



**City of
Beaumont, Texas**

**Comprehensive Annual
Financial Report**

For the Fiscal Year ended September 30, 2014

**Prepared by the
Finance Department**

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**CITY OF BEAUMONT, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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BEAUMONT  **NT**
Finance



March 20, 2015

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, 2014. 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, 2014, 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, 2014, 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.

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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 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 237 days. The weighted average yield on investments was 0.375% at September 30, 2014. 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 78.4% of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over 21.1 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 227 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, 2013. This was the twenty-eighth 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

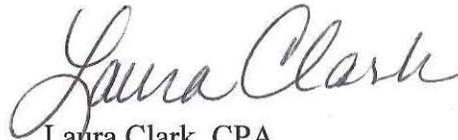
The preparation of this Comprehensive Annual Financial Report was made possible by the dedicated service and hard work of the entire staff of the Finance Department. The professional expertise and commitment of Todd Simoneaux, Controller; Janice Ridley, Grants Manager; Staff Accountants Kristin Mattingly and Angie Breeden; 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, 2013

Executive Director/CEO

**City of
Beaumont, Texas**



List of Principal Officials

Becky Ames, *Mayor*

Dr. Alan B. Coleman, *Ward I, Mayor Pro-Tem*

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

Gethrel Williams-Wright, *At Large*

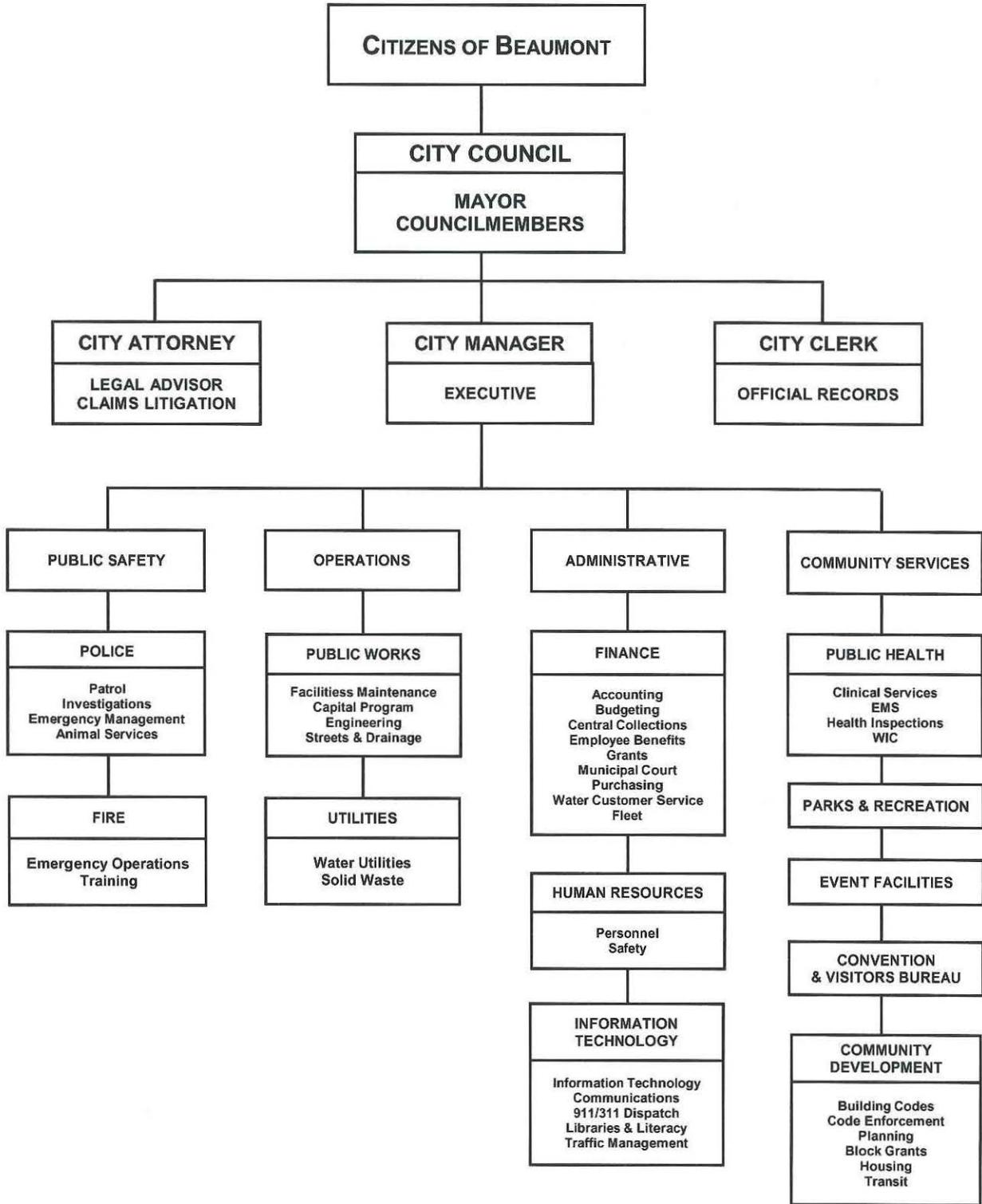
Mike Getz, *Ward II*

Audwin M. Samuel, *Ward III*

Jamie D. Smith, *Ward IV*

Kyle Hayes, *City Manager*

CITY OF BEAUMONT ORGANIZATIONAL CHART



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, 2014, 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 100% of the assets, equity, and revenues of the pension trust fund. 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, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund budgetary information and pension information on pages 3 to 12 and 67 to 70, 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 20, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
March 20, 2015

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, 2014. 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 2014 by \$414 million. Of this amount, \$33.4 million is considered unrestricted. The unrestricted net position of the City's governmental activities is \$28.3 million and may be used to meet the government's ongoing obligations. The unrestricted net position of the City's business-type activities is \$5.1 million.
- The change in net position was a decrease of \$3 million in 2014. The key factor for the decrease was due to higher health claims incurred than anticipated as the City is self-insured.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$139.8 million. Approximately \$30.5 million of the \$139.8 million fund balance is considered unassigned at September 30, 2014.
- The General Fund reported a fund balance of \$31.9 million at the end of the current fiscal year. The unassigned fund balance for the General Fund was \$31.1 million or 28 percent of total General Fund expenditures (excluding transfers out).
- The City's total liabilities increased by \$31.2 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 32 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 27 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 and the General Fund's budgetary information. Required supplementary information can be found on pages 67 - 70 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 position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows exceeded liabilities by \$414 million at the close of the most recent fiscal year.

The largest portion of the City's net position (79.6 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	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 175,647,889	194,647,138	37,553,666	17,738,146	213,201,555	212,385,284
Capital assets	427,817,359	415,191,985	253,806,137	243,902,978	681,623,496	659,094,963
Total assets	<u>603,465,248</u>	<u>609,839,123</u>	<u>291,359,803</u>	<u>261,641,124</u>	<u>894,825,051</u>	<u>871,480,247</u>
Total deferred outflows of resources	<u>3,348,477</u>	<u>3,415,996</u>	<u>4,971,780</u>	<u>118,451</u>	<u>8,320,257</u>	<u>3,534,447</u>
Long-term liabilities outstanding	252,606,176	259,038,145	186,594,556	164,228,363	439,200,732	423,266,508
Other liabilities	31,224,060	26,225,163	18,741,760	8,557,964	49,965,820	34,783,127
Total liabilities	<u>283,830,236</u>	<u>285,263,308</u>	<u>205,336,316</u>	<u>172,786,327</u>	<u>489,166,552</u>	<u>458,049,635</u>
Net position						
Net Investment in capital assets	245,262,954	239,496,952	84,410,124	84,842,375	329,673,078	324,339,327
Restricted	49,369,212	55,587,721	1,498,586	1,161,986	50,867,798	56,749,707
Unrestricted	<u>28,351,323</u>	<u>32,907,138</u>	<u>5,086,557</u>	<u>2,968,887</u>	<u>33,437,880</u>	<u>35,876,025</u>
Total net position	<u>\$ 322,983,489</u>	<u>327,991,811</u>	<u>90,995,267</u>	<u>88,973,248</u>	<u>413,978,756</u>	<u>416,965,059</u>

An additional portion of the City's net position (12.3 percent) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net position (8.1 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 \$33.4 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 \$3 million during the current fiscal year. Governmental activities decreased the City's net position by \$5 million. The underlying reason for the decrease in net position was due to a large increase in health claims filed as the City is self-insured.

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Charges for services	\$ 10,962,200	9,291,829	55,138,785	51,790,696	66,100,985	61,082,525
Operating grants and contributions	8,103,028	7,308,115	-	-	8,103,028	7,308,115
Capital grants and contributions	9,533,129	12,016,231	192,304	435,245	9,725,433	12,451,476
General revenues						
Property taxes	46,698,073	43,929,650	-	-	46,698,073	43,929,650
Industrial payments	16,095,254	14,926,084	-	-	16,095,254	14,926,084
Sales taxes	38,306,699	40,448,273	-	-	38,306,699	40,448,273
Franchise taxes	11,065,911	10,663,902	-	-	11,065,911	10,663,902
Investment earnings	760,631	750,578	119,235	86,278	879,866	836,856
Miscellaneous	1,126,890	1,144,428	1,441,893	1,196,468	2,568,783	2,340,896
Oil and gas royalties	179,001	2,423,682	-	-	179,001	2,423,682
Gain on disposal of assets	62,397	180,222	138,935	153,175	201,332	333,397
Total revenues	<u>142,893,213</u>	<u>143,082,994</u>	<u>57,031,152</u>	<u>53,661,862</u>	<u>199,924,365</u>	<u>196,744,856</u>
Expenses						
General government	16,758,992	15,055,091	-	-	16,758,992	15,055,091
Public safety	63,728,559	62,441,823	-	-	63,728,559	62,441,823
Public works	39,336,043	37,752,021	-	-	39,336,043	37,752,021
Health and welfare	9,223,008	9,439,464	-	-	9,223,008	9,439,464
Culture and recreation	12,578,727	13,983,104	-	-	12,578,727	13,983,104
Housing and economic development	5,011,603	5,072,471	-	-	5,011,603	5,072,471
Interest on long-term debt	10,569,603	8,687,154	-	-	10,569,603	8,687,154
Water	-	-	37,568,455	36,626,050	37,568,455	36,626,050
Solid waste	-	-	8,135,678	7,926,998	8,135,678	7,926,998
Total expenses	<u>157,206,535</u>	<u>152,431,128</u>	<u>45,704,133</u>	<u>44,553,048</u>	<u>202,910,668</u>	<u>196,984,176</u>
Increase (decrease) in net position before transfers	(14,313,322)	(9,348,134)	11,327,019	9,108,814	(2,986,303)	(239,320)
Transfers	9,305,000	8,736,133	(9,305,000)	(8,736,133)	-	-
Increase (decrease) in net position	(5,008,322)	(612,001)	2,022,019	372,681	(2,986,303)	(239,320)
Net position October 1	327,991,811	328,603,812	88,973,248	88,600,567	416,965,059	417,204,379
Net position September 30	<u>\$ 322,983,489</u>	<u>327,991,811</u>	<u>90,995,267</u>	<u>88,973,248</u>	<u>413,978,756</u>	<u>416,965,059</u>

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, 2014, the City's governmental funds reported combined ending fund balances of \$139.8 million, a decrease of \$20.1 million in comparison with the prior year. Approximately \$30.5 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, 2014 unassigned fund balance of the general fund was \$31.1 million, while total fund balance was \$31.9 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 percent of total general fund expenditures (excluding transfers out), while total fund balance represents 28.7 percent of that same amount.

The fund balance of the City's General Fund decreased by \$164 thousand during 2014. It was budgeted to incur a decrease of \$3.9 million in fund balance this year, therefore producing a \$3.8 million favorable variance. This change in fund balance is attributable to an increase in industrial payments received and a reduction in payroll related costs.

The Debt Service Fund has a total fund balance of \$4.5 million. The net decrease in fund balance during 2014 in this fund was approximately \$691 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 \$20.9 million. The net decrease in fund balance during 2014 in this fund was approximately \$3.5 million. Fund balance decreased due to the ongoing costs related to projects in construction.

The Street Improvement Fund has a total fund balance of \$30.1 million. The net decrease in fund balance during 2014 in this fund was approximately \$9.5 million. Fund balance decreased due to the ongoing costs related to projects in construction.

The Airport Royalties for Street Improvements Fund has a total fund balance of \$41.6 million. The net decrease in fund balance during 2014 in this fund was approximately \$5.9 million. Fund balance decreased due to the costs related to ongoing projects in construction.

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 \$5.7 million for the Water Fund. The net position in the Water Fund increased by \$2 million during 2014. 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 \$1,945,000 in appropriations between the original and final amended budget. Following are the components of the increase:

Fund	Amount	Purpose
General Fund	\$1,945,000	Transfers to Other Funds

As the fiscal year progressed, unanticipated funds became available and additional expenditures arose resulting in the need to amend the FY 2014 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 \$2.1 million. Expenditures came in under budget by \$1.4 million.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for governmental and business-type activities as of September 30, 2014, amounted to \$681.6 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	
	2014	2013	2014	2013	2014	2013
Land	\$ 52,552,235	52,552,235	3,496,212	3,496,212	56,048,447	56,048,447
Buildings	50,168,078	47,744,123	1,885,783	1,954,916	52,053,861	49,699,039
Improvements other than buildings	21,102,442	21,868,611	191,919,913	184,153,367	213,022,355	206,021,978
Infrastructure	243,561,868	251,573,073	3,057,058	3,137,687	246,618,926	254,710,760
Machinery and equipment	18,299,049	18,718,601	6,765,209	5,834,362	25,064,258	24,552,963
Construction in progress	42,133,687	22,735,342	46,681,962	45,326,434	88,815,649	68,061,776
Total	\$ 427,817,359	415,191,985	253,806,137	243,902,978	681,623,496	659,094,963

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, 2014, the City, the primary government, had \$392 million of long-term bonds and certificates outstanding. Of this amount, \$225.9 million comprises bonds backed by the full faith and credit of the City and \$166.1 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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General obligation bonds	\$ 55,864,150	59,968,050	-	-	55,864,150	59,968,050
Certificates of obligation	170,010,000	171,125,000	-	-	170,010,000	171,125,000
Revenue bonds	-	-	166,145,850	158,716,950	166,145,850	158,716,950
Total	\$ 225,874,150	231,093,050	166,145,850	158,716,950	392,020,000	389,810,000

Total long-term bonds and certificates outstanding at September 30, 2014 increased by \$2.2 million, a 0.5% increase, compared to September 30, 2013.

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	A2

Additional information regarding the City's long-term debt can be found in Note 2 on pages 36 - 37 and in Note 4 on pages 47 - 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 2015. 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 2015 Budget includes sales tax revenue that is 1.5% more than what was collected in 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.

Industrial payments account for 14.1% of the General Fund's overall revenue in the FY 2015 Budget. The City has more than 20 negotiated contracts with FY 2015 being the final payment on a seven year agreement. Revenue in FY 2014 increased by \$1.2 million mostly due to the \$.05 increase in the tax rate. Several companies saw increases in values of over 20% from FY 2013 to FY 2014 which translated into additional revenue as compared to the prior year. The FY 2015 Budget anticipates revenue to be nearly the same as FY 2014.

Property tax revenues account for 28.3%, or \$32.3 million of the revenues in the General Fund's FY 2015 Budget. Although assessed values for 2014 remained constant as compared to those of 2013, total property tax revenue, exclusive of delinquent tax collections and related penalties and interest, is estimated to remain flat as compared to FY 2014.

Coupled with the revenues discussed above, overall revenue is expected to increase by approximately \$2 million in the General Fund in FY 2015. Expenditures for FY 2015, including transfers, are expected to total \$115.8 million. The budget allows for a 2.5% wage increase for civil service employees in the Police Department and a 2% wage increase for civil service employees in the Fire Department pursuant to the current labor agreements. Expenditures are expected to exceed revenues by \$1.8 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.

CITY OF BEAUMONT, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash	\$ 63,182,356	3,568,084	66,750,440
Investments	82,832,877	1,524,665	84,357,542
Receivables (net of allowances for uncollectibles):			
Taxes	5,593,278	-	5,593,278
Notes	1,731,484	-	1,731,484
Intergovernmental	7,150,100	-	7,150,100
Utilities	-	7,797,337	7,797,337
Other	12,184,267	14,521	12,198,788
Internal balances	218,349	(218,349)	-
Prepaid items	1,275,386	-	1,275,386
Inventories	604,892	2,313,976	2,918,868
Restricted assets:			
Temporarily restricted			
Cash and investments	-	22,553,432	22,553,432
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	42,133,687	46,681,962	88,815,649
Capital assets, net of accumulated depreciation			
Buildings	50,168,078	1,885,783	52,053,861
Improvements other than buildings	21,102,442	191,919,913	213,022,355
Infrastructure	243,561,868	3,057,058	246,618,926
Equipment	18,299,049	6,765,209	25,064,258
Total assets	<u>603,465,248</u>	<u>291,359,803</u>	<u>894,825,051</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refundings	<u>3,348,477</u>	<u>4,971,780</u>	<u>8,320,257</u>
LIABILITIES			
Accounts payable	7,118,355	2,702,898	9,821,253
Accrued liabilities	3,570,253	555,055	4,125,308
Unearned revenue	5,188,891	-	5,188,891
Other liabilities	1,323,650	911,146	2,234,796
Estimated claims liability	4,441,132	-	4,441,132
Accrued interest payable	839,819	841,986	1,681,805
Customer deposits	-	3,412,889	3,412,889
Noncurrent liabilities:			
Due within one year	8,510,599	10,317,786	18,828,385
Due in more than one year	252,837,537	186,594,556	439,432,093
Total liabilities	<u>283,830,236</u>	<u>205,336,316</u>	<u>489,166,552</u>
NET POSITION			
Net investment in capital assets	245,262,954	84,410,124	329,673,078
Restricted for:			
Debt service	4,485,183	1,498,586	5,983,769
Other	1,611,617	-	1,611,617
Public works - royalties	41,592,705	-	41,592,705
Culture and recreation			
Expendable	804,807	-	804,807
Nonexpendable	874,900	-	874,900
Unrestricted	<u>28,351,323</u>	<u>5,086,557</u>	<u>33,437,880</u>
Total net position	<u>\$ 322,983,489</u>	<u>90,995,267</u>	<u>413,978,756</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, 2014

<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	\$ 16,758,992	302,057	-	-
Public safety	63,728,559	2,652,451	1,468,914	2,100,154
Public works	39,336,043	2,154,157	2,412,772	5,394,017
Health and welfare	9,223,008	4,392,148	1,505,551	2,038,958
Culture and recreation	12,578,727	1,461,387	6,893	-
Housing and economic development	5,011,603	-	2,708,898	-
Interest on long-term debt	10,569,603	-	-	-
Total governmental activities	<u>157,206,535</u>	<u>10,962,200</u>	<u>8,103,028</u>	<u>9,533,129</u>
Business-type activities:				
Water	37,568,455	45,240,682	-	192,304
Solid waste	8,135,678	9,898,103	-	-
Total business-type activities	<u>45,704,133</u>	<u>55,138,785</u>	<u>-</u>	<u>192,304</u>
Total	\$ <u>202,910,668</u>	<u>66,100,985</u>	<u>8,103,028</u>	<u>9,725,433</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				
Net position, ending				

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

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(16,456,935)	-	(16,456,935)
(57,507,040)	-	(57,507,040)
(29,375,097)	-	(29,375,097)
(1,286,351)	-	(1,286,351)
(11,110,447)	-	(11,110,447)
(2,302,705)	-	(2,302,705)
(10,569,603)	-	(10,569,603)
<u>(128,608,178)</u>	<u>-</u>	<u>(128,608,178)</u>
-	7,864,531	7,864,531
-	1,762,425	1,762,425
<u>-</u>	<u>9,626,956</u>	<u>9,626,956</u>
<u>(128,608,178)</u>	<u>9,626,956</u>	<u>(118,981,222)</u>
\$ 46,698,073	-	46,698,073
16,095,254	-	16,095,254
38,306,699	-	38,306,699
11,065,911	-	11,065,911
760,631	119,235	879,866
1,126,890	1,441,893	2,568,783
62,397	138,935	201,332
179,001	-	179,001
9,305,000	(9,305,000)	-
<u>123,599,856</u>	<u>(7,604,937)</u>	<u>115,994,919</u>
(5,008,322)	2,022,019	(2,986,303)
<u>327,991,811</u>	<u>88,973,248</u>	<u>416,965,059</u>
<u>\$ 322,983,489</u>	<u>90,995,267</u>	<u>413,978,756</u>

CITY OF BEAUMONT, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General	Debt Service	General Improvement
ASSETS			
Cash	\$ 11,564,883	1,990,830	9,584,060
Investments	14,134,857	2,433,237	11,713,851
Receivables (net of allowance for uncollectibles)			
Taxes	3,617,138	1,976,140	-
Notes	-	943,028	-
Intergovernmental	-	-	1,572,030
Other	11,543,892	273	2,347
Due from other funds	2,639,967	-	-
Inventories	-	-	-
Prepaid items	758,478	-	-
	44,259,215	7,343,508	22,872,288
LIABILITIES			
Accounts payable	1,760,211	-	1,924,352
Accrued liabilities	3,151,499	-	-
Due to other funds	-	-	-
Other liabilities	992,166	-	-
Unearned revenue	-	-	-
	5,903,876	-	1,924,352
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property tax	3,485,157	1,915,297	-
Unavailable revenue - EMS fees	2,186,684	-	-
Unavailable revenue - demolition fees	629,343	-	-
Unavailable revenue - forfeitures	194,209	-	-
Unavailable revenue - notes	-	943,028	-
Unavailable revenue - grants	-	-	47,584
	6,495,393	2,858,325	47,584
FUND BALANCES:			
Nonspendable:			
Inventories	-	-	-
Prepaid items	758,478	-	-
Permanent fund principal	-	-	-
Restricted:			
Debt service	-	4,485,183	-
Culture and recreation	-	-	7,733,130
General government	-	-	-
Health and welfare	-	-	4,180,071
Public safety	-	-	6,061,102
Public works	-	-	2,926,049
Assigned:			
Culture and recreation	-	-	-
Public works	-	-	-
Unassigned:	31,101,468	-	-
	31,859,946	4,485,183	20,900,352
Total Fund Balances	31,859,946	4,485,183	20,900,352
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 44,259,215	7,343,508	22,872,288

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
12,834,549	17,562,961	6,981,826	60,519,109
16,695,643	25,000,000	8,530,885	78,508,473
-	-	-	5,593,278
-	-	788,456	1,731,484
2,244,928	-	3,333,142	7,150,100
3,248	-	633,611	12,183,371
-	-	-	2,639,967
-	-	237,832	237,832
-	-	516,908	1,275,386
<u>31,778,368</u>	<u>42,562,961</u>	<u>21,022,660</u>	<u>169,839,000</u>
1,678,435	821,022	423,831	6,607,851
-	-	337,165	3,488,664
-	149,234	2,490,733	2,639,967
-	-	268,874	1,261,040
-	-	5,167,940	5,167,940
<u>1,678,435</u>	<u>970,256</u>	<u>8,688,543</u>	<u>19,165,462</u>
-	-	-	5,400,454
-	-	-	2,186,684
-	-	-	629,343
-	-	-	194,209
-	-	1,369,923	2,312,951
-	-	106,366	153,950
-	-	<u>1,476,289</u>	<u>10,877,591</u>
-	-	237,832	237,832
-	-	516,908	1,275,386
-	-	874,900	874,900
-	-	-	4,485,183
-	-	804,807	8,537,937
-	-	616,021	616,021
-	-	-	4,180,071
-	-	995,596	7,056,698
30,099,933	41,592,705	-	74,618,687
-	-	881,363	881,363
-	-	6,529,289	6,529,289
-	-	(598,888)	30,502,580
<u>30,099,933</u>	<u>41,592,705</u>	<u>10,857,828</u>	<u>139,795,947</u>
<u>31,778,368</u>	<u>42,562,961</u>	<u>21,022,660</u>	
			410,656,574
			10,877,591
			17,475,280
			<u>(255,821,903)</u>
			<u>322,983,489</u>

CITY OF BEAUMONT, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General	Debt Service
REVENUES		
Taxes:		
Property	\$ 31,567,375	14,800,336
Gross receipts	8,408,861	-
Sales	38,306,699	-
Industrial payments	16,095,254	-
Licenses and permits	2,000,446	-
Charges for services	4,395,936	-
Fines and forfeitures	1,915,436	-
Recreational activities	840,118	-
Intergovernmental	-	-
Investment earnings	102,105	19,377
Contributions	-	-
Miscellaneous	922,429	267,663
Oil and gas royalties	-	-
Total Revenues	104,554,659	15,087,376
EXPENDITURES		
Current:		
General government	15,079,944	-
Public safety	58,413,985	-
Public works	19,175,874	-
Health and welfare	7,470,549	-
Culture and recreational	7,609,003	-
Housing and economic development	3,211,353	-
Capital outlay	12,744	-
Debt service:		
Principal	-	6,313,900
Interest and charges	-	10,489,478
Issuance cost - debt	-	52,358
Miscellaneous	-	-
Total Expenditures	110,973,452	16,855,736
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,418,793)	(1,768,360)
OTHER FINANCING SOURCES (USES)		
Transfers in	9,700,000	1,017,000
Transfers (out)	(3,445,000)	-
Payment to Escrow Agent - Bond Refund	-	(4,949,858)
Refunding Bonds Issued	-	5,010,000
Total Other Financing Sources and (Uses)	6,255,000	1,077,142
NET CHANGE IN FUND BALANCES	(163,793)	(691,218)
FUND BALANCES, BEGINNING	32,023,739	5,176,401
FUND BALANCES, ENDING	\$ 31,859,946	4,485,183

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>
-	-	-	-	46,367,711
-	-	-	2,657,050	11,065,911
-	-	-	-	38,306,699
-	-	-	-	16,095,254
-	-	-	-	2,000,446
-	-	-	1,454,189	5,850,125
-	-	-	318,953	2,234,389
-	-	-	-	840,118
3,657,562	5,516,928	-	9,629,547	18,804,037
68,759	93,623	-	131,469	415,333
-	-	-	172,983	172,983
-	156,000	-	21,419	1,367,511
-	-	-	179,001	179,001
<u>3,726,321</u>	<u>5,766,551</u>	<u>-</u>	<u>14,564,611</u>	<u>143,699,518</u>
-	-	-	2,349	15,082,293
-	-	-	1,538,293	59,952,278
-	-	-	5,667,092	24,842,966
-	-	-	1,402,420	8,872,969
-	-	-	2,759,207	10,368,210
-	-	-	1,766,843	4,978,196
7,205,646	15,184,199	5,873,978	2,132,378	30,408,945
-	-	-	-	6,313,900
-	-	-	-	10,489,478
-	-	-	-	52,358
2,974	64,976	-	-	67,950
<u>7,208,620</u>	<u>15,249,175</u>	<u>5,873,978</u>	<u>15,268,582</u>	<u>171,429,543</u>
<u>(3,482,299)</u>	<u>(9,482,624)</u>	<u>(5,873,978)</u>	<u>(703,971)</u>	<u>(27,730,025)</u>
-	-	-	1,945,000	12,662,000
-	-	-	(1,633,200)	(5,078,200)
-	-	-	-	(4,949,858)
-	-	-	-	5,010,000
-	-	-	311,800	7,643,942
<u>(3,482,299)</u>	<u>(9,482,624)</u>	<u>(5,873,978)</u>	<u>(392,171)</u>	<u>(20,086,083)</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>
<u>20,900,352</u>	<u>30,099,933</u>	<u>41,592,705</u>	<u>10,857,828</u>	<u>139,795,947</u>

CITY OF BEAUMONT, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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

Net change in fund balances - total governmental funds (page 19)	\$ (20,086,083)
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.	12,150,789
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(892,526)
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.	6,313,301
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.	(1,165,361)
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>(1,328,442)</u>
Change in net position of governmental activities (pages 14-15)	\$ <u><u>(5,008,322)</u></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, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Solid Waste	Total	
ASSETS				
Current Assets:				
Cash	\$ 2,320,630	1,247,454	3,568,084	3,538,147
Investments	-	1,524,665	1,524,665	4,324,404
Receivables (net of allowance for uncollectibles)				
Utilities	6,477,940	1,319,397	7,797,337	-
Other	14,225	296	14,521	896
Inventories	2,313,976	-	2,313,976	367,060
Restricted cash:				
Debt service	1,498,586	-	1,498,586	-
Construction	3,961,223	-	3,961,223	-
Customer utility deposits	3,412,889	-	3,412,889	-
Restricted investments:				
Construction	13,680,734	-	13,680,734	-
Total Current Assets	<u>33,680,203</u>	<u>4,091,812</u>	<u>37,772,015</u>	<u>8,230,507</u>
Noncurrent Assets:				
Capital Assets:				
Land	613,374	2,882,838	3,496,212	437,785
Construction in progress	46,681,962	-	46,681,962	68,732
Buildings and Improvements	326,144,584	1,047,144	327,191,728	12,198,845
Equipment	16,193,923	13,132,645	29,326,568	43,987,244
Infrastructure	3,641,481	261,462	3,902,943	217,991
Total Capital Assets	393,275,324	17,324,089	410,599,413	56,910,597
Less accumulated depreciation	(145,393,244)	(11,400,032)	(156,793,276)	(39,749,812)
Total Capital Assets, Net of Accumulated Depreciation	247,882,080	5,924,057	253,806,137	17,160,785
Total Noncurrent Assets	247,882,080	5,924,057	253,806,137	17,160,785
Total Assets	<u>281,562,283</u>	<u>10,015,869</u>	<u>291,578,152</u>	<u>25,391,292</u>
DEFERRED OUTFLOW OF RESOURCES:				
Deferred loss on refundings	4,971,780	-	4,971,780	-
Total Deferred Outflow of Resources	<u>4,971,780</u>	<u>-</u>	<u>4,971,780</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>286,534,063</u>	<u>10,015,869</u>	<u>296,549,932</u>	<u>25,391,292</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	2,380,244	322,654	2,702,898	510,504
Accrued payroll	440,936	114,119	555,055	81,589
Accrued interest payable	837,824	4,162	841,986	2,441
Customer utility deposits payable	3,412,889	-	3,412,889	-
Estimated claims liability	-	-	-	4,441,132
Compensated absences	67,212	29,554	96,766	6,900
Other liabilities	781,791	129,355	911,146	62,610
Unearned revenue	-	-	-	20,951
Unamortized premium - revenue bonds	509,108	-	509,108	-
Obligations under capital leases	1,721,230	305,122	2,026,352	185,152
Loan payable	501,566	328,793	830,359	165,411
Revenue bonds payable	6,855,200	-	6,855,200	-
Total Current Liabilities	<u>17,508,000</u>	<u>1,233,759</u>	<u>18,741,759</u>	<u>5,476,690</u>
Noncurrent Liabilities:				
OPEB obligation	-	-	-	2,407,000
Compensated absences	882,951	336,821	1,219,772	233,935
Obligations under capital leases	11,014,471	-	11,014,471	-
Revenue bonds payable	159,290,650	-	159,290,650	-
Unamortized premium - revenue bonds	9,142,595	-	9,142,595	-
Loan payable, net of current portion	1,103,567	1,237,448	2,341,015	16,736
Accrued landfill closure costs	-	3,586,054	3,586,054	-
Total Noncurrent Liabilities	<u>181,434,234</u>	<u>5,160,323</u>	<u>186,594,557</u>	<u>2,657,671</u>
Total Liabilities	<u>198,942,234</u>	<u>6,394,082</u>	<u>205,336,316</u>	<u>8,134,361</u>
NET POSITION				
Net investment of capital assets	80,357,430	4,052,694	84,410,124	16,793,486
Restricted for:				
Debt service	1,498,586	-	1,498,586	-
Unrestricted	5,735,813	(430,907)	5,304,906	463,445
Total Net Position	<u>87,591,829</u>	<u>3,621,787</u>	<u>91,213,616</u>	<u>17,256,931</u>
Total Liabilities and Net Position	<u>\$ 286,534,063</u>	<u>10,015,869</u>	<u>296,549,932</u>	<u>25,391,292</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.			(218,349)	
Net position of business-type activities (page 13)			<u>90,995,267</u>	

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, 2014

	<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	\$ 45,240,682	9,898,103	55,138,785	31,691,606
Miscellaneous	1,441,269	624	1,441,893	27,715
Total Operating Revenues	<u>46,681,951</u>	<u>9,898,727</u>	<u>56,580,678</u>	<u>31,719,321</u>
OPERATING EXPENSES				
Personnel services	12,141,406	3,572,714	15,714,120	2,780,769
Other operating expenses	12,481,313	3,417,407	15,898,720	7,497,785
Landfill closure costs	-	69,685	69,685	-
Health and life insurance premiums	-	-	-	19,534,689
Other insurance premiums	-	-	-	954,974
Damage claims	-	-	-	742,676
Depreciation	7,438,972	1,040,248	8,479,220	3,439,584
Total Operating Expenses	<u>32,061,691</u>	<u>8,100,054</u>	<u>40,161,745</u>	<u>34,950,477</u>
OPERATING INCOME (LOSS)	<u>14,620,260</u>	<u>1,798,673</u>	<u>16,418,933</u>	<u>(3,231,156)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	113,528	5,707	119,235	23,758
Interest expense	(4,443,825)	(14,986)	(4,458,811)	(19,359)
Gain (loss) on sale of equipment	29,779	109,156	138,935	62,463
Other nonoperating revenues (expenses)	(968,925)	-	(968,925)	-
Total Nonoperating Revenues (Expenses)	<u>(5,269,443)</u>	<u>99,877</u>	<u>(5,169,566)</u>	<u>66,862</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS/ TRANSFERS	9,350,817	1,898,550	11,249,367	(3,164,294)
CAPITAL CONTRIBUTIONS	192,304	-	192,304	-
TRANSFERS IN	-	-	-	2,480,600
TRANSFERS OUT	<u>(7,535,000)</u>	<u>(1,770,000)</u>	<u>(9,305,000)</u>	<u>(759,400)</u>
CHANGE IN NET POSITION	2,008,121	128,550	2,136,671	(1,443,094)
TOTAL NET POSITION - BEGINNING	<u>85,583,708</u>	<u>3,493,237</u>		<u>18,700,025</u>
TOTAL NET POSITION - ENDING	<u>\$ 87,591,829</u>	<u>3,621,787</u>		<u>17,256,931</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.

(114,652)

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

2,022,019

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, 2014

	Business-Type Activities - Enterprise Funds			Governmental
	Water	Solid Waste	Total	Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 46,263,244	9,718,374	55,981,618	31,721,908
Cash payments for goods and services	(13,364,779)	(3,168,774)	(16,533,553)	(28,628,701)
Cash payments to employees	(12,098,165)	(3,597,916)	(15,696,081)	(2,818,967)
Net Cash Provided (Used) by Operating Activities	<u>20,800,300</u>	<u>2,951,684</u>	<u>23,751,984</u>	<u>274,240</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	-	1,721,200
Transfers (out)	(7,535,000)	(1,770,000)	(9,305,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(7,535,000)</u>	<u>(1,770,000)</u>	<u>(9,305,000)</u>	<u>1,721,200</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	29,779	107,658	137,437	62,463
Proceeds from capital debt	30,631,755	-	30,631,755	-
Payments for capital acquisitions	(13,706,282)	(59,745)	(13,766,027)	(3,304,911)
Principal payments on capital debt	(7,870,356)	(381,219)	(8,251,575)	(270,174)
Interest paid and fiscal charges	(4,209,379)	(19,038)	(4,228,417)	(21,914)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>4,875,517</u>	<u>(352,344)</u>	<u>4,523,173</u>	<u>(3,534,536)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
(Purchase) sale of investments	(11,606,796)	(788,579)	(12,395,375)	(760,891)
Receipt of interest	113,526	5,707	119,233	23,758
Net Cash Provided (Used) by Investing Activities	<u>(11,493,270)</u>	<u>(782,872)</u>	<u>(12,276,142)</u>	<u>(737,133)</u>
NET INCREASE (DECREASE) IN CASH	<u>6,647,547</u>	<u>46,468</u>	<u>6,694,015</u>	<u>(2,276,229)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,545,781</u>	<u>1,200,986</u>	<u>5,746,767</u>	<u>5,814,376</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>11,193,328</u>	<u>1,247,454</u>	<u>12,440,782</u>	<u>3,538,147</u>
Restricted	8,872,698	-	8,872,698	-
Unrestricted	<u>2,320,630</u>	<u>1,247,454</u>	<u>3,568,084</u>	<u>3,538,147</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	14,620,260	1,798,673	16,418,933	(3,231,156)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	7,438,972	1,040,248	8,479,220	3,439,584
Landfill closure costs	-	69,685	69,685	-
Change in assets and liabilities:				
(Increase) decrease in accounts and other receivable	(672,774)	(180,353)	(853,127)	2,587
(Increase) decrease in inventory	12,343	-	12,343	(5,152)
Increase (decrease) in accrued payroll	31,059	(2,334)	28,725	(29,734)
Increase (decrease) in accrued compensated absences	12,182	(22,868)	(10,686)	(8,464)
Increase (decrease) in accounts payable	(915,972)	245,118	(670,854)	(733,239)
Increase (decrease) in other liabilities	20,163	3,515	23,678	839,814
Increase (decrease) in customer deposits	254,067	-	254,067	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 20,800,300</u>	<u>2,951,684</u>	<u>23,751,984</u>	<u>274,240</u>
Noncash investing, capital and financial activities				
Contributions of capital assets from government	\$ 192,304	-	192,304	-

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, 2013**

ASSETS

Cash	\$	2,126,464
Receivables - interest and dividends		110,721
Investments at fair value:		
Common stocks		22,752,807
Bond and note funds		1,706,208
Equity mutual funds		15,690,759
International equity funds		20,336,527
International fixed funds		19,432,935
Fixed mutual funds		4,761,987
Government and agency bonds		2,418,403
Alternative funds		3,987,844
Private equity funds		1,236,116
Corporate bonds and notes		3,971,526
Real Estate		3,048,955
Total investments at fair value		<u>99,344,067</u>
Property and equipment, net		<u>320,894</u>
Total Assets		<u>101,902,146</u>

LIABILITIES

Accrued expenses		<u>108,013</u>
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**NET POSITION HELD IN TRUST
FOR PENSION BENEFITS**

\$ 101,794,133

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, 2013**

ADDITIONS

Contributions		
Employer	\$	2,535,149
Plan members		<u>2,535,148</u>
Total Contributions		<u>5,070,297</u>
Investment Income		
Net appreciation in fair value		9,176,009
Interest		301,022
Dividends		1,853,316
Other		<u>557,557</u>
Total Investment Income		11,887,904
Less investment expense		<u>(311,882)</u>
Net Investment Income		<u>11,576,022</u>
Total Additions		<u>16,646,319</u>

DEDUCTIONS

Benefits paid	6,648,431
Administrative expenses	<u>350,020</u>
Total Deductions	<u>6,998,451</u>

CHANGE IN NET POSITION

9,647,868

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

BEGINNING OF YEAR	\$	92,146,265
END OF YEAR		<u><u>101,794,133</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, 2014

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 – Presented as a Fiduciary Fund

Beaumont Municipal Transit Corporation - Presented as a Blended Component Unit due to the following criteria having been met:

The component unit's governing body is substantively the same as the governing body of the primary government and there is either a financial benefit or burden relationship between the primary government and the component unit OR management of the primary government has operational responsibility for the component unit.

The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it.

The component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with the resources of the primary government.

(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.

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. Also, unspent bond proceeds are restricted in the Water Fund for construction projects.

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 Manager through its fund balance policy. The City did have assigned fund balance as of September 30, 2014.

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 by ordinance 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Assets or Equity (continued)

Deferred Outflows/Inflows of Resources (continued)

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.

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 20, 2015, 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 \$255,821,903 difference are as follows:

Bonds Payable	\$ 225,874,150
Plus: Unamortized premiums	5,979,535
Accrued interest payable	837,378
Notes payable	4,510,001
Compensated absences	20,198,101
Fiduciary net pension obligation	1,771,215
Less: Deferred loss on refunding bonds	<u>(3,348,477)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u>255,821,903</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 \$12,150,789 difference are as follows:

Capital outlay	\$ 30,023,629
Contributed capital assets	385,316
Depreciation expense	<u>(18,258,156)</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>12,150,789</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 \$6,313,301 difference are as follows:

Debt issued or incurred	\$ (5,010,000)
Accrued interest	59,543
Payment to escrow agent	4,949,858
Principal repayments:	
General obligation debt	<u>6,313,900</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>6,313,301</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 \$(1,165,361) difference are as follows:

Compensated absences	\$ (281,690)
Amortized deferred loss on refunding bonds	(182,378)
Fiduciary pension costs	<u>(701,293)</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>(1,165,361)</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, EDA Small Business Loan Fund, Emergency Shelter Grant Fund, Health Grant Fund, HOME Fund, HUD Community Development Fund, Library Grants 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, 2014.

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, 2014 are:

	<u>Fair Value</u>	<u>Percentage of Total</u>	<u>Weighted Average Maturity (Days)</u>
Money Market Account	\$ 76,494,913	43.8%	1
Government Investment Pools	3,125	00.1%	1
Certificates of Deposit	<u>98,038,276</u>	<u>56.1%</u>	<u>235</u>
Total Investments	\$ <u>174,536,314</u>	<u>100.00%</u>	
Portfolio Weighted Average Maturity			<u>237</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, 2014, 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, 2014 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, 2014 are as follows:

Property Taxes

	General Fund	Debt Service	Total
Property taxes receivable	\$ 3,729,008	2,037,257	5,766,265
Less: allowance for doubtful accounts	<u>(111,870)</u>	<u>(61,117)</u>	<u>(172,987)</u>
Net property taxes receivable	<u>\$ 3,617,138</u>	<u>1,976,140</u>	<u>5,593,278</u>
Unavailable property taxes	<u>\$ 3,485,157</u>	<u>1,915,297</u>	<u>5,400,454</u>

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	\$ 3,012	273	2,347	3,248	11,024	2,429	296	896	23,525
Taxes - Property	3,729,008	2,037,257	-	-	-	-	-	-	5,766,265
Taxes - Other	6,687,923	-	-	-	-	-	-	-	6,687,923
Accounts	39,310	-	-	-	-	6,842,994	1,030,323	-	7,912,627
Notes	-	943,028	-	-	788,456	-	-	-	1,731,484
Intergovernmental	-	-	1,572,030	2,244,928	3,333,142	-	-	-	7,150,100
Other	<u>19,558,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>771,407</u>	<u>17,177</u>	<u>394,899</u>	<u>-</u>	<u>20,741,526</u>
Gross receivables	30,017,296	2,980,558	1,574,377	2,248,176	4,904,029	6,862,600	1,425,518	896	50,013,450
Less: allowance for uncollectibles	<u>(14,856,266)</u>	<u>(61,117)</u>	<u>-</u>	<u>-</u>	<u>(148,820)</u>	<u>(370,435)</u>	<u>(105,825)</u>	<u>-</u>	<u>(15,542,463)</u>
Net Total Receivables	<u>\$ 15,161,030</u>	<u>2,919,441</u>	<u>1,574,377</u>	<u>2,248,176</u>	<u>4,755,209</u>	<u>6,492,165</u>	<u>1,319,693</u>	<u>896</u>	<u>34,470,987</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets

Capital asset activity for the year ended September 30, 2014 was as follows:

	Beginning Balance	Current Year		Ending Balance
		Additions	Deletions	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 52,552,235	-	-	52,552,235
Construction in progress	22,735,342	24,848,419	5,450,074	42,133,687
Total Capital Assets Not Being Depreciated	75,287,577	24,848,419	5,450,074	94,685,922
Capital assets being depreciated:				
Buildings	75,212,637	4,354,345	-	79,566,982
Improvements other than buildings	47,432,540	897,531	-	48,330,071
Infrastructure	374,692,689	4,058,199	-	378,750,888
Machinery and equipment	78,220,732	5,657,517	426,491	83,451,758
Total Capital Assets Being Depreciated	575,558,598	14,967,592	426,491	590,099,699
Less accumulated depreciation for:				
Buildings	(27,468,514)	(1,930,390)	-	(29,398,904)
Improvements other than buildings	(25,563,929)	(1,663,700)	-	(27,227,629)
Infrastructure	(123,119,616)	(12,069,404)	-	(135,189,020)
Machinery and equipment	(59,502,131)	(6,034,246)	(383,668)	(65,152,709)
Total Accumulated Depreciation	(235,654,190)	(21,697,740)	(383,668)	(256,968,262)
Total Capital Assets Being Depreciated, Net	339,904,408	(6,730,148)	42,823	333,131,437
Governmental Activities Capital Assets, Net	\$ 415,191,985	18,118,271	5,492,897	427,817,359
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 3,496,212	-	-	3,496,212
Construction in progress	45,326,434	10,185,871	8,830,343	46,681,962
Total Capital Assets Not Being Depreciated	48,822,646	10,185,871	8,830,343	50,178,174
Capital assets being depreciated:				
Buildings and system	3,677,040	-	-	3,677,040
Improvements other than buildings	309,911,120	13,603,568	-	323,514,688
Infrastructure	3,902,943	-	-	3,902,943
Machinery and equipment	26,791,511	3,423,283	888,226	29,326,568
Total Capital Assets Being Depreciated	344,282,614	17,026,851	888,226	360,421,239
Less accumulated depreciation for:				
Buildings and system	(1,722,124)	(69,133)	-	(1,791,257)
Improvements other than buildings	(125,757,753)	(5,837,022)	-	(131,594,775)
Infrastructure	(765,256)	(80,629)	-	(845,885)
Machinery and equipment	(20,957,149)	(2,492,436)	(888,226)	(22,561,359)
Total Accumulated Depreciation	(149,202,282)	(8,479,220)	(888,226)	(156,793,276)
Total Capital Assets Being Depreciated, Net	195,080,332	8,547,631	-	203,627,963
Business-type Activities Capital Assets, Net	\$ 243,902,978	18,733,502	8,830,343	253,806,137

(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:		2014
General government	\$	<u>640,795</u>
Public safety		1,800,218
Public works		13,729,583
Health and welfare		60,350
Culture and recreation		2,027,210
Capital assets held by the City's Internal Service Funds are charged to the various functions based on their usage of the assets		<u>3,439,584</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>21,697,740</u></u>
Business-type Activities:		
Water	\$	7,438,972
Solid waste		<u>1,040,248</u>
Total Depreciation Expense - Business-type Activities	\$	<u><u>8,479,220</u></u>

Construction Commitments

The City has active construction projects as of September 30, 2014. 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)

<u>Project</u>	<u>Expenditures to Date</u>	<u>Remaining Commitments</u>
Governmental Activities:		
Fleet Fire Maintenance Facility	\$ 124,398	-
Fleet Service Center Improvements	109,147	-
Fire Station No. 2	2,137,650	897,105
Public Health Complex	2,058,103	4,669,161
Hike & Bike Trail Phase II	148,383	727,899
Athletic Complex Tennis Center	1,786,966	1,817,937
Fire Station No. 11	869,377	2,208,183
Senior Center	410,687	-
Fire Station No. 1 Relocation	32,834	37,325
Riverfront Development	17,742	-
Concord (Lucas to Hwy 105)	9,862,267	-
Washington Blvd - MLK to IH10	2,342,158	15,180,307
Washington Blvd - Langham to Major	113,846	-
Dowlen - College to Walden	203,048	-
Old Dowlen Road to Hwy 105	1,281,200	4,256
North Street - MLK to 23rd	633,524	-
Dowlen - US 69 N to Delaware	673,074	37,996
11th St. - Washington to US 69 N	17,240	-
Seventh Street	5,839,226	615,811
Magnolia - Gill to E. Lucas	3,137,285	2,325,355
Magnolia Overlay	30,995	-
Babe Zaharias Drive	41,771	-
Laurel - IH10 to Office Park	260,434	-
Regina - Howell to Thomas	141,087	-
Delaware - Concord to Dowlen	847,814	-
Avenue A - Washington to US 69 S	1,012,715	-
Gladys Street - IH10 to Dowlen	674,499	-
College Street - IH10 to Goliad	795,143	-
South Park Relief	5,539,334	6,357,993
Northwest Parkway	396,934	26,387
Golf Cart Storage Building	439,847	203,153
Other Projects	154,959	9,225
	<hr/>	<hr/>
Total Governmental Activities	\$ 42,133,687	35,118,093
	<hr/>	<hr/>

(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	\$ 330,399	24,045
Degritter	243,624	26,010
Wetlands Evaluation Design & Construction	14,210,300	65,612
Water Plant Improvements Emergency	583,177	42,126
Water Plant Improvements Phase II	1,014,643	118,776
Master Plan for Water/Sewer System	539,092	41,440
Grit Pumps at WWTP	1,417,209	71,579
Automatic Flushing	46,604	-
Florida Avenue & Fannett Rd Interceptors	419,443	20,000
WWTP Master Plan	594,244	97,927
Water Bottling Plant	49,285	73,014
WWTP Bar Screens & Digester Rehab	4,182,322	-
Primer Sanitary Sewer Lift Station	71,574	77,912
Downtown Lift Station	120,315	149,177
Wall & Ave C Lift Stations	88,394	100,607
Arthur Ln, Holiday St., Tyrrell Park & Voth Lift Stations	97,906	99,107
72" & 36" Trunk Line Rehabilitations	411,503	62,820
Dowlen - College to Walden	173,608	-
Washington - Langham to Major	84,076	81,953
Concord	5,684	-
Washington - IH10 to MLK	438,495	-
Seventh Street	843,426	-
WWTP Piping Rehab	74,266	61,373
WWTP Clarifiers Rehab	107,100	101,187
WWTP Chlorine Disinfection System	116,431	110,878
WWTP Sludge Thickener	29,669	33,545
WWTP Ground Improvements	212,986	40,000
WWTP Electrical Improvements	79,774	48,232
36" Longfellow Interceptor Rehab	343,648	16,390
48" Interceptor Rehabilitation	198,336	30,000
66" & 21" Trunk Lines Rehab	285,419	10,000
SS Inter. Harriot Lift Station to WWTP	350,549	-
SS Inter. Matthew Rd/Phelan to Major/Folsom	318,545	35,000
SS Inter. 24" to 48"	279,811	98,750
SS Inter. 24" to 36"	267,850	46,000
Loeb Well No. 1 Electrical Improvements	103,359	85,652
Bunns Bluff Pump Station	149,562	123,352
Hydrogen Sulfide Removal at Loeb I	15,934	105,250
Wiess Bluff Pumping Station	51,494	230,156
Wiess Canal Stabilization	218,578	100,828
54" Central Trunk Phase II	3,076,327	517,227
AMI/AMR/Leak Detection	14,263,580	1,202,451
Additional Water Supply System	65,231	1,164,403
Drinking Water Quality Assessment	108,190	167,750
Total Business-type Activities	\$ 46,681,962	5,480,529

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2014, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Governmental Funds	
	Nonmajor Governmental	\$ <u>2,639,967</u>
	Total Governmental Funds	\$ <u><u>2,639,967</u></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>Nonmajor Governmental</u>	<u>Internal Service</u>	
Transfers Out:					
General	\$ -	-	1,945,000	1,500,000	3,445,000
General Improvement	-	-	-	-	-
Debt Service	-	-	-	-	-
Internal Service	-	-	-	759,400	759,400
Nonmajor					
Governmental	600,000	1,017,000	-	16,200	1,633,200
Water	7,400,000	-	-	135,000	7,535,000
Solid Waste	<u>1,700,000</u>	<u>-</u>	<u>-</u>	<u>70,000</u>	<u>1,770,000</u>
Total Transfers Out	<u>\$ 9,700,000</u>	<u>1,017,000</u>	<u>1,945,000</u>	<u>2,480,600</u>	<u>15,142,600</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Debt

The City issues general obligation bonds, certificates of obligation, revenue bonds, notes and capital leases to finance various long-term projects of the City. These debt instruments are reported in the Proprietary Funds only if they are expected to be repaid from proprietary revenues. The general obligation bonds and certificates of obligation are paid through the Debt Service fund from property tax revenues.

The following is a summary of changes in the City's governmental and business-type activity total long-term liabilities for the year ended September 30, 2014.

Changes in Long-Term Liabilities					
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 59,968,050	5,010,000	9,113,900	55,864,150	4,234,800
Certificates of obligation	171,125,000	-	1,115,000	170,010,000	1,480,000
Issuance premiums	6,301,074	-	321,539	5,979,535	321,539
Total Bonds Payable	<u>237,394,124</u>	<u>5,010,000</u>	<u>10,550,439</u>	<u>231,853,685</u>	<u>6,036,339</u>
OPEB liability	2,400,000	7,000	-	2,407,000	-
Net pension obligation fire	1,069,922	701,293	-	1,771,215	-
Capital leases	413,465	-	228,313	185,152	185,152
U. S. Government Note	5,430,000	-	920,000	4,510,000	980,000
Wells Fargo Note	-	224,008	41,860	182,148	165,411
Compensated absences	20,165,711	1,421,159	1,147,933	20,438,937	1,143,697
Governmental Activity Long-term Liabilities	<u>\$ 266,873,222</u>	<u>7,363,460</u>	<u>12,888,545</u>	<u>261,348,137</u>	<u>8,510,599</u>
Business-type Activities					
Bonds payable:					
Revenue and refunding bonds	\$ 156,365,000	79,055,000	71,145,000	164,275,000	6,505,000
General obligation bonds	2,351,950	-	481,100	1,870,850	350,200
Issuance premiums	59,390	9,658,730	66,417	9,651,703	509,108
Total Bonds Payable	<u>158,776,340</u>	<u>88,713,730</u>	<u>71,692,517</u>	<u>175,797,553</u>	<u>7,364,308</u>
Capital leases	608,430	12,734,944	302,551	13,040,823	2,026,352
Wells Fargo Note	-	3,381,511	210,137	3,171,374	830,359
Compensated absences	1,327,224	134,499	145,184	1,316,539	96,767
Accrued landfill closure costs	3,516,369	69,685	-	3,586,054	-
Business-type Activity Long-term Liabilities	<u>\$ 164,228,363</u>	<u>105,034,369</u>	<u>72,350,389</u>	<u>196,912,343</u>	<u>10,317,786</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Debt (continued)

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. In general, the City uses the General Fund and the Debt Service Fund to liquidate governmental long-term liabilities. Compensated absences are typically liquidated by the General Fund.

Long-term liabilities applicable to the City's proprietary funds are reported in the appropriate proprietary funds' financial statements and are accounted for using the accrual basis of accounting.

Bonds and Certificates of Obligation Payable

A summary of the terms of general obligation bonds, certificates of obligation and revenue bonds payable, as of September 30, 2014, follows;

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Debt (continued)

Bonds and Certificates of Obligation Payable (continued)

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
Governmental Activities				
General Obligation Bonds				
Series 2006 Refunding	\$ 19,899,250	2018	4.00	\$ 9,134,150
Series 2011 Refunding	17,785,000	2025	5.00	17,785,000
Series 2012 Refunding	24,130,000	2033	4.10	24,130,000
Series 2013 Refunding	5,010,000	2017	1.45	4,815,000
Total General Obligation Bonds				\$ 55,864,150
Certificates of Obligation				
Series 2006	\$ 17,030,000	2025	4.05	12,415,000
Series 2008	29,870,000	2030	4.74	29,500,000
Series 2009	29,950,000	2034	4.70	29,555,000
Series 2011	35,380,000	2040	4.88	35,380,000
Series 2012	22,400,000	2038	2.56	22,265,000
Series 2013	41,080,000	2037	4.41	40,895,000
Total Certificates of Obligation				\$ 170,010,000
Business-type Activities				
General Obligation Bonds				
Series 2006 Refunding	\$ 4,075,750	2018	4.00	\$ 1,870,850
Total General Obligation Bonds				\$ 1,870,850
Revenue & Refunding Bonds				
Series 2005 Refunding	\$ 17,660,000	2018	4.91	\$ 2,670,000
Series 2005	15,000,000	2028	4.51	255,000
Series 2006 Refunding	28,840,000	2023	4.55	2,885,000
Series 2006A	20,000,000	2030	4.39	13,045,000
Series 2008	20,730,000	2036	4.93	19,475,000
Series 2010 Refunding	6,540,000	2020	4.93	6,540,000
Series 2010A	5,980,000	2020	4.93	4,025,000
Series 2010B	19,040,000	2036	4.93	19,040,000
Series 2012	19,890,000	2032	2.89	18,390,000
Series 2014A Refunding	69,300,000	2034	3.11	68,360,000
Series 2014B Refunding	9,755,000	2018	2.23	9,590,000
Total Revenue & Refunding Bonds				\$ 164,275,000

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Debt (continued)

Bonds and Certificates of Obligation Payable (continued)

The annual requirements to amortize governmental activity general obligation bonds outstanding at September 30, 2014, are as follows:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 4,234,800	2,315,254	350,200	67,830
2016	4,569,500	2,193,870	365,500	53,516
2017	4,900,050	2,055,027	379,950	38,607
2018	5,374,800	1,874,885	775,200	15,503
2019	2,170,000	1,713,137	-	-
2020-2024	12,675,000	6,773,560	-	-
2025-2029	7,795,000	4,085,963	-	-
2030-2034	14,145,000	1,527,944	-	-
Total	\$ 55,864,150	22,539,640	1,870,850	175,456

The annual requirements to amortize governmental activity certificates of obligation outstanding at September 30, 2014, are as follows:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2015	\$ 1,480,000	7,608,777
2016	1,715,000	7,563,302
2017	1,730,000	7,510,846
2018	1,765,000	7,454,058
2019	5,260,000	7,326,401
2020-2024	29,735,000	33,248,247
2025-2029	44,315,000	25,567,630
2030-2034	47,305,000	14,506,181
2035-2039	33,910,000	4,040,401
2040	2,795,000	69,875
Total	\$ 170,010,000	114,895,718

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Debt (continued)

Bonds and Certificates of Obligation Payable (continued)

The annual requirements to amortize business-type activity revenue bonds outstanding as of September 30, 2014, are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 6,505,000	7,329,561
2016	6,780,000	7,050,931
2017	6,970,000	6,867,333
2018	7,155,000	6,680,361
2019	7,400,000	6,483,444
2020-2024	42,180,000	27,278,635
2025-2029	49,785,000	16,189,201
2030-2034	30,935,000	6,085,400
2035-2036	6,565,000	551,478
Total	<u>\$ 164,275,000</u>	<u>84,516,344</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Debt (continued)

Advanced Refunding

During the year the City refunded a portion of several previously issued bonds in order to reduce its total debt service payments and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt). The net proceeds of these refunding bonds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the refunded bonds described below are considered defeased and the liability for those bonds has been removed from the statement of net position:

Refunding bonds issued	General Obligation Refunding Bonds, Series 2013	Revenue Refunding Bonds, Series 2014A	Revenue Refunding Bonds, Series 2014B
Amount issued	\$5,010,000	\$50,300,000	\$9,755,000
Issuance date	November 22, 2013	July 15, 2014	July 15, 2014
Interest rate on refunding bonds	1.45%	2.00% - 5.00 %	1.65%
Bonds refunded	General Obligation Refunding, Series 2004	WWSS Revenue, Series 2004; WWSS Revenue, Series 2005; WWSS Revenue, Series 2006; WWSS Revenue, Series 2206A	WWSS Revenue Bonds, Series 2005
Amounts refunded	\$4,835,000	\$15,255,000; \$12,955,000; \$21,020,000; \$5,755,000; respectively	\$8,905,000
Interest rate on refunded bonds	4.8% - 5.0%	4.50% - 6.25%; 4.00% - 5.00%; 4.25% - 5.00%; 4.10% - 5.00%; respectively	5.25%
Net proceeds	\$4,949,858	\$59,149,880	\$9,596,066
Premiums	\$0	\$9,658,730	\$0
Bond issuance costs	\$60,142	\$763,850	\$157,456
The reacquisition price exceeded the net carrying amount of the old debt	\$114,858	\$4,209,880	\$692,493
Total debt service reduction	\$341,028	\$4,586,194	\$333,872
Net economic gain	\$333,810	\$3,999,975	\$326,780

The amount the reacquisition price exceeded the net carrying amount of the old debt is being presented as a deferred outflow of resources and amortized over the remaining life of the refunding debt.

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Debt (continued)

Capital Lease Obligations

During the year, the City entered into a capital lease with Suntrust in order to pay for equipment related to the AMI water meter project. The lease obligations are paid out of the Water Fund. The original lease was in the amount of \$12,734,944 with an interest rate of 1.766% per annum.

The City has entered into certain capital lease agreements in order to purchase public safety equipment, buildings and improvements other than buildings. The capital lease obligations are paid out of the Capital Reserve Fund (Internal Service Fund). Capital assets acquired by these leases consist of equipment with a historical value of approximately \$6.8 million and accumulated depreciation of approximately \$2.7 million.

Additionally, the City has entered into certain capital lease agreements in order to purchase equipment and improvements other than buildings. The capital lease obligations are paid out of the Water and Solid Waste Funds.

Following is a summary of future lease payments due on this equipment, buildings and improvements:

Year Ending September 30	Governmental Activities	Business-type Activities	Totals
2015	\$ 191,008	2,267,963	2,458,971
2016	-	2,021,000	2,021,000
2017	-	2,081,000	2,081,000
2018	-	2,144,000	2,144,000
2019	-	2,208,000	2,208,000
2020-2021	-	3,279,869	3,279,869
Total minimum lease payments	191,008	14,001,832	14,192,840
Less: amount representing interest	5,856	961,009	966,865
Present value of minimum lease payments	\$ 185,152	13,040,823	13,225,975

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Debt (continued)

Notes Payable

During the year, the City entered into a note payable with Wells Fargo in order to pay for various equipment. The note obligations for this agreement are paid out of the Capital Reserve Fund (\$224,008), the Water Fund (\$1,732,063) and the Solid Waste Fund (\$1,649,448) with an interest rate of 1.46% per annum. All outstanding principal and interest was paid in full as of September 30, 2014.

The annual requirements to amortize governmental activity note payables outstanding at September 30, 2014, are as follows:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 1,145,411	131,652	830,359	35,855
2016	1,067,169	103,155	1,002,687	28,706
2017	1,107,274	74,854	1,017,407	13,986
2018	1,372,294	42,754	320,921	1,405
Total	\$ 4,692,148	352,415	3,171,374	79,952

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, 2014 of \$6,365,000.

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.

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

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 \$3,742 at September 30, 2014. Accumulated earnings available for expenditure are reported as restricted, expendable net assets.

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 09/30/14	Year Ended 09/30/13
Liability for claims, beginning of fiscal year	\$ 3,188,170	3,054,241
Incurred claims and changes in estimated	15,604,482	15,795,241
Claim payments	<u>(15,328,120)</u>	<u>(15,661,312)</u>
Liability for claims, end of fiscal year	<u>\$ 3,464,532</u>	<u>3,188,170</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:

	Year Ended 09/30/14	Year Ended 09/30/13
Liability for claims, beginning of fiscal year	\$ 429,951	830,550
Incurred claims and changes in estimated	742,676	258,149
Claim payments	<u>(196,027)</u>	<u>(658,748)</u>
Liability for claims, end of fiscal year	\$ <u>976,600</u>	<u>429,951</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 2013	Plan Year 2014
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 contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits 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, 2013 valuation is effective for rates beginning January 2015). 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

	2013	2012	2011
Actuarial value of assets	\$ 323,063,028	302,442,540	282,382,028
Actuarial accrued liability	411,970,982	374,139,851	361,053,750
Percentage funded	78.4%	80.8%	78.2%
Unfunded actuarial liability (UAAL)	88,907,954	71,697,311	78,671,722
Annual covered payroll (Calendar year)	55,784,887	54,823,096	54,831,894
UAAL as a percentage of covered payroll	159.4%	130.8%	143.5%
Net Pension Obligation (NPO) at the Beginning of Period	-	-	-
Annual Pension Cost:			
Annual required contribution (ARC)	11,734,054	11,205,185	10,430,647
Contributions made	<u>(11,734,054)</u>	<u>(11,205,185)</u>	<u>(10,430,647)</u>
NPO at the End of the Period	<u>\$ -</u>	<u>-</u>	<u>-</u>
Actuarial Cost Method	Entry Age Normal	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	21.1 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, 2013, 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)
12/31/2011	\$ 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%
12/31/2013	\$ 323,063,028	\$ 411,970,982	78.4%	\$ 88,907,954	\$ 55,784,887	159.4%

(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, 2014 is as follows:

Annual required contribution	\$ 2,375,000
Interest on OPEB obligation	108,000
Adjustment to ARC	<u>(98,000)</u>
Annual OPEB cost end of year	2,385,000
Net estimated employer contributions	<u>(2,378,000)</u>
Increase in net OPEB obligation	7,000
Net OPEB obligation - as of beginning of the year	<u>2,400,000</u>
Net OPEB obligation (asset) - as of end of year	\$ <u>2,407,000</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, 2014, 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, 2012	29,584,000	0	29,584,000	0%	75,354,000	39.3%
September 30, 2013	30,302,000	0	30,302,000	0%	74,351,000	40.8%
September 30, 2014	33,646,000	0	33,646,000	0%	75,584,000	44.5%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$33,646,000 at September 30, 2014.

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, 2014 is as follows:

<u>Fiscal Year Ended</u>	<u>Employer Annual Required Contribution</u>	<u>Employer Amount Contributed (est.)</u>	<u>Interest on NOO (9) x 4.5%</u>	<u>ARC Adjustment (9) / (6)</u>	<u>Amortization Factor</u>	<u>OPEB Cost (2)+(4)-(5)</u>	<u>Change in NOO (7) - (3)</u>	<u>NOO Balance NOO + (8)</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
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
September 30, 2014	2,375,000	2,378,000	108,000	98,000	24.52000	2,385,000	7,000	2,407,000

Employer Contribution Percentage

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
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
September 30, 2014	2,385,000	2,378,000	100%	2,407,000

(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 Accrued 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
2013	N/A	N/A	N/A	N/A	N/A	N/A

(continued)

4. DETAILED NOTES ON ALL FUNDS (continued)

Beaumont Firemen's Relief and Retirement Fund (continued)

Annual Pension Cost

For 2014, the City's annual pension cost of \$2,854,519 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, 2012 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>
09/30/12	\$ 2,709,676	80.0%	\$1,275,100
09/30/13	\$ 2,763,323	91.0%	\$1,511,858
09/30/14	\$ 2,854,519	91.0%	\$1,771,215

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, 2014 a total of 227 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 \$3.58 million reported as landfill closure and postclosure care liability at September 30, 2014 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 \$3.58 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 2014. 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, 2014, 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 \$106,350.

The Health Grant Fund had a negative fund balance of \$865.

The Tyrrell Historical Trust Fund had a negative fund balance of \$17,888.

The Employee Benefits Fund had a negative fund balance of \$4,777,386.

The ARRA, Health 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.

CITY OF BEAUMONT, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGETARY BASIS (NON-GAAP) - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Over (Under)
	Original	Final		
REVENUES				
Sales taxes	\$ 37,750,000	37,750,000	38,131,893	381,893
Property taxes	32,014,000	32,014,000	31,567,375	(446,625)
Industrial payments	14,969,900	14,969,900	16,095,254	1,125,354
Gross receipts tax	8,295,000	8,295,000	8,408,861	113,861
Other	9,270,300	9,270,300	10,175,725	905,425
Total Revenues	<u>102,299,200</u>	<u>102,299,200</u>	<u>104,379,108</u>	<u>2,079,908</u>
EXPENDITURES				
Current				
General government	15,756,900	15,707,800	15,079,944	(627,856)
Public safety	58,305,400	58,293,900	58,413,985	120,085
Public works	19,707,300	19,723,800	19,188,618	(535,182)
Health and welfare	7,571,500	7,561,400	7,470,549	(90,851)
Cultural and recreational	7,855,500	7,909,700	7,609,003	(300,697)
Community development	3,226,100	3,226,100	3,211,353	(14,747)
Total Expenditures	<u>112,422,700</u>	<u>112,422,700</u>	<u>110,973,452</u>	<u>(1,449,248)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(10,123,500)</u>	<u>(10,123,500)</u>	<u>(6,594,344)</u>	<u>3,529,156</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	9,700,000	9,700,000	9,700,000	-
Transfers (out)	(1,500,000)	(3,445,000)	(3,445,000)	-
Total Other Financing Sources (Uses)	<u>8,200,000</u>	<u>6,255,000</u>	<u>6,255,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,923,500)	(3,868,500)	(339,344)	3,529,156
FUND BALANCES, BEGINNING OF YEAR	<u>27,374,038</u>	<u>27,374,038</u>	<u>32,023,739</u>	<u>4,649,701</u>
FUND BALANCES, END OF YEAR	<u>\$ 25,450,538</u>	<u>23,505,538</u>	<u>31,684,395</u>	<u>8,178,857</u>
NET CHANGE IN FUND BALANCE BUDGET BASIS			(339,344)	
Accrual of sales taxes			174,806	
Unbilled revenue			<u>745</u>	
NET CHANGE IN FUND BALANCE GAAP BASIS			<u>(163,793)</u>	

**CITY OF BEAUMONT, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 FUNDING PROGRAMS FOR EMPLOYEE RETIREMENT SYSTEMS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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</u> (1)/(2) (3)	<u>Unfunded AAL (UAAL)</u> (2)-(1) (4)	<u>Annual Covered Payroll</u> (5)	<u>Unfunded Excess as a Percentage of Covered Payroll</u> (4)/(5) (6)
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
2014	323,063,028	411,970,982	78.419	88,907,954	55,784,887	159.376

CITY OF BEAUMONT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FUNDING PROGRAMS FOR EMPLOYEE RETIREMENT SYSTEMS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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

<u>Fiscal Year</u>	<u>Actuarial Value of Assets</u> (1)	<u>Actuarial Accrued Liability (AAL) Entry Age</u> (2)	<u>Percentage Funded</u> (1/2)	<u>Unfunded AAL (UAAL)</u> (2-1)	<u>Annual Covered Payroll</u> (3)	<u>UAAL as a Percentage of Covered Payroll</u> [(2-1)/3]
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
2013	N/A	N/A	N/A	N/A	N/A	N/A

**CITY OF BEAUMONT, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**POST EMPLOYMENT BENEFITS
 OTHER THAN PENSION BENEFITS**

<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, 2012	29,584,000	0	29,584,000	0%	75,354,000	39.3%
September 30, 2013	30,302,000	0	30,302,000	0%	74,351,000	40.8%
September 30, 2014	33,646,000	0	33,646,000	0%	75,584,000	44.5%

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.

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

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.

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 Grants - to account for funds received for the purpose of enhancing public library programs.

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, 2014

	Special Revenue		
	American Recovery and Reinvestment Act (ARRA)	Confiscated Goods	EDA Small Business Loan
ASSETS			
Cash	\$ -	125,377	335,743
Investments	-	153,238	410,353
Receivables:			
Notes	-	-	80,499
Intergovernmental	181,990	-	-
Other	-	-	-
Inventories	-	-	-
Prepaid items	-	-	-
	<u>181,990</u>	<u>278,615</u>	<u>826,595</u>
Total Assets			
LIABILITIES			
Accounts payable	-	7,117	217
Accrued liabilities	-	-	57
Due to other funds	181,974	-	-
Other liabilities	-	-	2,000
Unearned revenue	-	40,756	743,822
	<u>181,974</u>	<u>47,873</u>	<u>746,096</u>
Total Liabilities			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	106,366	-	-
Unavailable revenue - notes	-	-	80,499
	<u>106,366</u>	<u>-</u>	<u>80,499</u>
Total Deferred Inflows of Resources			
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepays	-	-	-
Permanent fund principal	-	-	-
Restricted:			
Culture and recreation	-	-	-
General government	-	-	-
Health and welfare	-	-	-
Public safety	-	230,742	-
Public works	-	-	-
Assigned:			
Culture and recreation	-	-	-
Public works	-	-	-
Unassigned:	(106,350)	-	-
Total Fund Balances	<u>(106,350)</u>	<u>230,742</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 181,990</u>	<u>278,615</u>	<u>826,595</u>

Special Revenue

Emergency Shelter (ESG)	Health Grants	Homberg Golf Course	Historical Fire Museum Trust	HOME
-	-	78,126	435	-
-	-	95,487	531	-
-	-	-	-	448,475
92,104	244,489	-	-	33,563
-	195	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>92,104</u>	<u>244,684</u>	<u>173,613</u>	<u>966</u>	<u>482,038</u>
80,889	3,694	12,649	1	4,056
-	34,616	16,589	-	2,300
11,215	207,239	-	-	27,207
-	-	2,677	-	-
-	-	2,537	-	-
<u>92,104</u>	<u>245,549</u>	<u>34,452</u>	<u>1</u>	<u>33,563</u>
-	-	-	-	-
-	-	-	-	448,475
-	-	-	-	<u>448,475</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	139,161	965	-
-	-	-	-	-
-	(865)	-	-	-
-	(865)	139,161	965	-
<u>92,104</u>	<u>244,684</u>	<u>173,613</u>	<u>966</u>	<u>482,038</u>

(continued)

CITY OF BEAUMONT, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Special Revenue		
	Hotel Occupancy Tax	HUD Community Development	Ike Recovery
ASSETS			
Cash	\$ 311,323	-	1,799,409
Investments	380,506	-	2,199,277
Receivables:			
Notes	-	259,482	-
Intergovernmental	-	1,057,938	-
Other	6,091	581,467	-
Inventories	-	-	-
Prepaid items	-	-	-
	<u>697,920</u>	<u>1,898,887</u>	<u>3,998,686</u>
Total Assets			
LIABILITIES			
Accounts payable	15,091	32,576	-
Accrued liabilities	29,588	15,583	-
Due to other funds	-	644,547	-
Other liabilities	-	-	-
Unearned revenue	-	365,232	3,973,660
	<u>44,679</u>	<u>1,057,938</u>	<u>3,973,660</u>
Total Liabilities			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	-	-	-
Unavailable revenue - notes	-	840,949	-
	<u>-</u>	<u>840,949</u>	<u>-</u>
Total Deferred Inflows of Resources			
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepays	-	-	-
Permanent fund principal	-	-	-
Restricted:			
Culture and recreation	653,241	-	-
General government	-	-	-
Health and welfare	-	-	-
Public safety	-	-	-
Public works	-	-	-
Assigned:			
Culture and recreation	-	-	-
Public works	-	-	25,026
Unassigned:			
Total Fund Balances	<u>653,241</u>	<u>-</u>	<u>25,026</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 697,920</u>	<u>1,898,887</u>	<u>3,998,686</u>

Special Revenue

Library Grants	Library Trust	Miscellaneous Grant	Miscellaneous Trust
297	12,435	-	357,482
363	15,198	-	436,923
-	-	-	-
-	-	20,858	-
-	-	-	-
-	-	-	-
<u>660</u>	<u>27,633</u>	<u>20,858</u>	<u>794,405</u>
-	127	-	3,098
-	-	-	-
-	-	20,767	-
-	-	-	78,327
-	-	-	-
<u>-</u>	<u>127</u>	<u>20,767</u>	<u>81,425</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
660	27,506	91	712,980
-	-	-	-
<u>660</u>	<u>27,506</u>	<u>91</u>	<u>712,980</u>
<u>660</u>	<u>27,633</u>	<u>20,858</u>	<u>794,405</u>

(continued)

CITY OF BEAUMONT, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

Special Revenue

	Municipal Airport	Municipal Court Juvenile Case Manager	Municipal Court Security
ASSETS			
Cash	\$ 2,933,726	25,560	14,641
Investments	3,585,666	31,239	17,894
Receivables:			
Notes	-	-	-
Intergovernmental	-	-	-
Other	11,024	17,715	6,627
Inventories	-	-	-
Prepaid items	-	-	-
Total Assets	<u>6,530,416</u>	<u>74,514</u>	<u>39,162</u>
LIABILITIES			
Accounts payable	11,122	-	-
Accrued liabilities	-	2,084	1,103
Due to other funds	-	-	-
Other liabilities	10,325	8,037	-
Unearned revenue	4,706	-	-
Total Liabilities	<u>26,153</u>	<u>10,121</u>	<u>1,103</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	-	64,393	38,059
Public works	-	-	-
Assigned:			
Culture and recreation	-	-	-
Public works	6,504,263	-	-
Unassigned:			
Total Fund Balances	<u>6,504,263</u>	<u>64,393</u>	<u>38,059</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 6,530,416</u>	<u>74,514</u>	<u>39,162</u>

<u>Municipal Court Technology</u>	<u>Municipal Transit</u>	<u>Police Grants</u>	<u>Public Education Government Programming</u>
193,351	2,009	-	277,209
236,317	-	-	338,812
-	-	-	-
-	349,257	1,255,737	-
8,881	557	-	-
-	237,832	-	-
-	516,908	-	-
<u>438,549</u>	<u>1,106,563</u>	<u>1,255,737</u>	<u>616,021</u>
-	83,656	146,543	-
-	224,943	10,302	-
-	355,709	937,829	-
-	161,300	6,208	-
-	-	37,227	-
<u>-</u>	<u>825,608</u>	<u>1,138,109</u>	<u>-</u>
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	237,832	-	-
-	516,908	-	-
-	-	-	-
-	-	-	-
-	-	-	616,021
438,549	-	117,628	-
-	-	-	-
-	-	-	-
-	-	-	-
-	(473,785)	-	-
<u>438,549</u>	<u>280,955</u>	<u>117,628</u>	<u>616,021</u>
<u>438,549</u>	<u>1,106,563</u>	<u>1,255,737</u>	<u>616,021</u>

(continued)

CITY OF BEAUMONT, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Special Revenue		
	Shelter Plus Care	Texas Motor Carrier Violations	Tyrrell Historical Trust
ASSETS			
Cash	\$ -	52,794	-
Investments	-	64,524	-
Receivables:			
Notes	-	-	-
Intergovernmental	97,206	-	-
Other	-	1,054	-
Inventories	-	-	-
Prepaid items	-	-	-
	<u>97,206</u>	<u>118,372</u>	<u>-</u>
LIABILITIES			
Accounts payable	10,848	12,147	-
Accrued liabilities	-	-	-
Due to other funds	86,358	-	17,888
Other liabilities	-	-	-
Unearned revenue	-	-	-
	<u>97,206</u>	<u>12,147</u>	<u>17,888</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	-	-	-
Unavailable revenue - notes	-	-	-
	<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	-	106,225	-
Public works	-	-	-
Assigned:			
Culture and recreation	-	-	-
Public works	-	-	-
Unassigned:			
Total Fund Balances	<u>-</u>	<u>106,225</u>	<u>(17,888)</u>
	<u>-</u>	<u>106,225</u>	<u>(17,888)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 97,206</u>	<u>118,372</u>	<u>-</u>

Permanent		
Julie Rogers Trust	Library Endowment Trust	Total Nonmajor Governmental Funds
55,878	406,031	6,981,826
68,296	496,261	8,530,885
-	-	788,456
-	-	3,333,142
-	-	633,611
-	-	237,832
-	-	516,908
<u>124,174</u>	<u>902,292</u>	<u>21,022,660</u>
-	-	423,831
-	-	337,165
-	-	2,490,733
-	-	268,874
-	-	5,167,940
-	-	<u>8,688,543</u>
-	-	106,366
-	-	<u>1,369,923</u>
-	-	<u>1,476,289</u>
-	-	237,832
-	-	516,908
100,000	774,900	874,900
24,174	127,392	804,807
-	-	616,021
-	-	-
-	-	995,596
-	-	-
-	-	881,363
-	-	6,529,289
-	-	(598,888)
<u>124,174</u>	<u>902,292</u>	<u>10,857,828</u>
<u>124,174</u>	<u>902,292</u>	<u>21,022,660</u>

CITY OF BEAUMONT, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue		
	American Recovery and Reinvestment Act (ARRA)	Confiscated Goods	EDA Small Business Loan
REVENUES			
Gross receipts taxes	\$ -	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental	53,188	192,262	58,386
Investment earnings	-	854	-
Contributions	-	-	-
Royalties	-	-	-
Miscellaneous	-	3,577	-
Total Revenues	<u>53,188</u>	<u>196,693</u>	<u>58,386</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	192,981	-
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreational	-	-	-
Housing and economic development	21,776	-	58,386
Capital outlay	-	-	-
Total Expenditures	<u>21,776</u>	<u>192,981</u>	<u>58,386</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>31,412</u>	<u>3,712</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	31,412	3,712	-
FUND BALANCES - BEGINNING	<u>(137,762)</u>	<u>227,030</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ (106,350)</u>	<u>230,742</u>	<u>-</u>

Special Revenue

Emergency Shelter (ESG)	Health Grants	Homberg Golf Course	Historical Fire Museum Trust	HOME
-	-	-	-	-
-	28,410	543,845	-	-
-	-	-	-	-
192,628	1,229,121	-	-	612,104
-	-	475	3	-
-	-	-	258	-
-	-	-	-	-
<u>192,628</u>	<u>1,257,531</u>	<u>544,320</u>	<u>261</u>	<u>612,104</u>
-	-	-	-	-
-	-	-	-	-
-	1,260,771	-	-	-
-	-	734,906	258	-
192,628	-	-	-	612,104
<u>192,628</u>	<u>1,260,771</u>	<u>734,906</u>	<u>258</u>	<u>612,104</u>
-	(3,240)	(190,586)	3	-
-	-	100,000	-	-
-	-	-	-	-
-	-	100,000	-	-
-	(3,240)	(90,586)	3	-
-	2,375	229,747	962	-
<u>-</u>	<u>(865)</u>	<u>139,161</u>	<u>965</u>	<u>-</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, 2014

	Special Revenue		
	Hotel Occupancy Tax	HUD Community Development	Ike Recovery
REVENUES			
Gross receipts taxes	\$ 2,657,050	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental	-	1,801,949	-
Investment earnings	1,656	-	11,993
Contributions	-	-	-
Royalties	-	-	-
Miscellaneous	17,842	-	-
Total Revenues	2,676,548	1,801,949	11,993
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreational	1,767,173	-	-
Housing and economic development	-	881,949	-
Capital outlay	37,437	-	-
Total Expenditures	1,804,610	881,949	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	871,938	920,000	11,993
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	(713,200)	(920,000)	-
Total Other Financing Sources (Uses)	(713,200)	(920,000)	-
NET CHANGE IN FUND BALANCES	158,738	-	11,993
FUND BALANCES - BEGINNING	494,503	-	13,033
FUND BALANCES - ENDING	\$ 653,241	-	25,026

Special Revenue

Library Grants	Library Trust	Miscellaneous Grant	Miscellaneous Trust
-	-	-	-
-	-	-	-
-	-	-	-
2	228	272,457	3,092
1,200	38,037	-	128,053
-	-	-	96,353
-	-	-	-
<u>1,202</u>	<u>38,265</u>	<u>272,457</u>	<u>227,498</u>
-	-	-	-
-	-	-	-
-	-	-	-
542	-	-	-
-	15,679	129,507	89,588
-	-	-	-
-	94,622	137,134	426,285
<u>542</u>	<u>110,301</u>	<u>266,641</u>	<u>515,873</u>
<u>660</u>	<u>(72,036)</u>	<u>5,816</u>	<u>(288,375)</u>
-	-	-	-
-	-	-	-
-	-	-	-
660	(72,036)	5,816	(288,375)
-	99,542	(5,725)	1,001,355
<u>660</u>	<u>27,506</u>	<u>91</u>	<u>712,980</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, 2014

	Special Revenue		
	Municipal Airport	Municipal Court Juvenile Case Manager	Municipal Court Security
REVENUES			
Gross receipts taxes	\$ -	-	-
Charges for services	133,599	-	-
Fines and forfeitures	-	94,749	53,131
Intergovernmental	-	-	-
Investment earnings	106,329	85	57
Contributions	-	-	-
Royalties	82,648	-	-
Miscellaneous	-	-	-
Total Revenues	322,576	94,834	53,188
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	47,667	27,865
Public works	288,683	-	-
Health and welfare	-	-	-
Culture and recreational	-	-	-
Housing and economic development	-	-	-
Capital outlay	49,979	-	-
Total Expenditures	338,662	47,667	27,865
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(16,086)	47,167	25,323
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCES	(16,086)	47,167	25,323
FUND BALANCES - BEGINNING	6,520,349	17,226	12,736
FUND BALANCES - ENDING	\$ 6,504,263	64,393	38,059

Special Revenue

Municipal Court Technology	Municipal Transit	Police Grants	Public Education Government Programming
-	-	-	-
-	527,708	-	220,627
70,590	-	-	-
-	2,412,772	2,663,573	-
1,267	491	-	1,562
-	-	-	-
-	-	-	-
-	-	-	-
<u>71,857</u>	<u>2,940,971</u>	<u>2,663,573</u>	<u>222,189</u>
-	-	-	2,349
49,702	-	1,159,934	-
-	5,378,409	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1,386,921	-
<u>49,702</u>	<u>5,378,409</u>	<u>2,546,855</u>	<u>2,349</u>
<u>22,155</u>	<u>(2,437,438)</u>	<u>116,718</u>	<u>219,840</u>
-	1,845,000	-	-
-	-	-	-
-	<u>1,845,000</u>	-	-
22,155	(592,438)	116,718	219,840
<u>416,394</u>	<u>873,393</u>	<u>910</u>	<u>396,181</u>
<u><u>438,549</u></u>	<u><u>280,955</u></u>	<u><u>117,628</u></u>	<u><u>616,021</u></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, 2014

	Special Revenue		
	Shelter Plus Care	Texas Motor Carrier Violations	Tyrrell Historical Trust
REVENUES			
Gross receipts taxes	\$ -	-	-
Charges for services	-	-	-
Fines and forfeitures	-	100,483	-
Intergovernmental	141,107	-	-
Investment earnings	-	256	-
Contributions	-	-	3,624
Royalties	-	-	-
Miscellaneous	-	-	-
Total Revenues	141,107	100,739	3,624
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	60,144	-
Public works	-	-	-
Health and welfare	141,107	-	-
Culture and recreational	-	-	21,137
Housing and economic development	-	-	-
Capital outlay	-	-	-
Total Expenditures	141,107	60,144	21,137
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	40,595	(17,513)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCES	-	40,595	(17,513)
FUND BALANCES - BEGINNING	-	65,630	(375)
FUND BALANCES - ENDING	\$ -	106,225	(17,888)

<u>Permanent</u>		
<u>Julie Rogers Trust</u>	<u>Library Endowment Trust</u>	<u>Total Nonmajor Governmental Funds</u>
-	-	2,657,050
-	-	1,454,189
-	-	318,953
-	-	9,629,547
377	2,742	131,469
-	1,811	172,983
-	-	179,001
-	-	21,419
<u>377</u>	<u>4,553</u>	<u>14,564,611</u>
-	-	2,349
-	-	1,538,293
-	-	5,667,092
-	-	1,402,420
-	959	2,759,207
-	-	1,766,843
-	-	2,132,378
<u>-</u>	<u>959</u>	<u>15,268,582</u>
<u>377</u>	<u>3,594</u>	<u>(703,971)</u>
-	-	1,945,000
-	-	(1,633,200)
-	-	311,800
377	3,594	(392,171)
<u>123,797</u>	<u>898,698</u>	<u>11,249,999</u>
<u>124,174</u>	<u>902,292</u>	<u>10,857,828</u>

CITY OF BEAUMONT, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Property taxes	\$ 14,934,000	14,934,000	14,800,336	(133,664)
Investment earnings	22,400	314,400	19,377	(295,023)
Miscellaneous	292,000	-	267,663	267,663
Total Revenues	<u>15,248,400</u>	<u>15,248,400</u>	<u>15,087,376</u>	<u>(161,024)</u>
EXPENDITURES				
Debt service:				
Principal and interest	16,800,800	17,025,500	16,794,628	(230,872)
Service charges	10,000	5,000	8,750	3,750
Other operating expenses	4,000	134,400	52,358	(82,042)
Total Expenditures	<u>16,814,800</u>	<u>17,164,900</u>	<u>16,855,736</u>	<u>(309,164)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,566,400)</u>	<u>(1,916,500)</u>	<u>(1,768,360)</u>	<u>148,140</u>
OTHER FINANCING SOURCES (USES)				
Refunding Bonds Issued	-	5,010,000	5,010,000	-
Refunding of bonds - payment to escrow agent	-	(4,949,900)	(4,949,858)	42
Transfers in	499,300	603,000	1,017,000	414,000
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>499,300</u>	<u>663,100</u>	<u>1,077,142</u>	<u>414,042</u>
NET CHANGE IN FUND BALANCES	(1,067,100)	(1,253,400)	(691,218)	562,182
FUND BALANCES, BEGINNING	<u>4,660,757</u>	<u>4,660,757</u>	<u>5,176,401</u>	<u>515,644</u>
FUND BALANCES, ENDING	<u>\$ 3,593,657</u>	<u>3,407,357</u>	<u>4,485,183</u>	<u>1,077,826</u>

**CITY OF BEAUMONT, TEXAS
CONFISCATED GOODS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014**

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental	\$ 66,500	192,262	125,762
Investment earnings	300	854	554
Miscellaneous	-	3,577	3,577
Total Revenues	66,800	196,693	129,893
EXPENDITURES			
Current			
Public safety	111,850	192,981	81,131
Capital outlay	20,307	-	(20,307)
Total Expenditures	132,157	192,981	60,824
NET CHANGE IN FUND BALANCES	(65,357)	3,712	69,069
FUND BALANCES, BEGINNING	65,357	227,030	161,673
FUND BALANCES, ENDING	\$ -	230,742	230,742

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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Charges for services	\$ 576,000	576,000	543,845	(32,155)
Investment earnings	100	100	475	375
Total Revenues	<u>576,100</u>	<u>576,100</u>	<u>544,320</u>	<u>(31,780)</u>
EXPENDITURES				
Current				
Culture and recreation	651,400	671,400	734,906	63,506
Capital outlay	96,100	96,100	-	(96,100)
Total Expenditures	<u>747,500</u>	<u>767,500</u>	<u>734,906</u>	<u>(32,594)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(171,400)</u>	<u>(191,400)</u>	<u>(190,586)</u>	<u>814</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	100,000	100,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(171,400)	(91,400)	(90,586)	814
FUND BALANCES, BEGINNING	<u>173,689</u>	<u>173,689</u>	<u>229,747</u>	<u>56,058</u>
FUND BALANCES, ENDING	<u>\$ 2,289</u>	<u>82,289</u>	<u>139,161</u>	<u>56,872</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, 2014**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ -	3	3
Contributions	-	258	258
Total Revenues	<u>-</u>	<u>261</u>	<u>261</u>
EXPENDITURES			
Current			
Culture and recreational	981	258	(723)
Total Expenditures	<u>981</u>	<u>258</u>	<u>(723)</u>
NET CHANGE IN FUND BALANCES	(981)	3	984
FUND BALANCES, BEGINNING	<u>981</u>	<u>962</u>	<u>(19)</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>965</u>	<u>965</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Gross receipts taxes	\$ 2,395,000	2,395,000	2,657,050	262,050
Investment earnings	13,400	13,400	1,656	(11,744)
Miscellaneous	-	-	17,842	17,842
Total Revenues	<u>2,408,400</u>	<u>2,408,400</u>	<u>2,676,548</u>	<u>268,148</u>
EXPENDITURES				
Current				
Culture and recreational	1,916,000	1,941,000	1,767,173	(173,827)
Capital outlay	-	-	37,437	37,437
Total Expenditures	<u>1,916,000</u>	<u>1,941,000</u>	<u>1,804,610</u>	<u>(136,390)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>492,400</u>	<u>467,400</u>	<u>871,938</u>	<u>404,538</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(597,000)	(613,200)	(713,200)	(100,000)
Total Other Financing Sources (Uses)	<u>(597,000)</u>	<u>(613,200)</u>	<u>(713,200)</u>	<u>(100,000)</u>
NET CHANGE IN FUND BALANCES	(104,600)	(145,800)	158,738	304,538
FUND BALANCES, BEGINNING	<u>476,628</u>	<u>476,628</u>	<u>494,503</u>	<u>17,875</u>
FUND BALANCES, ENDING	<u>\$ 372,028</u>	<u>330,828</u>	<u>653,241</u>	<u>322,413</u>

CITY OF BEAUMONT, TEXAS
IKE RECOVERY FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Intergovernmental	\$ -	-	-
Investment earnings	5,000	11,993	6,993
Miscellaneous	-	-	-
Total Revenues	<u>5,000</u>	<u>11,993</u>	<u>6,993</u>
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	16,632	-	(16,632)
Culture and recreational	-	-	-
Total Expenditures	<u>16,632</u>	<u>-</u>	<u>(16,632)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(11,632)</u>	<u>11,993</u>	<u>23,625</u>
OTHER FINANCING SOURCES (USES)			
Transfers out			
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(11,632)	11,993	23,625
FUND BALANCES, BEGINNING	<u>11,632</u>	<u>13,033</u>	<u>1,401</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>25,026</u>	<u>25,026</u>

CITY OF BEAUMONT, TEXAS
LIBRARY TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ 300	228	(72)
Contributions	13,000	38,037	25,037
Miscellaneous	-	-	-
Total Revenues	<u>13,300</u>	<u>38,265</u>	<u>24,965</u>
EXPENDITURES			
Current			
Culture and recreational	41,789	15,679	(26,110)
Capital outlay	75,000	94,622	19,622
Total Expenditures	<u>116,789</u>	<u>110,301</u>	<u>(6,488)</u>
NET CHANGE IN FUND BALANCES	(103,489)	(72,036)	31,453
FUND BALANCES, BEGINNING	<u>103,489</u>	<u>99,542</u>	<u>(3,947)</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>27,506</u>	<u>27,506</u>

CITY OF BEAUMONT, TEXAS
MISCELLANEOUS TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ 1,300	3,092	1,792
Contributions	40,600	128,053	87,453
Royalties	-	96,353	96,353
Total Revenues	<u>41,900</u>	<u>227,498</u>	<u>185,598</u>
EXPENDITURES			
Current			
General government	-	-	-
Culture and recreational	1,091,604	89,588	(1,002,016)
Capital			
Total Expenditures	<u>1,091,604</u>	<u>515,873</u>	<u>(575,731)</u>
NET CHANGE IN FUND BALANCES	(1,049,704)	(288,375)	761,329
FUND BALANCES, BEGINNING	<u>1,049,704</u>	<u>1,001,355</u>	<u>(48,349)</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>712,980</u>	<u>712,980</u>

CITY OF BEAUMONT, TEXAS
MUNICIPAL AIRPORT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Charges for services	\$ 145,000	145,000	133,599	(11,401)
Royalties	240,000	240,000	82,648	(157,352)
Investment earnings	180,500	180,500	106,329	(74,171)
Total Revenues	<u>565,500</u>	<u>565,500</u>	<u>322,576</u>	<u>(242,924)</u>
EXPENDITURES				
Current				
Public works	292,600	292,600	288,683	(3,917)
Capital outlay	313,000	313,000	49,979	(263,021)
Total Expenditures	<u>605,600</u>	<u>605,600</u>	<u>338,662</u>	<u>(266,938)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(40,100)</u>	<u>(40,100)</u>	<u>(16,086)</u>	<u>24,014</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(12,000,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(12,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(12,040,100)	(40,100)	(16,086)	24,014
FUND BALANCES, BEGINNING	<u>54,259,739</u>	<u>6,459,739</u>	<u>6,520,349</u>	<u>60,610</u>
FUND BALANCES, ENDING	<u>\$ 42,219,639</u>	<u>6,419,639</u>	<u>6,504,263</u>	<u>84,624</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, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Fines and forfeitures	\$ 55,000	94,749	39,749
Interest	-	85	85
Total Revenues	<u>55,000</u>	<u>94,834</u>	<u>39,834</u>
EXPENDITURES			
Current			
Public safety	<u>66,755</u>	<u>47,667</u>	<u>(19,088)</u>
Total Expenditures	<u>66,755</u>	<u>47,667</u>	<u>(19,088)</u>
NET CHANGE IN FUND BALANCES	(11,755)	47,167	58,922
FUND BALANCES, BEGINNING	<u>11,755</u>	<u>17,226</u>	<u>5,471</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>64,393</u>	<u>64,393</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, 2014**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Fines and forfeitures	\$ 35,000	53,131	18,131
Investment earnings	-	57	57
Total Revenues	<u>35,000</u>	<u>53,188</u>	<u>18,188</u>
EXPENDITURES			
Current			
Public safety	<u>44,536</u>	<u>27,865</u>	<u>(16,671)</u>
Total Expenditures	<u>44,536</u>	<u>27,865</u>	<u>(16,671)</u>
NET CHANGE IN FUND BALANCES	(9,536)	25,323	34,859
FUND BALANCES, BEGINNING	<u>9,536</u>	<u>12,736</u>	<u>3,200</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>38,059</u>	<u>38,059</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, 2014**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Fines and forfeitures	\$ 45,000	70,590	25,590
Investment earnings	1,000	1,267	267
Total Revenues	<u>46,000</u>	<u>71,857</u>	<u>25,857</u>
EXPENDITURES			
Current			
Public safety	37,700	49,702	12,002
Capital outlay	406,588	-	(406,588)
Total Expenditures	<u>444,288</u>	<u>49,702</u>	<u>(394,586)</u>
NET CHANGE IN FUND BALANCES	(398,288)	22,155	420,443
FUND BALANCES, BEGINNING	<u>398,288</u>	<u>416,394</u>	<u>18,106</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>438,549</u>	<u>438,549</u>

CITY OF BEAUMONT, TEXAS
MUNICIPAL TRANSIT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Charges for services	\$ 525,000	525,000	527,708	2,708
Intergovernmental	2,279,000	2,279,000	2,412,772	133,772
Investment earnings	600	600	491	(109)
Total Revenues	<u>2,804,600</u>	<u>2,804,600</u>	<u>2,940,971</u>	<u>136,371</u>
EXPENDITURES				
Current				
Public works	4,830,000	5,500,000	5,378,409	(121,591)
Capital outlay	-	-	-	-
Total Expenditures	<u>4,830,000</u>	<u>5,500,000</u>	<u>5,378,409</u>	<u>(121,591)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(2,025,400)</u>	<u>(2,695,400)</u>	<u>(2,437,438)</u>	<u>257,962</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,500,000	1,845,000	1,845,000	-
Total Other Financing Sources (Uses)	<u>1,500,000</u>	<u>1,845,000</u>	<u>1,845,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(525,400)	(850,400)	(592,438)	257,962
FUND BALANCES, BEGINNING	<u>873,301</u>	<u>873,301</u>	<u>873,393</u>	<u>92</u>
FUND BALANCES, ENDING	<u>\$ 347,901</u>	<u>22,901</u>	<u>280,955</u>	<u>258,054</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, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Charges for Services	\$ 225,000	220,627	(4,373)
Investment earnings	-	1,562	1,562
Total Revenues	<u>225,000</u>	<u>222,189</u>	<u>(2,811)</u>
EXPENDITURES			
Current			
General Government	<u>620,519</u>	<u>2,349</u>	<u>(618,170)</u>
Total Expenditures	<u>620,519</u>	<u>2,349</u>	<u>(618,170)</u>
NET CHANGE IN FUND BALANCES	(395,519)	219,840	615,359
FUND BALANCES, BEGINNING	<u>395,519</u>	<u>396,181</u>	<u>662</u>
FUND BALANCES, ENDING	\$ <u><u>-</u></u>	<u><u>616,021</u></u>	<u><u>616,021</u></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, 2014**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Fines and forfeitures	\$ 75,000	100,483	25,483
Investment earnings	200	256	56
Total Revenues	<u>75,200</u>	<u>100,739</u>	<u>25,539</u>
EXPENDITURES			
Current			
Public safety	174,768	60,144	(114,624)
Capital outlay	-	-	-
Total Expenditures	<u>174,768</u>	<u>60,144</u>	<u>(114,624)</u>
NET CHANGE IN FUND BALANCES	(99,568)	40,595	140,163
FUND BALANCES, BEGINNING	<u>99,568</u>	<u>65,630</u>	<u>(33,938)</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>106,225</u>	<u>106,225</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, 2014**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ -	-	-
Contributions	17,300	3,624	(13,676)
Total Revenues	<u>17,300</u>	<u>3,624</u>	<u>(13,676)</u>
EXPENDITURES			
Current			
Culture and recreation	17,300	21,137	3,837
Total Expenditures	<u>17,300</u>	<u>21,137</u>	<u>3,837</u>
NET CHANGE IN FUND BALANCES	-	(17,513)	(17,513)
FUND BALANCES, BEGINNING	<u>-</u>	<u>(375)</u>	<u>(375)</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>(17,888)</u>	<u>(17,888)</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, 2014**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ 300	377	77
Total Revenues	<u>300</u>	<u>377</u>	<u>77</u>
EXPENDITURES			
Current			
Culture and recreation	24,070	-	(24,070)
Total Expenditures	<u>24,070</u>	<u>-</u>	<u>(24,070)</u>
NET CHANGE IN FUND BALANCES	(23,770)	377	24,147
FUND BALANCES, BEGINNING	<u>123,770</u>	<u>123,797</u>	<u>27</u>
FUND BALANCES, ENDING	<u>\$ 100,000</u>	<u>124,174</u>	<u>24,174</u>

**CITY OF BEAUMONT, TEXAS
LIBRARY ENDOWMENT TRUST
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ 2,500	2,742	242
Contributions	-	1,811	1,811
Total Revenues	<u>2,500</u>	<u>4,553</u>	<u>2,053</u>
EXPENDITURES			
Current			
Culture and recreation	127,632	959	(126,673)
Total Expenditures	<u>127,632</u>	<u>959</u>	<u>(126,673)</u>
NET CHANGE IN FUND BALANCES	(125,132)	3,594	128,726
FUND BALANCES, BEGINNING	<u>900,032</u>	<u>898,698</u>	<u>(1,334)</u>
FUND BALANCES, ENDING	<u>\$ 774,900</u>	<u>902,292</u>	<u>127,392</u>

BEAUMONT  **NT**
Finance

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, 2014

	Fleet	Employee Benefits
ASSETS		
Current Assets:		
Cash	\$ 386,786	557,951
Investments	472,740	681,940
Accounts receivable (net of allowance for uncollectibles)	90	143
Inventories	367,060	-
Total Current Assets	1,226,676	1,240,034
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	(2,237,584)	-
Total Capital Assets, net of accumulated depreciation	798,553	-
Total Assets	2,025,229	1,240,034
LIABILITIES		
Current liabilities:		
Accounts payable	213,572	92,800
Accrued payroll	79,322	2,267
Accrued interest payable	-	-
Estimated claims liability	-	3,464,532
Compensated absences	6,900	-
Other liabilities	47,751	14,859
Unearned revenue	-	20,951
Loan payable	-	-
Obligations under capital leases	-	-
Total Current Liabilities	347,545	3,595,409
Noncurrent liabilities:		
Compensated absences	218,924	15,011
OPEB liability	-	2,407,000
Loan payable	-	-
Total Noncurrent Liabilities	218,924	2,422,011
Total Liabilities	566,469	6,017,420
NET POSITION		
Net investment in capital assets	798,553	-
Unrestricted	660,207	(4,777,386)
Total Net Position	\$ 1,458,760	(4,777,386)

<u>General Liability</u>	<u>Capital Reserve</u>	<u>Total</u>
862,208	1,731,202	3,538,147
1,053,810	2,115,914	4,324,404
210	453	896
-	-	367,060
<u>1,916,228</u>	<u>3,847,569</u>	<u>8,230,507</u>
-	194,935	437,785
-	68,732	68,732
-	9,965,182	11,230,938
-	-	967,907
-	43,427,620	43,987,244
-	217,991	217,991
-	(37,512,228)	(39,749,812)
-	16,362,232	17,160,785
<u>1,916,228</u>	<u>20,209,801</u>	<u>25,391,292</u>
6,302	197,830	510,504
-	-	81,589
-	2,441	2,441
976,600	-	4,441,132
-	-	6,900
-	-	62,610
-	-	20,951
-	165,411	165,411
-	185,152	185,152
<u>982,902</u>	<u>550,834</u>	<u>5,476,690</u>
-	-	233,935
-	-	2,407,000
-	16,736	16,736
-	16,736	2,657,671
<u>982,902</u>	<u>567,570</u>	<u>8,134,361</u>
-	15,994,933	16,793,486
933,326	3,647,298	463,445
<u>933,326</u>	<u>19,642,231</u>	<u>17,256,931</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, 2014

	<u>Fleet</u>	<u>Employee Benefits</u>
OPERATING REVENUES		
Charges for services	\$ 9,163,998	20,033,708
Miscellaneous	268	-
Total Operating Revenues	<u>9,164,266</u>	<u>20,033,708</u>
OPERATING EXPENSES		
Personnel services	2,200,258	580,511
Other operating expenses	6,832,946	-
Health and life insurance	-	19,534,689
Other insurance premiums	-	950,838
Damage claims	-	-
Depreciation	35,713	-
Total Operating Expenses	<u>9,068,917</u>	<u>21,066,038</u>
OPERATING INCOME (LOSS)	<u>95,349</u>	<u>(1,032,330)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	3,931	870
Interest (expense)	-	-
Gain (loss) on sale of equipment	7,218	-
Total Nonoperating Revenues (Expenses)	<u>11,149</u>	<u>870</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>106,498</u>	<u>(1,031,460)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	-	1,941,600
Transfers Out	(759,400)	-
Total Other Financing Sources (Uses)	<u>(759,400)</u>	<u>1,941,600</u>
CHANGE IN NET POSITION	<u>(652,902)</u>	<u>910,140</u>
TOTAL NET POSITION - BEGINNING	<u>2,111,662</u>	<u>(5,687,526)</u>
TOTAL NET POSITION - ENDING	<u>\$ 1,458,760</u>	<u>(4,777,386)</u>

General Liability	Capital Reserve	Total
-	2,493,900	31,691,606
-	27,447	27,715
-	<u>2,521,347</u>	<u>31,719,321</u>
-	-	2,780,769
-	664,839	7,497,785
-	-	19,534,689
4,136	-	954,974
742,676	-	742,676
-	3,403,871	3,439,584
<u>746,812</u>	<u>4,068,710</u>	<u>34,950,477</u>
<u>(746,812)</u>	<u>(1,547,363)</u>	<u>(3,231,156)</u>
5,839	13,118	23,758
-	(19,359)	(19,359)
-	55,245	62,463
<u>5,839</u>	<u>49,004</u>	<u>66,862</u>
<u>(740,973)</u>	<u>(1,498,359)</u>	<u>(3,164,294)</u>
175,000	364,000	2,480,600
-	-	(759,400)
<u>175,000</u>	<u>364,000</u>	<u>1,721,200</u>
<u>(565,973)</u>	<u>(1,134,359)</u>	<u>(1,443,094)</u>
<u>1,499,299</u>	<u>20,776,590</u>	<u>18,700,025</u>
<u>933,326</u>	<u>19,642,231</u>	<u>17,256,931</u>

CITY OF BEAUMONT, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Fleet Fund</u>	<u>Employee Benefits Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 9,164,427	20,033,878
Cash payments for goods and services	(7,022,095)	(20,729,162)
Cash payments to employees	<u>(2,202,350)</u>	<u>(616,617)</u>
Net Cash Provided (Used) by Operating Activities	<u>(60,018)</u>	<u>(1,311,901)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in (out)	<u>(759,400)</u>	<u>1,941,600</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(759,400)</u>	<u>1,941,600</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	7,218	-
Payments for capital acquisitions	-	-
Principal payments	-	-
Interest paid and fiscal charges	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>7,218</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) sale of investments	161,022	(450,398)
Receipt of interest	<u>3,931</u>	<u>870</u>
Net Cash Provided (Used) by Investing Activities	<u>164,953</u>	<u>(449,528)</u>
NET INCREASE (DECREASE) IN CASH	(647,247)	180,171
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,034,033	377,780
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>386,786</u>	<u>557,951</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	95,349	(1,032,330)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	35,713	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	161	170
(Increase) decrease in inventory	(5,152)	-
Increase (decrease) in accrued payroll	946	(30,680)
Increase (decrease) in accrued compensated absences	(3,038)	(5,426)
Increase (decrease) in accounts payable	(183,101)	(537,560)
Increase (decrease) in other liabilities	<u>(896)</u>	<u>293,925</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (60,018)</u>	<u>(1,311,901)</u>

General Liability Fund	Capital Reserve Fund	Total
89	2,523,514	31,721,908
(193,725)	(683,719)	(28,628,701)
-	-	(2,818,967)
<u>(193,636)</u>	<u>1,839,795</u>	<u>274,240</u>
175,000	364,000	1,721,200
<u>175,000</u>	<u>364,000</u>	<u>1,721,200</u>
-	55,245	62,463
-	(3,304,911)	(3,304,911)
-	(270,174)	(270,174)
-	(21,914)	(21,914)
<u>-</u>	<u>(3,541,754)</u>	<u>(3,534,536)</u>
(320,945)	(150,570)	(760,891)
5,839	13,118	23,758
<u>(315,106)</u>	<u>(137,452)</u>	<u>(737,133)</u>
(333,742)	(1,475,411)	(2,276,229)
<u>1,195,950</u>	<u>3,206,613</u>	<u>5,814,376</u>
<u>862,208</u>	<u>1,731,202</u>	<u>3,538,147</u>
(746,812)	(1,547,363)	(3,231,156)
-	3,403,871	3,439,584
89	2,167	2,587
-	-	(5,152)
-	-	(29,734)
-	-	(8,464)
6,302	(18,880)	(733,239)
546,785	-	839,814
<u>(193,636)</u>	<u>1,839,795</u>	<u>274,240</u>

BEAUMONT
Finance

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>	136

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

BEAUMONT
Finance

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

Table 1

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 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	245,262,954
Restricted	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	49,369,212
Unrestricted	32,759,480	36,631,201	41,836,780	78,239,215	33,862,711	37,214,528	43,184,422	13,307,361	32,907,138	28,351,323
Total governmental activities net position	<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>	<u>322,983,489</u>
Business-type activities										
Net investment in capital assets	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	84,410,124
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	1,498,586
Unrestricted	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	5,086,557
Total business-type activities net position	<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>	<u>90,995,267</u>
Primary government										
Net investment in capital assets	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	329,673,078
Restricted	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	50,867,798
Unrestricted	48,314,164	37,994,178	42,779,663	107,609,281	30,126,297	33,314,674	38,273,544	16,682,316	35,876,025	33,437,880
Total primary government net position	<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>	<u>413,978,756</u>

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

Table 2

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 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	16,758,992
Public safety	44,082,534	47,670,710	47,558,832	56,758,353	73,758,247	57,676,156	58,527,385	60,448,548	62,441,823	63,728,559
Public works	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	39,336,043
Health and welfare	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	9,223,008
Culture and recreation	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	12,578,727
Housing and economic development	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	5,011,603
Interest on long term debt	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	10,569,603
Total governmental activities expenses	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	157,206,535
Business-type activities:										
Water	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	37,568,455
Solid Waste	6,785,020	7,630,064	6,898,708	7,786,682	7,742,028	7,700,271	7,718,434	7,664,085	7,926,998	8,135,678
Total business-type activities expenses	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	45,704,133
Total primary governmental expenses	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	202,910,668
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	357,848	376,279	402,054	436,963	453,769	480,946	71,072	249,701	285,784	302,057
Public safety	2,972,297	3,125,378	3,339,471	3,495,697	3,630,155	3,847,567	2,379,384	2,004,181	2,078,686	2,652,451
Public works	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	2,154,157
Health and welfare	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	4,392,148
Culture and recreation	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	1,461,387
Operating grants and contributions	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	8,103,028
Capital grants and contributions	1,511,121	5,206,959	5,297,682	10,789,104	25,264,204	17,470,998	23,601,693	5,489,714	12,016,231	9,533,129
Total governmental activities program revenues	20,449,711	31,600,105	23,004,678	28,683,878	72,378,790	41,448,781	43,229,610	27,550,900	28,616,175	28,598,357
Business-type activities:										
Charges for services:										
Water	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	45,240,682
Solid Waste	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	9,898,103
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	1,288,125	1,888,406	2,179,008	1,025,119	743,285	625,348	39,156	435,245	192,304
Total business-type activities program revenues	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	55,331,089
Total primary government program revenues	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	83,929,446
Net (Expense) Revenue										
Governmental Activities	(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)	(128,608,178)
Business-type Activities	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	9,626,956
Total Primary government net expense	(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)	(118,981,222)

Continued

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

Table 2

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues										
and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Property taxes	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	46,698,073
Industrial payments	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	16,095,254
Sales taxes	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	38,306,699
Franchise taxes	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	11,065,911
Investment earnings	893,550	2,545,667	4,242,678	2,781,047	776,016	426,274	944,412	813,144	750,578	760,631
Miscellaneous	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	1,126,890
Oil and gas royalties	-	-	-	-	-	-	47,022,314	5,536,704	2,423,682	179,001
Gain on sale of equipment	95,618	134,975	176,812	(369,998)	305,506	10,200	174,597	143,621	180,222	62,397
Transfers	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	9,305,000
Total Governmental Activities	87,744,511	105,599,658	106,683,820	110,590,869	119,819,781	111,294,542	160,258,487	120,882,112	123,202,952	123,599,856
Business-type Activities:										
Investment earnings	575,814	985,109	1,657,483	966,796	356,015	159,058	241,871	176,603	86,278	119,235
Miscellaneous	-	-	-	236,938	883,369	745,546	867,301	1,377,922	1,196,468	1,441,893
Gain on sale of equipment	44,200	83,515	32,325	124,788	30,736	60,672	124,429	67,957	153,175	138,935
Transfers	(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)	(9,305,000)
Total Business-type Activities	(7,602,486)	(5,535,376)	(7,106,924)	(5,962,478)	(6,105,880)	(6,600,724)	(8,325,426)	(7,582,518)	(7,300,212)	(7,604,937)
Total Primary Government	80,142,025	100,064,282	99,576,896	104,628,391	113,713,901	104,693,818	151,933,061	113,299,594	115,902,740	115,994,919
Change in Net Position										
Governmental Activities	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)	(5,008,322)
Business-type Activities	2,012,623	3,646,033	519,620	2,256,109	1,543,697	2,328,813	1,071,932	(830,101)	372,681	2,022,019
Total Primary Government	\$ 11,542,086	29,097,502	17,407,830	12,999,456	35,560,551	15,695,661	66,760,838	1,804,626	(239,320)	(2,986,303)

(concluded)

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

Table 3

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011*	2012	2013	2014
General Fund										
Reserved for:										
Inventories	\$ 19,275	27,885	-	-	-	-	-	-	-	-
Prepaid items	156,798	617,792	443,500	647,714	777,163	765,720	-	-	-	-
Unreserved	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	758,478
Unassigned	-	-	-	-	-	-	31,106,453	30,663,868	31,126,945	31,101,468
Total general fund	<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>	<u>31,859,946</u>
All Other Governmental Funds										
Reserved for:										
Inventories	90,635	94,358	89,965	111,770	97,646	108,541	-	-	-	-
Prepaid items	37,661	42,283	60,999	60,552	54,563	54,609	-	-	-	-
Debt Service	1,934,054	2,172,266	2,457,628	2,596,861	2,488,333	2,211,163	-	-	-	-
Culture and recreation	1,039,112	935,555	1,476,022	1,526,002	1,483,465	1,343,069	-	-	-	-
Capital projects	19,457,829	13,267,205	6,144,027	40,462,156	5,629,641	7,104,162	-	-	-	-
Unreserved, reported in:										
Special revenue funds	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	237,832
Prepaid items	-	-	-	-	-	-	43,571	46,685	335,074	516,908
Permanent fund principal	-	-	-	-	-	-	874,900	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	4,485,183
Culture and recreation	-	-	-	-	-	-	1,321,068	2,499,257	11,126,638	8,537,937
General government	-	-	-	-	-	-	-	172,019	396,181	616,021
Health and welfare	-	-	-	-	-	-	-	-	2,375	4,180,071
Public safety	-	-	-	-	-	-	484,993	605,204	7,079,415	7,056,698
Public works	-	-	-	-	-	-	19,083,936	27,594,060	94,897,019	74,618,687
Assigned										
Culture and recreation	-	-	-	-	-	-	336,208	338,601	1,331,606	881,363
Public safety	-	-	-	-	-	-	114,971	910	-	-
Public works	-	-	-	-	-	-	720,186	552,069	6,533,382	6,529,289
Unassigned	-	-	-	-	-	-	(969,874)	(149,854)	(143,862)	(598,888)
Total all other governmental funds	<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>	<u>107,936,001</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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES:										
Taxes:										
Property	\$ 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	46,367,711
Gross receipts	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	11,065,911
Sales	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	38,306,699
Industrial payments	11,456,951	11,491,345	12,081,915	13,178,902	16,102,794	14,745,496	13,220,777	13,434,606	14,926,084	16,095,254
Licenses and permits	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	2,000,446
Charges for services	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	5,850,125
Fines and forfeitures	2,959,522	2,885,262	2,835,731	2,434,872	2,506,248	2,288,847	2,160,843	1,787,194	1,780,719	2,234,389
Recreational activities	611,833	431,917	569,321	558,743	558,776	703,635	731,680	858,997	881,388	840,118
Intergovernmental	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	18,804,037
Investment earnings	820,106	2,156,214	3,559,784	2,274,271	622,599	344,306	779,717	626,155	458,103	415,333
Contributions	359,909	232,655	84,345	117,206	68,343	71,743	292,956	867,735	230,726	172,983
Oil and gas royalties	-	-	-	-	-	-	47,022,314	5,536,704	2,423,682	179,001
Miscellaneous	1,271,273	1,806,246	2,408,391	1,873,133	1,630,492	2,151,473	1,728,176	2,072,867	1,415,437	1,367,511
Total Revenues	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	143,699,518
EXPENDITURES:										
Current										
General government	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	15,082,293
Public safety	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	59,952,278
Public works	13,796,993	16,246,600	22,351,495	23,870,882	27,224,804	25,069,157	25,479,631	27,278,480	24,473,117	24,842,966
Health and welfare	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	8,872,969
Culture and recreational	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	10,368,210
Housing and economic development	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	4,978,196
Capital outlay	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	30,408,945
Debt Service:										
Principal	3,693,191	8,620,335	8,259,724	7,826,007	8,125,139	7,887,848	5,545,431	4,929,371	5,417,450	6,313,900
Interest and fiscal charges	9,771,804	5,100,502	5,833,877	5,713,350	6,415,269	6,974,926	7,302,359	7,922,791	8,581,591	10,489,478
Bond discount	118,680	-	-	-	-	-	-	-	-	-
Bond issuance costs	202,330	-	-	-	-	-	574,874	534,663	449,158	52,358
Advance refunding	367,000	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	250,000	50,193	284,318	-	-	-	67,950
Total expenditures	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	171,429,543
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(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)	(27,730,025)
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	5,010,000
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	(4,949,858)
Payment of escrow for refunding	(21,813,162)	-	(19,899,250)	-	-	-	(19,167,492)	(26,740,390)	-	-
Capital leases	393,506	-	-	-	-	-	-	-	-	-
Transfers in	8,399,530	9,397,601	11,434,901	13,530,088	11,206,522	11,078,419	13,432,227	12,900,570	65,431,906	12,662,000
Transfers out	(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)	(5,078,200)
Total Other Financing Sources (Uses)	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	7,643,942
NET CHANGE IN FUND BALANCES	\$ 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	(20,086,083)
Debt service as a percentage of noncapital expenditures	13.9%	12.5%	12.6%	10.9%	9.7%	11.3%	9.9%	9.6%	10.3%	11.9%

Source: Comprehensive Annual Financial Reports

Table 5

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 (b)
Agriculture/Forestry/Fishing/Hunting	\$ 32,948	34,212	28,662	21,858	13,621	9,170	7,240	1	9,064	6,984
Mining/Quarrying/Oil and Gas Extraction	8,816	43,850	93,089	90,550	38,972	27,681	34,915	29,830	46,598	53,406
Utilities	634,246	678,459	-	-	-	-	945,588	3,219,854	3,468,981	2,792,190
Construction	593,293	1,044,964	1,122,195	1,335,484	1,128,080	709,168	797,237	1,066,843	1,017,648	799,282
Manufacturing	659,411	895,347	1,174,251	1,698,146	896,235	1,047,683	1,098,600	1,333,381	1,635,557	1,045,877
Wholesale Trade	927,187	1,514,524	1,456,490	2,013,620	2,027,214	1,765,847	1,876,037	2,122,841	2,286,768	1,613,678
Retail Trade	10,816,722	14,417,748	13,502,268	13,146,972	14,673,489	12,983,134	12,937,417	13,388,785	13,600,775	10,215,254
Transportation/Warehousing	22,843	11,101	14,137	73,782	151,502	60,095	165,533	12,628	19,765	24,172
Information	414,921	450,393	326,265	314,808	336,862	279,076	268,135	278,235	302,577	272,614
Finance/Insurance	63,575	148,254	80,084	84,466	155,842	74,756	65,814	61,700	57,229	42,596
Real Estate/Rental/Leasing	629,105	995,492	868,116	710,294	767,027	710,772	836,241	1,019,213	1,027,695	1,010,988
Professional/Scientific/Technical Services	125,787	190,026	163,172	146,063	165,977	226,014	385,951	406,197	327,728	220,372
Management of Companies/Enterprises	297,039	478,476	176,927	81,668	138,714	3,844	3,138	776	50	-
Admin/Waste Management/Remediation	485,564	516,023	568,913	656,175	688,529	601,564	605,770	571,356	566,198	440,380
Educational Services	698	2,236	1,107	1,197	1,377	2,542	1,757	2,654	5,497	3,195
Health Care/Social Assistance	47,197	56,748	47,426	48,249	54,988	48,844	53,156	61,195	52,879	40,282
Arts/Entertainment/Recreation	117,836	142,638	150,547	141,865	149,786	152,897	161,889	159,101	146,101	108,529
Accommodation/Food Services	2,316,825	2,698,684	2,646,209	2,724,411	3,088,297	2,841,447	2,950,358	3,110,399	3,123,501	2,436,167
Other Services	545,062	727,539	1,014,751	1,393,361	802,045	704,409	686,451	672,167	758,962	586,600
Public Administration	73,528	19,301	18,548	20,263	-	18,230	-	76,292	83,147	62,706
Other	31	1	-	-	-	-	-	15	22	-

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			
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
2014	5,876,954,826	1,700,426,999	752,734,397	6,824,647,428	0.69000

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
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
2014	0.47000	0.22000	0.69000	0.3650	0.22059	0.06468	0.08937	1.3150	2.74464

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	2014 ^(a)		Taxpayer	2005 ^(b)	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Entergy Texas Inc	\$ 136,013,130	1.99 %	Entergy Gulf States, Inc.	\$ 118,807,320	2.60 %
ExxonMobil Corp	132,611,790	1.94	Southwestern Bell	56,470,440	1.24
Golden Triangle Storage	99,999,880	1.47	Phelan A M & Harry Phelan	29,418,630	0.64
Premcor Refining Group, Inc	93,720,560	1.37	Premcor Refining Group Inc	28,403,350	0.62
Chevron Phillips Chemical Co	80,416,800	1.18	Wal-Mart Stores, Inc.	27,667,640	0.61
BP America Production Co	50,763,155	0.74	Mobil Oil Corporation	27,043,020	0.59
Parkdale Mall CMBS LLC	45,950,280	0.67	Parkdale Mall Associates	25,993,780	0.57
Phelan Eleven B LLC 1%	43,587,790	0.64	Dillard's Inc	21,008,700	0.46
American Valve & Hydrant Mfg	39,136,940	0.57	Oil Tanking Beaumont Ptnshp LP	20,018,300	0.44
Wal Mart Stores East Inc #651	31,314,180	0.46	GE Betz Laboratories Inc	18,926,080	0.41
Total	\$ 753,514,505	11.04 %	Total	\$ 373,757,260	8.18 %

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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 Ten 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	\$ (51,757)	\$ 30,219,134	\$ 29,241,308	96.76 %	\$ 809,178	\$ 30,050,486	99.44 %
2006	32,285,506	(120,459)	32,165,046	31,407,801	97.65	571,212	31,979,014	99.42
2007	32,102,323	(139,872)	31,962,451	31,294,556	97.91	536,899	31,831,455	99.59
2008	36,363,713	(224,691)	36,139,022	35,395,542	97.94	592,984	35,988,526	99.58
2009	40,390,006	(198,371)	40,191,635	39,063,289	97.19	845,495	39,908,784	99.30
2010	41,652,488	(99,680)	41,552,808	40,495,321	97.46	727,535	41,222,855	99.21
2011	44,224,825	(459,135)	43,765,690	42,849,710	97.91	499,085	43,348,796	99.05
2012	43,087,639	(241,130)	42,846,509	41,968,481	97.95	370,581	42,339,062	98.82
2013	43,431,623	(310,231)	43,121,392	42,312,864	98.12	136,773	42,449,637	98.44
2014	46,628,688	-	46,628,688	45,351,010	97.26	-	45,351,010	97.26

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			
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	6.51	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	88,721,000	8,567,708	78,510,000	56,615,750	-	394,843	267,228,551	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
2014	55,864,150	170,010,000	4,877,300	74,230,000	91,915,850	-	16,212,197	413,109,497	8.83	3,507

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		
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	88,721,000	2,596,861	120,543,389	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
2014	55,864,150	170,010,000	4,485,183	221,388,967	3.24	1,879

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, 2014
(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	\$ 45,080,000	31.53%	\$ 14,213,724
Jefferson County Drainage District #6	-	83.00%	-
Port of Beaumont	5,485,000	66.38%	3,640,943
Beaumont Independent School District	388,680,000	62.28%	<u>242,069,904</u>
Subtotal, overlapping debt			259,924,571
City of Beaumont (direct debt)	221,388,967	100.00%	<u>221,388,967</u>
Total direct and overlapping debt			\$ <u><u>481,313,538</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		
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	29,551,425	14,796,695	7,758,538	1.91	
2014	46,795,479	32,157,719	14,637,760	8,289,002	1.77	

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>
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
2014	117,796	4,676,737	39,702	34.3	20,483	7.0

* 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

2014			2005		
<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	4,615	8.22 %	Beaumont Independent School District	2,906	5.44 %
Beaumont Independent School District	2,536	4.52	Christus St Elizabeth Hospital	2,333	4.37
ExxonMobil Corporation	1,941	3.46	ExxonMobil	2,093	3.92
ENGlobal Corporation	1,879	3.35	West	1,400	2.62
Memorial Hermann Baptist Hospital	1,517	2.70	City of Beaumont	1,320	2.47
Christus St Elizabeth Hospital	1,574	2.80	Lamar University	1,180	2.21
City of Beaumont	1,335	2.38	Memorial Hermann Baptist Hospital	1,161	2.17
Jefferson County	1,206	2.15	Jefferson County	1,073	2.01
Lamar University	1,183	2.11	Beaumont Remote Encoding Center	1,013	1.90
Richard Design Services Inc	590	1.05	Goodyear Tire & Rubber	550	1.03
Total	18,376	32.72%		15,029	28.15 %

Source: Local companies

CITY OF BEAUMONT, TEXAS
Top Ten Water Customers
Current Year
(Unaudited)

Table 16

2014

<u>Company</u>	<u>Water Consumption (gallons)</u>	<u>Revenue</u>
TDCJ / Utilities & Energy	351,997,500	\$ 3,311,468
Federal Correctional Complex	229,055,000	1,780,387
Christus Hospital	77,375,800	658,178
Lamar University	77,010,100	808,491
Lucite International Inc	72,791,000	498,284
ExxpmMobil Oil	54,358,200	348,916
Chemtrade	50,124,000	345,843
G E Betz	49,312,900	319,210
Memorial Herman Baptist Hospital	39,572,400	494,998
Martin Resources / Martin Gas	36,873,000	226,265
Total	<u>1,038,469,900</u>	<u>\$ 8,792,039</u>

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Source: Water Customer Service

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

Table 17

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
City Attorney	8	9	9	9	9	9	9	10	10	9
City Clerk	3	3	3	3	3	3	3	3	3	3
Clean Community	78	-	-	-	-	-	-	-	-	-
Convention and Visitors Bureau	8	8	9	9	9	9	9	9	9	9
Event Facilities and Libraries	39	55	44	55	57	57	56	58	58	31
Executive Office	3	4	4	4	5	6	4	5	5	5
Finance	62	76	76	72	74	78	75	109	110	110
Fire	240	240	240	240	243	243	242	242	242	242
Human Resources	13	13	10	13	13	13	11	11	12	12
Information Technology	-	-	27	27	62	62	60	60	60	86
Internal Services	135	108	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	56	56	57	57	49	49	50	56
Planning & Community Development	-	-	-	31	32	31	33	41	36	37
Police	330	327	327	327	305	304	302	299	301	302
Public Health	92	103	104	108	103	101	101	94	94	93
Public Works	264	190	253	225	227	228	167	136	135	133
Solid Waste	-	-	-	-	-	-	60	60	60	60
Water Utilities	-	147	145	145	144	138	193	194	135	147
Total	<u>1,275</u>	<u>1,283</u>	<u>1,307</u>	<u>1,324</u>	<u>1,343</u>	<u>1,339</u>	<u>1,374</u>	<u>1,380</u>	<u>1,320</u>	<u>1,335</u>

Source: City of Beaumont Annual Operating Budget

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

Table 18

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police										
Number of Sworn Employees	264	259	259	259	265	264	262	259	260	260
Number of Civilian Employees	66	68	68	68	34	40	40	40	41	41
Number of Calls for Service	194,242	165,845	154,658	155,636	163,389	164,949	151,380	154,216	163,177	154,855
Fire										
Number of Sworn Employees	234	234	234	234	234	234	234	234	234	234
Number of Civilian Employees	6	6	6	6	9	9	8	8	8	8
Number of Fire runs	13,059	15,535	14,982	15,929	15,908	16,121	16,312	16,332	15,645	16,194
EMS										
Number of Employees	39	43	43	45	45	45	45	48	48	48
Number of EMS runs	13,555	14,760	15,636	15,915	16,859	16,233	16,134	16,585	16,919	17,754
Cultural and Recreational										
Parks and Recreation										
Participants in Leisure Service Programs	9,067	63,469	84,975	58,053	37,382	44,468	82,204	90,358	98,542	58,447
Participants in Athletic Programs	13,439	82,347	53,596	16,680	21,491	81,058	84,928	46,743	58,724	54,844
Golf Course										
Number of Paid Rounds Played	25,581	25,694	26,410	26,415	28,876	22,068	24,141	20,871	30,611	25,974
Library										
Volumes in Collection	382,154	394,735	406,999	411,796	376,348	366,975	326,187	309,665	295,878	294,454
Water and Sewer										
Number of Water Connections	41,501	40,939	41,940	42,435	42,364	42,389	42,431	42,472	42,411	42,516
Average Daily Water Consumption (gallons)	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	24.807 MGD
Maximum Storage Capacity (gallons)	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	24.4 MGD
Sanitation (residential)										
Refuse Collected (tons)	50,709	55,743	54,464	54,030	52,384	48,699	48,192	50,140	46,927	44,464
Bulky/Brush Pickups (tons)	65,523	11,048	80,651	88,651	80,763	66,478	60,031	47,333	52,325	53,688
Tires (tons)	879	702	721	332	1,331	2,572	4,546	2,191	3,415	416
White Goods (tons)	661	567	554	259	376	788	290	89	65	2
Compost (tons)	22,775	106,168	5,197	4,677	24,033	13,636	15,976	12,999	21,525	2,954

Source: City of Beaumont Annual Operating Budget; City Departments

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

Table 19

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Substations	3	3	3	2	1	2	3	3	3	1
Police Patrol Units	101	101	91	91	100	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)	762	722	722	726	726	726	726	726	660	660
Streets - Unpaved (miles)	44	43	43	43	43	43	43	43	43	43
Cultural and Recreational										
Parks and Recreation Area	37	37	38	37	36	36	36	36	36	36
Parks (acres)	2,198	2,198	2,198	2,198	2,145	2,145	2,198	2,198	2,198	2,198
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Water Playgrounds	12	12	11	11	10	10	11	11	11	11
Softball Fields	12	12	12	12	12	12	12	12	12	12
Community Centers	5	5	3	2	2	4	4	4	4	4
Show Mobile	1	1	1	1	1	1	1	1	1	1
Tennis Courts	27	27	27	27	24	24	32	32	35	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)	760	765	765	768	770	770	770	770	770	770
Fire Hydrants	3,600	3,600	3,550	4,036	4,145	4,211	4,292	4,370	4,426	4,481
Sanitary Sewers (miles)	760	760	765	768	770	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 20

Fiscal Year	Actuarial Value of Assets (1)	Actuarial Liability (AAL) Unit Credit (2)	Percentage Funded (1)/(2) (3)	Unfunded AAL (UAAL) (2)-(1) (4)	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)
2005	\$ 127,734,267	\$ 161,103,998	79.287 %	\$ 33,369,731	\$ 36,666,628	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	163.469	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	361,063,750	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
2014	323,063,028	411,970,982	78.419	88,907,954	55,784,887	159.376	9.14	10.57

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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 21

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
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
2014	18,347,188	3,721,579	20.28	1,258	227	744	15.29	1,277,948	(2,443,631)	13.32	11,626	16,395
Total	\$ 134,416,332	\$ 24,133,942	17.95					\$ 9,419,515	\$ (14,714,427)	10.95	\$ 88,750	\$ 119,594
Average	\$ 13,441,633	\$ 2,413,394		1,241	199	603	16.02	\$ 941,952	\$ (1,471,443)		\$ 8,875	\$ 11,959