835,731	2,434,872	2,506,248	2,268,847	2,160,843	1,787,194	1,780,719
Recreational activities	785,549	611,833	431,917	569,321	558,743	558,776	703,635	731,680	858,997	881,388
Intergovernmental	9,575,344	10,848,213	15,626,821	14,896,181	13,296,169	58,170,620	27,596,309	28,705,705	17,169,713	17,300,969
Investment earnings	379,995	820,106	2,156,214	3,559,784	2,274,271	622,599	344,306	779,717	626,155	458,103
Contributions	272,024	359,909	232,655	84,345	117,206	68,343	71,743	292,956	867,735	230,726
Oil and gas royalties	-	-	-	-	-	-	-	47,022,314	5,536,764	2,423,682
Miscellaneous	1,456,183	1,271,273	1,808,246	2,408,391	1,873,133	1,630,492	2,151,473	1,728,176	2,072,867	1,415,437
Total Revenues	94,851,874	100,391,482	119,523,208	121,680,585	126,213,312	179,541,876	142,209,422	191,938,798	139,933,922	141,612,526
EXPENDITURES:										
Current										
General government	13,159,490	13,892,240	17,499,604	8,822,960	9,550,318	12,954,839	12,503,264	12,104,942	12,194,688	13,022,201
Public safety	41,453,513	41,167,077	45,572,011	46,020,807	54,128,964	69,730,267	54,412,742	54,961,280	57,211,703	58,609,854
Public works	9,779,776	13,796,993	16,246,060	22,351,495	23,870,882	27,224,804	25,069,157	25,479,631	27,278,480	24,473,117
Health and welfare	5,948,422	6,001,900	7,329,683	8,174,388	8,572,582	8,874,226	9,353,961	9,312,448	8,790,819	8,957,653
Culture and recreational	4,027,836	4,931,583	6,451,020	9,569,903	10,876,037	11,403,755	11,373,144	11,044,808	11,027,275	11,923,676
Housing and economic development	3,134,393	2,671,135	2,690,358	2,444,150	3,253,135	5,102,849	3,976,142	3,063,841	3,863,570	5,023,865
Capital outlay	6,476,226	5,703,757	9,860,695	22,222,866	29,232,325	62,011,429	40,212,127	42,123,890	19,465,540	14,798,645
Debt Service:										
Principal	3,702,971	3,693,191	8,620,335	8,259,724	7,826,007	8,125,139	7,887,848	5,545,431	4,929,371	(3,269,704)
Interest and fiscal charges	10,127,196	9,771,804	5,100,502	5,833,877	5,713,350	6,415,269	6,974,926	7,302,359	7,922,791	17,268,745
Bond discount	-	118,680	-	-	-	-	-	-	-	-
Bond issuance costs	-	202,330	-	-	-	-	-	574,874	534,663	449,158
Advance refunding	-	367,000	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	250,000	50,193	284,318	-	-	-
Total expenditures	97,809,823	102,317,690	119,370,268	133,700,170	153,273,600	211,892,770	172,047,629	171,513,504	153,218,900	151,257,210
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,957,949)	(1,926,208)	152,940	(12,019,585)	(27,060,288)	(32,350,894)	(29,838,207)	20,425,294	(13,284,978)	(9,644,684)
OTHER FINANCING SOURCES (USES):										
Bond proceeds	-	20,000,000	-	30,000,000	30,000,000	-	29,950,000	53,165,000	46,530,000	41,080,000
Proceeds of refunding bonds	-	20,640,000	-	19,899,250	-	-	-	-	-	-
Bond premium	-	1,410,027	-	-	-	-	(138,726)	1,609,347	3,771,973	1,374,532
Payment of escrow for refunding	-	(21,813,162)	-	(19,899,250)	-	-	-	(19,167,492)	(26,740,390)	-
Capital leases	-	393,506	-	-	-	-	-	-	-	-
Transfers in	8,279,462	8,399,530	9,397,601	11,434,901	13,530,068	11,206,522	11,078,419	13,432,227	12,900,570	65,431,906
Transfers out	(8,869,142)	(9,357,929)	(8,293,601)	(7,788,179)	(14,744,068)	(9,301,722)	(3,942,419)	(7,270,700)	(5,672,459)	(60,600,773)
Total Other Financing Sources (Uses)	(589,680)	19,671,972	1,104,000	33,646,722	28,786,000	1,904,800	36,947,274	41,768,382	30,789,694	47,285,665
NET CHANGE IN FUND BALANCES	\$ (3,547,629)	17,745,764	1,256,940	21,627,137	1,725,712	(30,446,094)	7,109,067	62,193,676	17,504,716	37,640,981
Debt service as a percentage of noncapital expenditures	15.1%	13.9%	12.5%	12.6%	10.9%	9.7%	11.3%	9.9%	9.6%	10.3%

Source: Comprehensive Annual Financial Reports

CITY OF BEAUMONT, TEXAS
 SALES TAX REVENUE BY CATEGORY
 Last Ten Fiscal Years (a)
 (Unaudited)

Table 5

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 (b)
Agriculture/Forestry/Fishing/Hunting	\$ 33,020	32,948	34,212	28,662	21,858	13,621	9,170	1	7,810	7,361
Mining/Quarrying/Oil and Gas Extraction	1,469	8,816	43,850	93,089	90,550	38,972	27,681	34,915	29,830	31,259
Utilities	2,405,038	634,246	678,459	-	-	-	-	945,588	2,877,375	1,824,493
Construction	565,063	593,293	1,044,964	1,122,195	1,335,484	1,128,080	709,168	797,237	1,067,464	755,584
Manufacturing	567,044	659,411	895,347	1,174,251	1,698,146	896,235	1,047,683	1,098,600	1,333,381	1,263,504
Wholesale Trade	957,129	927,187	1,514,524	1,456,490	2,013,620	2,027,214	1,765,847	1,876,037	2,214,640	1,828,236
Retail Trade	10,997,863	10,816,722	14,417,748	13,502,268	13,146,972	14,673,489	12,983,134	12,937,754	13,288,740	10,247,865
Transportation/Warehousing	41,013	22,843	11,101	14,137	73,782	151,502	60,095	165,533	12,628	14,581
Information	845,559	414,921	450,393	326,265	314,808	336,862	279,076	268,135	278,268	220,854
Finance/Insurance	70,390	63,575	148,254	80,084	84,466	155,842	74,756	65,814	61,700	44,100
Real Estate/Rental/Leasing	526,334	629,105	995,492	868,116	710,294	767,027	710,772	836,241	1,019,213	759,985
Professional/Scientific/Technical Services	103,779	125,787	190,026	163,172	146,063	165,977	226,014	385,951	406,165	251,450
Management of Companies/Enterprises	271,486	297,039	478,476	176,927	81,668	138,714	3,844	3,138	1,202	50
Admin/Waste Management/Remediation	505,042	485,564	516,023	568,913	656,175	688,529	601,564	606,145	571,822	415,393
Educational Services	367	698	2,236	1,107	1,197	1,377	2,542	1,382	2,329	3,478
Health Care/Social Assistance	31,360	47,197	56,748	47,426	48,249	54,988	48,844	53,156	61,195	41,476
Arts/Entertainment/Recreation	125,450	117,836	142,638	150,547	141,865	149,786	152,897	161,889	169,561	117,847
Accommodation/Food Services	2,281,697	2,316,825	2,698,684	2,646,209	2,724,411	3,088,297	2,841,447	2,950,358	3,110,399	2,358,305
Other Services	536,213	545,062	727,539	1,014,751	1,393,361	802,045	704,409	686,451	671,473	551,382
Public Administration	16,437	73,528	19,301	18,548	20,263	-	18,230	-	76,292	62,144
Other	3,968	31	1	-	-	-	-	-	-	22
									1,187	

Source: Texas Comptroller of Public Accounts

Note:

(a) City sales tax rate is 1.25%

(b) Represents the first three quarters of the fiscal year. The fourth quarter is not currently available.

CITY OF BEAUMONT, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited)

Table 6

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assesed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2004	\$ 3,710,157,620	699,719,160	221,352,024	4,188,524,756	0.67000
2005	4,060,653,470	757,056,760	249,129,251	4,568,580,979	0.67000
2006	4,308,972,430	832,773,410	228,403,987	4,913,341,853	0.66400
2007	4,222,578,370	876,822,830	208,927,205	4,890,473,995	0.65900
2008	4,852,487,650	936,961,581	202,259,758	5,587,189,473	0.65400
2009	5,392,987,208	1,142,834,314	203,621,690	6,332,199,832	0.64000
2010	5,603,649,136	1,162,173,520	208,914,523	6,556,908,133	0.64000
2011	5,878,631,950	1,146,243,730	216,684,860	6,808,190,820	0.64000
2012	5,776,477,395	1,193,552,920	216,633,880	6,753,396,435	0.64000
2013	5,737,605,176	1,386,200,530	217,432,258	6,906,373,448	0.64000

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Source: Jefferson County Appraisal District City Report of Property Values

CITY OF BEAUMONT, TEXAS

Table 7

DIRECT AND OVERLAPPING PROPERTY TAX RATES (per \$100 of assessed value)

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	City Direct Rates			Overlapping Rates					
	General Fund	Debt Service Fund	Total City Tax Rate	Jefferson County	Drainage District No. 6	Port of Beaumont	Navigation District	BISD	Total
2004	\$ 0.34500	\$ 0.32500	\$ 0.67000	\$ 0.3650	\$ 0.20004	\$ 0.08800	\$ 0.03187	\$ 1.5400	\$ 2.89491
2005	0.36000	0.31000	0.67000	0.4250	0.20004	0.08575	0.03102	1.5400	2.95181
2006	0.38127	0.28273	0.66400	0.4250	0.20004	0.08352	0.02970	1.5400	2.94226
2007	0.40787	0.25113	0.65900	0.4000	0.20004	0.07912	0.02632	1.3629	2.72738
2008	0.43400	0.22000	0.65400	0.3900	0.19559	0.07444	0.02426	1.0950	2.43328
2009	0.43390	0.20610	0.64000	0.3650	0.19559	0.06876	0.02242	1.1925	2.48426
2010	0.44028	0.19972	0.64000	0.3650	0.20559	0.07403	0.02740	1.3100	2.62201
2011	0.43939	0.20062	0.64000	0.3650	0.20559	0.07129	0.02731	1.3250	2.63419
2012	0.45818	0.18182	0.64000	0.3650	0.20559	0.07080	0.02787	1.3150	2.62426
2013	0.46000	0.18000	0.64000	0.3650	0.22059	0.06969	0.02937	1.3150	2.63965

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Source: City of Beaumont Annual Operating Budget; Jefferson County Tax Office

CITY OF BEAUMONT, TEXAS
 PRINCIPAL PROPERTY TAX PAYERS
 Current Year and Nine Years Ago
 (Unaudited)

Table 8

Taxpayer	2013 ^(a)		Taxpayer	2004 ^(b)	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Entergy Texas Inc	\$ 129,880,230	1.88 %	Entergy Gulf States, Inc.	\$ 120,913,620	2.89 %
ExxonMobil Corp	110,168,983	1.60	Southwestern Bell	70,555,930	1.68
Golden Triangle Storage	92,085,080	1.33	Phelan A M & Harry Phelan	31,210,680	0.75
Premcor Refining Group, Inc	85,630,020	1.24	Christus Health Southeast Tx	30,406,250	0.73
BP America Production Co	69,304,335	1.00	Parkdale Mall Associates	30,305,090	0.72
Parkdale Mall CMBS LLC	48,478,270	0.70	Wal-Mart Stores, Inc.	28,238,650	0.67
Phelan Eleven B LLC 1%	43,157,241	0.62	Mobil Oil Corporation	25,812,480	0.62
American Valve & Hydrant Mfg	38,214,910	0.55	Oil Tanking Beaumont Ptnshp LP	19,806,200	0.47
Wal Mart Stores East Inc #651	32,473,080	0.47	Betz Laboratories, Inc.	19,509,080	0.47
Christus Health Southeast TX	27,677,880	0.40	Allied Stores-East, Inc.	17,310,610	0.41
Total	\$ 677,070,029	9.80 %	Total	\$ 394,068,590	9.41 %

Source: Jefferson County Appraisal District

Note:

^(a) Total taxable value including real and personal property for tax year 2011 (fiscal year 2012) is \$6,753,396,435

^(b) Total taxable value including real and personal property for tax year 2002 (fiscal year 2003) is \$3,935,778,866

CITY OF BEAUMONT, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Nine Fiscal Years
(Unaudited)

Table 9

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 30,270,892	\$ (48,718)	\$ 30,222,174	\$ 29,241,308	96.75 %	\$ 803,896	\$ 30,045,205	99.41 %
2006	32,285,506	(117,044)	32,168,461	31,407,801	97.64	563,256	31,971,057	99.39
2007	32,102,323	(137,241)	31,965,082	31,294,556	97.90	525,787	31,820,343	99.55
2008	36,363,713	(221,858)	36,141,855	35,395,542	97.94	568,865	35,964,407	99.51
2009	40,390,006	(194,498)	40,195,508	39,063,289	97.18	812,250	39,875,539	99.20
2010	41,652,488	(94,955)	41,557,534	40,495,321	97.44	671,835	41,167,155	99.06
2011	44,224,825	(299,753)	43,925,072	42,849,710	97.55	558,890	43,408,600	98.82
2012	43,087,639	(66,880)	43,020,759	41,968,481	97.55	373,336	42,341,817	98.42
2013	43,431,623	-	43,431,623	42,312,864	97.42	-	42,312,864	97.42

CITY OF BEAUMONT, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Table 10

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Obligation	Other Obligations	Water and Sewer Revenue Bonds	Revenue Refunding Bonds	Certificates of Obligation	Other Obligations			
2004	\$ 18,100,071	\$ 59,950,000	\$ 12,702,082	\$ 72,000,000	\$ 17,770,000	\$ 5,700,000	\$ 2,303,666	\$ 188,525,819	5.47 %	\$ 1,678
2005	34,490,000	60,090,000	12,616,831	69,320,000	33,085,000	5,450,000	1,838,661	216,890,492	5.98	1,940
2006	28,675,000	57,735,000	12,038,308	39,650,000	59,945,000	4,950,000	1,220,883	204,214,191	5.40	1,859
2007	40,909,250	67,480,000	10,740,989	59,195,000	61,815,750	500,000	1,120,789	241,761,778	7.71	2,201
2008	38,069,450	92,600,000	9,523,518	79,360,000	59,425,550	-	562,285	279,540,803	8.20	2,551
2009	34,419,250	88,720,000	8,567,708	78,510,000	56,615,750	-	394,843	267,227,551	7.32	2,417
2010	30,645,100	115,990,000	8,747,461	95,485,000	59,939,900	-	1,696,032	312,503,493	7.99	2,838
2011	44,785,050	132,055,000	7,736,588	94,210,000	56,244,950	-	1,305,652	336,337,240	8.37	3,062
2012	63,930,500	130,750,000	6,817,238	112,675,000	52,339,500	-	903,094	367,415,332	8.03	3,099
2013	59,968,050	171,125,000	5,843,465	110,485,000	48,231,950	-	608,431	396,261,896	8.73	3,350

Source: Debt Service Report

Note: See Table 13 for personal income and population data

CITY OF BEAUMONT, TEXAS
RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Unaudited)

Table 11

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Certificates of Obligations	Amounts Available In Debt Service Fund	Total		
2004	\$ 18,100,071	\$ 59,950,000	\$ 1,526,258	\$ 76,523,813	1.83 %	\$ 681
2005	34,490,000	60,090,000	1,934,054	92,645,946	2.03	829
2006	28,675,000	57,735,000	2,172,266	84,237,734	1.71	767
2007	40,909,250	67,480,000	2,457,628	105,931,622	2.17	964
2008	38,069,450	92,600,000	2,596,861	128,072,589	2.29	1,169
2009	34,419,250	88,720,000	2,596,861	120,542,389	1.90	1,090
2010	30,645,100	115,990,000	2,211,163	144,423,937	2.20	1,312
2011	44,785,050	132,055,000	4,196,626	172,643,424	2.54	1,572
2012	63,930,500	130,750,000	5,630,657	189,049,843	2.80	1,595
2013	59,968,050	171,125,000	5,176,401	225,916,649	3.27	1,910

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

^aSee Table 6 for property value data.

^bSee Table 14 for population data.

**CITY OF BEAUMONT, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2013
(Unaudited)**

Table 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Jefferson County	\$ 49,305,000	31.53%	\$ 15,545,867
Jefferson County Drainage District #6	-	83.00%	-
Port of Beaumont	7,605,000	66.38%	5,048,199
Beaumont Independent School District	398,205,000	62.28%	<u>248,002,074</u>
Subtotal, overlapping debt			268,596,140
City of Beaumont (direct debt)	225,916,649	100.00%	<u>225,916,649</u>
Total direct and overlapping debt			\$ <u><u>494,512,789</u></u>

Source: Debt outstanding data provided by each governmental unit.

- (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of each governmental unit's taxable assessed value that is within the City's boundaries and dividing it by the governmental unit's total taxable assessed value.

**CITY OF BEAUMONT, TEXAS
 PLEDGED-REVENUE COVERAGE
 Last Ten Fiscal Years
 (Unaudited)**

Table 13

Fiscal Year	Waterworks and Sewer System Revenue Bonds					Times Coverage
	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Average Annual Requirement		
2004	\$ 28,724,609	\$ 16,956,731	\$ 11,767,878	\$ 4,796,308	2.45	
2005	30,901,349	18,233,901	12,667,448	4,996,437	2.54	
2006	31,406,224	21,149,012	10,257,212	3,177,706	3.23	
2007	32,881,467	23,362,771	9,518,696	4,512,540	2.11	
2008	34,325,773	22,758,272	11,567,501	4,962,473	2.33	
2009	35,943,713	24,051,804	11,891,909	5,075,082	2.34	
2010	38,032,265	25,389,308	12,642,957	5,691,283	2.22	
2011	42,840,921	28,030,288	14,810,633	6,590,380	2.25	
2012	43,699,587	30,808,154	12,891,433	7,430,283	1.73	
2013	44,348,120	29,556,425	14,791,695	7,137,855	2.07	

Note: ^aIncludes operating and non-operating revenues.
^bIncludes operating expenses minus depreciation plus transfers out.

Source: Comprehensive Annual Financial Report

**CITY OF BEAUMONT, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years
 (Unaudited)**

Table 14

<u>Year</u>	<u>Estimated Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2004	112,374	\$ 3,449,545	\$ 30,697	37.8	21,488	8.4 %
2005	111,799	3,629,219	32,462	33.1	22,087	6.7
2006	109,856	3,780,145	34,410	33.8	20,512	5.7
2007	109,856	3,136,389	28,550	*	20,200	5.3
2008	109,576	3,408,252	31,104	33.8	20,464	6.9
2009	110,553	3,648,802	33,005	34.2	20,602	9.4
2010	110,110	3,909,676	35,507	32.8	20,798	9.5
2011	109,851	4,020,217	36,597	32.8	20,845	11.1
2012	118,548	4,578,324	38,620	34.9	20,820	8.5
2013	118,296	4,539,491	38,374	35.7	20,891	8.5

* not available

Sources:

Estimated population and Median Age provided by the U S Census Bureau
 Personal Income & Per Capita Income provided by Texas Workforce Commission
 School enrollment provided by Beaumont Independent School District and Charter schools
 Unemployment rate provided by Texas Workforce Commission

**CITY OF BEAUMONT, TEXAS
PRINCIPAL EMPLOYERS,
Current Year and Nine Years Ago
(Unaudited)**

Table 15

2013			2004		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Conn Appliances Inc	3,289	5.66 %	Beaumont Independent School District	2,906	5.14 %
Beaumont Independent School District	2,955	5.08	Christus St Elizabeth Hospital	2,333	4.12
ExxonMobil Corporation	1,941	3.34	ExxonMobil	2,093	3.70
ENGlobal Corporation	1,879	3.23	West	1,400	2.47
Memorial Hermann Baptist Hospital	1,517	2.61	City of Beaumont	1,320	2.33
Christus St Elizabeth Hospital	1,498	2.58	Lamar University	1,180	2.09
Richard Design Services Inc	1,472	2.53	Memorial Hermann Baptist Hospital	1,161	2.05
City of Beaumont	1,320	2.27	Jefferson County	1,073	1.90
Lamar University	1,289	2.22	Beaumont Remote Encoding Center	1,013	1.79
Jefferson County	1,241	2.14	Goodyear Tire & Rubber	550	0.97
Total	18,401	31.66%		15,029	26.56%

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Source: Local companies

**CITY OF BEAUMONT, TEXAS
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM,
 Last Ten Fiscal Years
 (Unaudited)**

Table 16

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
City Attorney	8	8	9	9	9	9	9	9	10	10
City Clerk	18	3	3	3	3	3	3	3	3	3
Clean Community	78	78	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	31	32	31	33	41	36
Convention and Visitors Bureau	8	8	8	9	9	9	9	9	9	9
Event Facilities and Libraries	41	39	55	44	55	57	57	56	58	58
Executive Office	3	3	4	4	4	5	6	4	5	5
Finance	48	62	76	76	72	74	78	75	109	110
Fire	245	240	240	240	240	243	243	242	242	242
Human Resources	13	13	13	10	13	13	13	11	11	12
Information Technology	-	-	-	27	27	62	62	60	60	60
Internal Services	139	135	108	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	56	56	57	57	49	49	50
Police	330	330	327	327	327	305	304	302	299	301
Public Health	91	92	103	104	108	103	101	101	94	94
Public Works	265	264	190	253	225	227	228	167	136	135
Solid Waste	-	-	-	-	-	-	-	60	60	60
Water Utilities	-	-	147	145	145	144	138	193	194	135
Total	1,287	1,275	1,283	1,307	1,324	1,343	1,339	1,374	1,380	1,320

Source: City of Beaumont Annual Operating Budget

CITY OF BEAUMONT, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

Table 17

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police										
Number of Sworn Employees	264	264	259	259	259	265	264	262	259	260
Number of Civilian Employees	66	66	68	68	68	34	40	40	40	41
Number of Calls for Service	166,041	194,242	165,845	154,658	155,636	163,389	164,949	151,380	154,216	163,177
Fire										
Number of Sworn Employees	234	234	234	234	234	234	234	234	234	234
Number of Civilian Employees	11	6	6	6	6	9	9	8	8	8
Number of Fire runs	13,157	13,059	15,535	14,982	15,929	15,908	16,121	16,312	16,332	15,645
EMS										
Number of Employees	39	39	43	43	45	45	45	45	48	48
Number of EMS runs	12,516	13,555	14,760	15,636	15,915	16,859	16,233	16,134	16,585	16,919
Cultural and Recreational										
Parks and Recreation										
Participants in Leisure Service Programs	5,421	9,067	63,469	84,975	58,053	37,382	44,468	82,204	90,358	98,542
Participants in Athletic Programs	27,113	13,439	82,347	53,596	16,680	21,491	81,058	84,928	46,743	58,724
Golf Course										
Number of Paid Rounds Played	n/a	25,581	25,694	26,410	26,415	28,876	22,068	24,141	20,871	30,611
Library										
Volumes in Collection	347,548	382,154	394,735	406,999	411,796	376,348	366,975	326,187	309,665	295,878
Water and Sewer										
Number of Water Connections	41,031	41,501	40,939	41,940	42,435	42,364	42,389	42,431	42,472	42,411
Average Daily Water Consumption (gallons)	24.25 MGD	24.63 MGD	24.54 MGD	22.62 MGD	23.55 MGD	25.95 MGD	27.35 MGD	29.42 MGD	27.35 MGD	25.729 MGD
Maximum Storage Capacity (gallons)	24.0 MG	24.4 MG	24.4 MG	24.4 MG	24.4 MG	24.4 MG	24.4 MG	24.4 MG	24.4 MGD	24.4 MGD
Sanitation (residential)										
Refuse Collected (tons)	50,584	50,709	55,743	54,464	54,030	52,384	48,699	48,192	50,140	46,927
Bulky/Brush Pickups (tons)	66,893	65,523	11,048	80,651	88,651	80,763	66,478	60,031	47,333	52,325
Tires (tons)	549	879	702	721	332	1,331	2,572	4,546	2,191	3,415
White Goods (tons)	386	661	567	554	259	376	788	290	89	65
Compost (tons)	24,328	22,775	106,168	5,197	4,677	24,033	13,636	15,976	12,999	21,525

Source: City of Beaumont Annual Operating Budget; City Departments
Notes: N/A - Data not available.
 Prior to 2005, the Golf Course was maintained by a private contractor
 Parks & Rec: Records missing for 2000 - Apr 2006; only have records for Best Years

CITY OF BEAUMONT, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

Table 18

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Substations	3	3	3	3	2	1	2	3	3	1
Police Patrol Units	102	101	101	91	91	100	100	100	100	100
Police Motorcycle Units	5	5	5	5	5	5	5	5	5	5
Fire Stations	12	12	12	12	12	12	12	12	12	12
Public Works										
Streets- Paved (miles)	717	762	722	722	726	726	726	726	726	660
Streets - Unpaved (miles)	44	44	43	43	43	43	43	43	43	43
Cultural and Recreational										
Parks and Recreation Areas	37	37	37	38	37	36	36	36	36	36
Parks (acres)	2128	2,198	2,198	2,198	2,198	2,145	2,145	2,198	2,198	2,198
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Wading Pools	2	-	-	-	-	-	-	-	-	-
Water Playgrounds	10	12	12	11	11	10	10	11	11	11
Softball Fields	12	12	12	12	12	12	12	12	12	12
Community Centers	5	5	5	3	2	2	4	4	4	4
Show Mobile	1	1	1	1	1	1	1	1	1	1
Tennis Courts	26	27	27	27	27	24	24	32	32	35
Golf Courses	1	1	1	1	1	1	1	1	1	1
Activity Center	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Water and Sewer										
Water Mains (miles)	775	760	765	765	768	770	770	770	770	770
Fire Hydrants	3600	3,600	3,600	3,550	4,036	4,145	4,211	4,292	4,370	4,426
Sanitary Sewers (miles)	760	760	760	765	768	770	770	770	770	770

Source: City Departments

CITY OF BEAUMONT, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
ANALYSIS OF FUNDING PROGRESS AND CONTRIBUTION RATES
Last Ten Fiscal Years
(Unaudited)

Table 19

Fiscal Year	Actuarial		Percentage Funded (1)/(2) (3)	Unfunded		Annual Covered Payroll (5)	Unfunded Excess as a Percentage of Covered Payroll (4)/(5) (6)	Total TMRS Required Contribution Rate (7)	Prior Service Portion of the TMRS Rate (8)
	Value of Assets (1)	Liability (AAL) Unit Credit (2)		AAL (UAAL) (2)-(1) (4)					
2004	\$ 127,605,243	\$ 159,881,675	79.812 %	\$ 32,276,432	\$ 36,527,446	88.362 %	12.25 %	3.90 %	
2005	127,734,267	161,103,998	79.287	33,369,731	36,665,628	91.011	13.28	4.85	
2006	132,780,856	169,626,085	78.279	36,845,229	41,494,752	88.795	13.29	4.97	
2007	133,771,037	173,199,708	77.235	39,428,671	41,335,291	95.386	13.17	4.87	
2008	131,620,940	202,114,342	65.122	70,493,402	43,948,069	160.402	13.42	5.23	
2009	136,596,397	222,116,608	61.498	85,520,211	52,318,963	163.459	18.98	9.98	
2010	145,470,240	228,819,833	63.574	83,349,593	53,763,533	155.030	18.98	9.45	
2011 (a)	150,544,337	227,861,910	66.068	77,317,573	52,931,386	146.071	19.53	8.88	
2011 (b)	265,807,439	319,909,223	83.088	54,101,784	52,931,386	102.211	16.59	5.92	
2012	282,382,028	361,053,750	78.211	78,671,722	54,831,894	143.478	12.69	8.40	
2013	302,442,540	374,139,851	80.837	71,697,311	54,823,096	130.779	12.63	7.63	

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Source: Texas Municipal Retirement System

(a) Actuarial valuation performed under the original fund structure

(b) Actuarial valuation performed under the new fund structure

CITY OF BEAUMONT, TEXAS
ACTIVE AND RETIREE HEALTH INSURANCE COSTS
 Last Ten Fiscal Years
 (Unaudited)

Table 20

Fiscal Year	Total Health Plan Expenses	Retiree Expense	Percentage Retiree Costs to Total	Active Members	Retirees Using City Health Plan	Total TMRS Retirees	Percentage Retirees Using Plan to Total Members	Retiree Contributions	Net Subsidy of Retirees	Subsidy as Percentage of Total Expense	Cost per Active Member	Cost per Retiree
2004	\$ 10,926,729	\$ 1,449,122	13.26 %	1,196	182	465	13.21 %	\$ 653,123	\$ (795,999)	7.28 %	\$ 7,924	\$ 7,962
2005	10,803,924	1,926,956	17.84	1,213	184	486	13.17	711,081	(1,215,875)	11.25	7,318	10,473
2006	12,366,377	2,054,383	16.61	1,193	182	501	13.24	706,339	(1,348,044)	10.90	8,644	11,288
2007	12,764,183	1,967,863	15.42	1,214	191	533	13.59	792,993	(1,174,870)	9.20	8,893	10,303
2008	11,003,577	1,433,183	13.02	1,217	189	583	13.44	843,179	(590,004)	5.36	7,864	7,583
2009	13,151,569	2,175,258	16.54	1,274	182	565	12.50	834,786	(1,340,472)	10.19	8,616	11,952
2010	13,809,026	1,973,291	14.29	1,266	191	587	13.11	862,478	(1,110,813)	8.04	9,349	10,331
2011	13,167,791	2,386,977	18.13	1,238	206	648	14.27	1,078,477	(1,308,500)	9.94	8,708	11,587
2012	13,229,634	2,825,267	21.36	1,284	216	673	14.40	1,135,183	(1,690,084)	12.77	8,103	13,080
2013	15,773,063	3,669,185	23.26	1,257	221	707	14.95	1,177,051	(2,492,134)	15.80	9,629	16,603
Total	\$ 126,995,873	\$ 21,861,485	17.21					\$ 8,794,690	\$ (13,066,795)	10.29	\$ 85,049	\$ 111,162
Average	\$ 12,699,587	\$ 2,186,149		1,235	194	575	15.74	\$ 879,469	\$ (1,306,680)		\$ 8,505	\$ 11,116