



City of Beaumont, Texas

Comprehensive Annual Financial Report

For the Fiscal Year ended September 30, 2015

**Prepared by the
Finance Department**

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**CITY OF BEAUMONT, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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BEAUMONT

Finance



March 29, 2016

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, 2015. 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 BKD, LLP, 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, 2015, 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 unmodified opinion that the City of Beaumont's financial statements for the fiscal year ended September 30, 2015, and that those statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

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

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

The City of Beaumont provides a full range of services, including police and fire protection; construction and maintenance of streets and other infrastructure; recreational activities; health and welfare services; 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 76 of the required supplementary information section of the report. 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 104.

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 US agencies, money market mutual funds, certificates of deposit and approved investment pools. The maturities of the investments range from 1 to 1,062 days, with a weighted average maturity of 154 days. The weighted average yield on investments was 0.47% at September 30, 2015. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

Risk Management

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

Pension and Other Postemployment Benefits

The City of Beaumont provides pension benefits for all full-time employees, except for City firefighters, through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. As a matter of policy, the City of Beaumont fully funds each year's annual required contribution to the pension plan as determined by the actuary. The City has funded 80.7% of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over 20 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 223 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, 2014. This was the twenty-ninth 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 BKD 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, 2014

Executive Director/CEO

City of
Beaumont, Texas



List of Principal Officials

Becky Ames, *Mayor*

Mike Getz, *Ward II, Mayor Pro-Tem*

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

Gethrel Williams-Wright, *At Large*

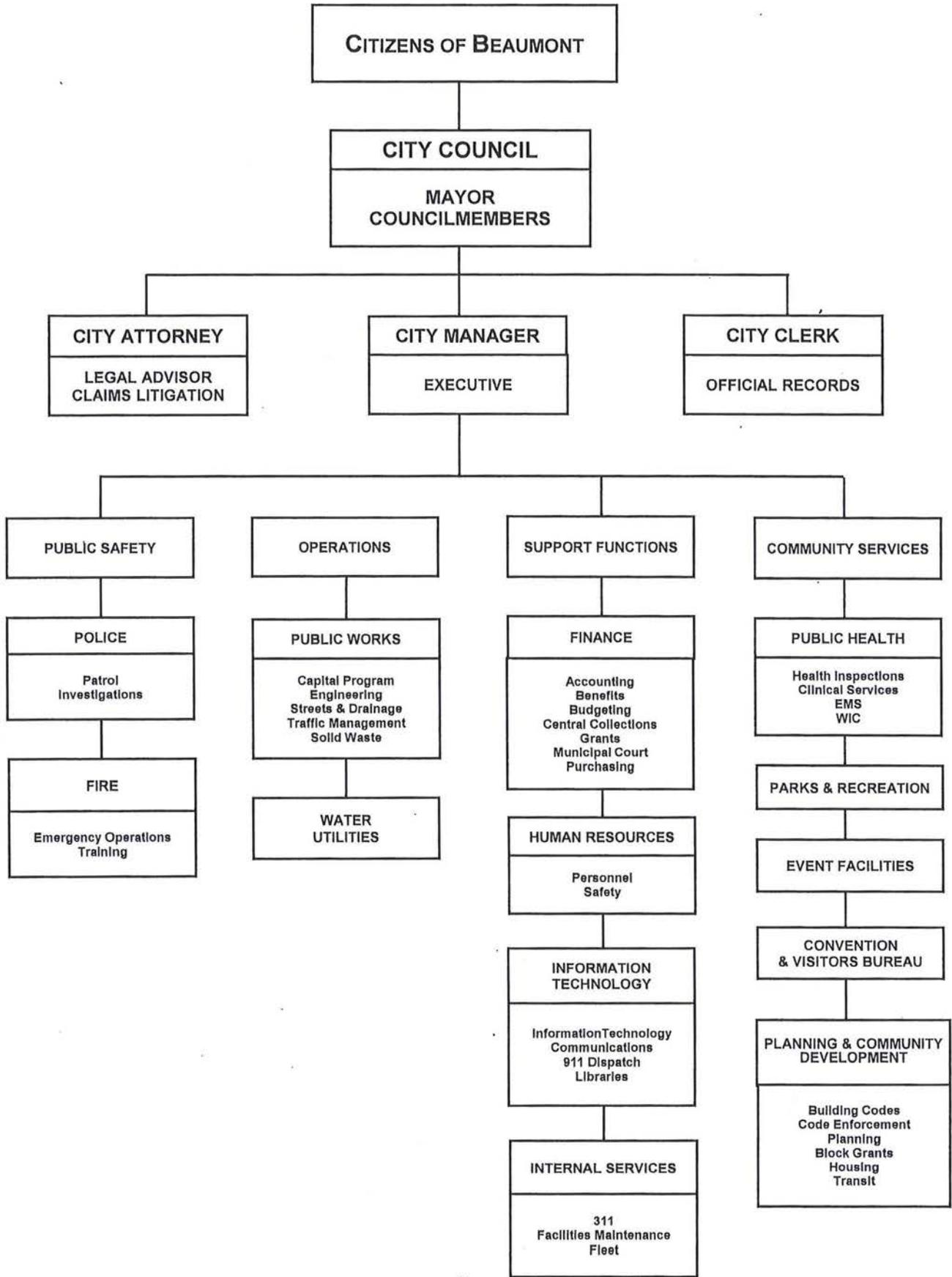
Claude Guidroz, *Ward I*

Audwin M. Samuel, *Ward III*

Robin Mouton, *Ward IV*

Kyle Hayes, *City Manager*

CITY OF BEAUMONT ORGANIZATIONAL CHART



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Beaumont, Texas (the City), as of and for the year ended September 30, 2015, 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 Beaumont Firemen's Relief and Retirement Fund, which financial statements reflect 100 percent of total assets, equity and additions and deductions 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 Beaumont Firemen's Relief and Retirement Fund, 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. The financial statements of Beaumont Firemen's Relief and Retirement Fund, a pension trust fund included in the financial statements of the aggregate remaining fund information, were not audited in accordance with Government Auditing Standards.

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 the other auditor, 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, 2015, 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

Emphasis of Matter

As discussed in Note 4 to the financial statements, in 2015, the City adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement Number 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, as amended. Our opinions are not modified with respect to this matter.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining fund statements and schedules and the budget to actual schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

The accompanying information in the introductory and statistical sections as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2016, on our consideration of the City's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Houston, Texas
March 24, 2016

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, 2015. 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 and deferred inflows of resources at the close of 2015 by \$338.3 million. Of this amount, a negative \$94.6 million is considered unrestricted. The unrestricted net position of the City's governmental activities is a negative \$92.2 million. The unrestricted net position of the City's business-type activities is a negative \$2.4 million.
- The change in net position was an increase of \$16.2 million in 2015. The key factor for the increase was due to increases in charges for services, operating grants and capital grants. However, a prior period adjustment for the implementation of GASB 68 lowered the overall net position by over \$91.8 million resulting in a negative unrestricted net position.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$124.5 million. Approximately \$32.2 million of the \$124.5 million fund balance is considered unassigned at September 30, 2015.
- The General Fund reported a fund balance of \$33.5 million at the end of the current fiscal year. The unassigned fund balance for the General Fund was \$32.8 million or 30 percent of total General Fund expenditures (excluding transfers out).
- The City's total liabilities increased by \$97.6 million during the current fiscal. However, approximately \$108 million of the increase is attributable to GASB 68.

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 15 – 17 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 36 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 31 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 18 – 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 23 – 25 of this report.

Fiduciary funds. 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 26 – 27 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 28 – 75 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 76 - 81 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 86 - 127 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 and deferred inflows by \$338.3 million at the close of the most recent fiscal year.

The largest portion of the City's net position 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 168,355,858	175,647,889	34,353,667	37,553,666	202,709,525	213,201,555
Capital assets	444,219,810	427,817,359	253,166,775	253,806,137	697,386,585	681,623,496
Total assets	<u>612,575,668</u>	<u>603,465,248</u>	<u>287,520,442</u>	<u>291,359,803</u>	<u>900,096,110</u>	<u>894,825,051</u>
Total deferred outflows of resources	<u>21,929,919</u>	<u>3,348,477</u>	<u>6,583,432</u>	<u>4,971,780</u>	<u>28,513,351</u>	<u>8,320,257</u>
Long-term liabilities outstanding	345,076,395	252,606,176	188,306,013	186,594,556	533,382,408	439,200,732
Other liabilities	36,122,346	31,224,060	17,286,641	18,741,760	53,408,987	49,965,820
Total liabilities	<u>381,198,741</u>	<u>283,830,236</u>	<u>205,592,654</u>	<u>205,336,316</u>	<u>586,791,395</u>	<u>489,166,552</u>
Total deferred inflows of resources	<u>2,915,078</u>	<u>-</u>	<u>597,064</u>	<u>-</u>	<u>3,512,142</u>	<u>-</u>
Net position						
Net Investment in capital assets	258,944,990	245,262,954	86,140,280	84,410,124	345,085,270	329,673,078
Restricted	83,618,177	49,369,212	4,172,766	1,498,586	87,790,943	50,867,798
Unrestricted	<u>(92,171,399)</u>	<u>28,351,323</u>	<u>(2,398,890)</u>	<u>5,086,557</u>	<u>(94,570,289)</u>	<u>33,437,880</u>
Total net position	<u>\$ 250,391,768</u>	<u>322,983,489</u>	<u>87,914,156</u>	<u>90,995,267</u>	<u>338,305,924</u>	<u>413,978,756</u>

An additional portion of the City's net position represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net position 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 a negative \$94.6 million; the prior period adjustment of a negative

\$91.8 million was due to the implementation of GASB 68. Prior year amounts have not been restated for the adoption of GASB 68.

The government's net position increased by \$16.2 million during the current fiscal year. Governmental activities increased the City's net position by \$9.1 million and the Business-Type activities increased by \$7.1 million. The underlying reason for the increases in net position was due increases in charges for services, operating grants and capital grants.

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 10,971,491	10,962,200	57,622,531	55,138,785	68,594,022	66,100,985
Operating grants and contributions	14,109,691	8,103,028	-	-	14,109,691	8,103,028
Capital grants and contributions	16,088,612	9,533,129	1,051,085	192,304	17,139,697	9,725,433
General revenues						
Property taxes	47,932,569	46,698,073	-	-	47,932,569	46,698,073
Industrial payments	16,496,988	16,095,254	-	-	16,496,988	16,095,254
Sales taxes	38,035,367	38,306,699	-	-	38,035,367	38,306,699
Franchise taxes	11,318,013	11,065,911	-	-	11,318,013	11,065,911
Investment earnings	1,015,020	760,631	628,557	119,235	1,643,577	879,866
Miscellaneous	1,562,080	1,126,890	1,254,544	1,441,893	2,816,624	2,568,783
Oil and gas royalties	28,949	179,001	-	-	28,949	179,001
Gain on disposal of assets	766,767	62,397	121,734	138,935	888,501	201,332
Total revenues	<u>158,325,547</u>	<u>142,893,213</u>	<u>60,678,451</u>	<u>57,031,152</u>	<u>219,003,998</u>	<u>199,924,365</u>
Expenses						
General government	16,218,480	16,758,992	-	-	16,218,480	16,758,992
Public safety	63,938,715	63,728,559	-	-	63,938,715	63,728,559
Public works	37,493,075	39,336,043	-	-	37,493,075	39,336,043
Health and welfare	14,203,424	9,223,008	-	-	14,203,424	9,223,008
Culture and recreation	12,080,780	12,578,727	-	-	12,080,780	12,578,727
Housing and economic development	4,618,583	5,011,603	-	-	4,618,583	5,011,603
Interest on long-term debt	9,822,437	10,569,603	-	-	9,822,437	10,569,603
Water	-	-	36,130,805	37,568,455	36,130,805	37,568,455
Solid waste	-	-	8,319,961	8,135,678	8,319,961	8,135,678
Total expenses	<u>158,375,494</u>	<u>157,206,535</u>	<u>44,450,766</u>	<u>45,704,133</u>	<u>202,826,260</u>	<u>202,910,668</u>
Increase (decrease) in net position before transfers	(49,947)	(14,313,322)	16,227,685	11,327,019	16,177,738	(2,986,303)
Transfers	9,130,000	9,305,000	(9,130,000)	(9,305,000)	-	-
Increase (decrease) in net position	<u>9,080,053</u>	<u>(5,008,322)</u>	<u>7,097,685</u>	<u>2,022,019</u>	<u>16,177,738</u>	<u>(2,986,303)</u>
Net position, beginning, as previously reported	322,983,489	327,991,811	90,995,267	88,973,248	413,978,756	416,965,059
Adoption of GASB68-cumulative effect adjustment	(81,671,774)	-	(10,178,796)	-	(91,850,570)	-
Net position, beginning, as restated	241,311,715	327,991,811	80,816,471	88,973,248	322,128,186	416,965,059
Net position, ending	<u>\$ 250,391,768</u>	<u>322,983,489</u>	<u>87,914,156</u>	<u>90,995,267</u>	<u>338,305,924</u>	<u>413,978,756</u>

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, 2015, the City's governmental funds reported combined ending fund balances of \$124.5 million, a decrease of \$15.3 million in comparison with the prior year. Approximately \$32.2 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, 2015 unassigned fund balance of the general fund was \$32.8 million, while total fund balance was \$33.5 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 29.8 percent of total general fund expenditures (excluding transfers out), while total fund balance represents 30.5 percent of that same amount.

The fund balance of the City's General Fund increased by \$1.6 million during 2015. It was budgeted to incur a decrease of \$3.8 million in fund balance this year, therefore producing a \$5.4 million favorable variance. This change in fund balance is attributable to lower workforce and energy costs.

The Debt Service Fund has a total fund balance of \$4.1 million. The net decrease in fund balance during 2015 in this fund was approximately \$360 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 \$15.5 million. The net decrease in fund balance during 2015 in this fund was approximately \$5.4 million. Fund balance decreased due to the ongoing costs related to projects in construction.

The Street Improvement Fund has a total fund balance of \$25.4 million. The net decrease in fund balance during 2015 in this fund was approximately \$4.7 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 \$34.0 million. The net decrease in fund balance during 2015 in this fund was approximately \$7.6 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 \$430 thousand for the Water Fund. The net position in the Water Fund increased by \$7.3 million during 2015 prior to the prior period adjustment for GASB 68. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year there were increases of \$2,020,000 in appropriations between the original and final amended budget. Following are the components of the increase:

Fund	Amount	Purpose
General Fund	\$2,020,000	Transfers to Other Funds

As the fiscal year progressed, unanticipated decreases in operating costs became available and additional expenditures in the Internal Service Funds arose resulting in the need to amend the FY 2015 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 expenditures in the General Fund came in under budgeted amounts by \$3.9 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, 2015, amounted to \$697.4 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	
	2015	2014	2015	2014	2015	2014
Land	\$ 52,883,981	52,552,235	3,496,212	3,496,212	56,380,193	56,048,447
Buildings	51,376,381	50,168,078	1,816,754	1,885,783	53,193,135	52,053,861
Improvements other than buildings	19,581,018	21,102,442	224,596,815	191,919,913	244,177,833	213,022,355
Infrastructure	247,550,378	243,561,868	2,976,429	3,057,058	250,526,807	246,618,926
Machinery and equipment	16,535,486	18,299,049	5,012,530	6,765,209	21,548,016	25,064,258
Construction in progress	56,292,566	42,133,687	15,268,035	46,681,962	71,560,601	88,815,649
Total	\$ 444,219,810	427,817,359	253,166,775	253,806,137	697,386,585	681,623,496

Additional information on the City's capital assets can be found in Note 1 on page 33 and Note 4 on pages 45 - 48 of this report.

Long-term debt. At September 30, 2015, the City, the primary government, had \$376.8 million of long-term bonds and certificates outstanding. Of this amount, \$217.5 million comprises bonds backed by the full faith and credit of the City and \$159.3 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General obligation bonds	\$ 90,549,350	55,864,150	-	-	90,549,350	55,864,150
Certificates of obligation	126,955,000	170,010,000	-	-	126,955,000	170,010,000
Revenue bonds	-	-	<u>159,290,650</u>	<u>166,145,850</u>	<u>159,290,650</u>	<u>166,145,850</u>
Total	<u>\$ 217,504,350</u>	<u>225,874,150</u>	<u>159,290,650</u>	<u>166,145,850</u>	<u>376,795,000</u>	<u>392,020,000</u>

Total long-term bonds and certificates outstanding at September 30, 2015 decreased by \$15.2 million, a 3.9% decrease, compared to September 30, 2014.

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 39 - 40 and in Note 4 on pages 50 - 57 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. In the last five years, FY 2011 through FY 2015, since the significant decline in collections in FY 2010, collections have increased 14% but have been relatively unpredictable on a year by year basis. In modest anticipation of the same trend continuing, the FY 2016 Budget includes sales tax revenue of \$39.7 million, 1.75% more than what was collected in FY 2015.

The tax rate for FY 2016 is \$.69 per \$100 of assessed valuation, the same as FY 2015. The General Fund is allocated \$0.48 of the tax rate and \$0.21 to the Debt Service Fund. In FY 2015 the allocation was \$.047 dedicated to the General Fund and \$0.22 to the Debt Service Fund. This shift was made possible as a result of the City taking advantage of the low interest rates and refunding eligible bond issues.

Industrial payments account for 14.3% of the General Fund's overall revenue in the FY 2016 Budget. The City has more than 20 negotiated contracts with FY 2016 being the first payment of a seven year agreement. The new contracts call for payments based on 80% of the appraised value for the first three years and 75% of the value the last four years. Industrial payments are expected to be approximately \$122K more in FY 2016 than in FY 2015.

Property tax revenues account for 28.3% or \$33.2 million of the revenues in the General Fund's FY 2016 Budget. Assessed values for 2015 remained constant as compared to those of 2014. Property tax revenue exclusive of delinquent taxes, penalties and interest, increased \$869,000 of which \$694,000 related to the shifting of one cent of the property tax rate from the Debt Service Fund to the General Fund.

Coupled with the revenues discussed above, overall revenue is expected to increase by approximately \$2.2 million in the General Fund in FY 2016. Expenditures for FY 2016, including transfers, are expected to total \$118.5 million. The budget allows for a 2.5% wage increase for civilian employees and pursuant to the current labor agreements, sworn employees will receive 2.5% and 2% increases in the Fire Department and Police Department, respectively. Overall budgeted expenditures, not including transfers, are expected to grow 2% over FY 2015. This modest increase is attributable to an annual savings of \$1 million associated with positions eliminated through attrition, a focus on efficiency throughout all departments and maintaining operating costs. The General Fund's Budget contemplates using \$1.2 million of prior years' excess funds in 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.

BEAUMONT
Finance

CITY OF BEAUMONT, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash	\$ 72,173,679	4,337,297	76,510,976
Investments	64,111,081	1,837,886	65,948,967
Receivables (net of allowances for uncollectibles):			
Taxes	5,821,795	-	5,821,795
Notes	1,448,712	-	1,448,712
Intergovernmental	7,233,748	-	7,233,748
Utilities	-	7,787,682	7,787,682
Other	13,825,267	14,350	13,839,617
Internal balances	852,429	(852,429)	-
Prepaid items	1,256,922	-	1,256,922
Inventories	757,325	2,263,634	3,020,959
Restricted assets:			
Temporarily restricted			
Cash and investments	-	18,965,247	18,965,247
Permanently restricted			
Cash and cash equivalents	874,900	-	874,900
Capital assets not being depreciated:			
Land	52,883,981	3,496,212	56,380,193
Construction work in progress	56,292,566	15,268,035	71,560,601
Capital assets, net of accumulated depreciation			
Buildings	51,376,381	1,816,754	53,193,135
Improvements other than buildings	19,581,018	224,596,815	244,177,833
Infrastructure	247,550,378	2,976,429	250,526,807
Equipment	16,535,486	5,012,530	21,548,016
Total assets	<u>612,575,668</u>	<u>287,520,442</u>	<u>900,096,110</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	6,040,994	4,571,025	10,612,019
Pension contributions subsequent to measurement date	8,817,214	1,415,072	10,232,286
Earnings on pension plan investments - projected/actual	7,071,711	597,335	7,669,046
	<u>21,929,919</u>	<u>6,583,432</u>	<u>28,513,351</u>
LIABILITIES			
Accounts payable	12,453,417	777,212	13,230,629
Accrued liabilities	3,802,158	511,849	4,314,007
Unearned revenue	5,272,615	-	5,272,615
Other liabilities	1,228,832	968,676	2,197,508
Estimated claims liability	3,945,786	-	3,945,786
Accrued interest payable	825,798	783,674	1,609,472
Customer deposits	-	3,799,331	3,799,331
Noncurrent liabilities:			
Due within one year	8,593,740	10,445,899	19,039,639
Due in more than one year	345,076,395	188,306,013	533,382,408
Total liabilities	<u>381,198,741</u>	<u>205,592,654</u>	<u>586,791,395</u>
DEFERRED INFLOWS OF RESOURCES			
Pension expected/actual expense	<u>2,915,078</u>	<u>597,064</u>	<u>3,512,142</u>
NET POSITION			
Net investment in capital assets	258,944,990	86,140,280	345,085,270
Restricted for:			
Debt service	4,125,410	4,172,766	8,298,176
Other	2,515,513	-	2,515,513
Construction	74,869,333	-	74,869,333
Culture and recreation			
Expendable	1,233,021	-	1,233,021
Nonexpendable	874,900	-	874,900
Unrestricted	<u>(92,171,399)</u>	<u>(2,398,890)</u>	<u>(94,570,289)</u>
Total net position	<u>\$ 250,391,768</u>	<u>87,914,156</u>	<u>338,305,924</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, 2015

<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	\$ 16,218,480	290,761	-	-
Public safety	63,938,715	2,549,703	822,262	1,017,323
Public works	37,493,075	2,131,795	2,389,088	10,540,782
Health and welfare	14,203,424	4,518,104	8,231,251	3,671,446
Culture and recreation	12,080,780	1,481,128	278,765	527,315
Housing and economic development	4,618,583	-	2,388,325	331,746
Interest on long-term debt	9,822,437	-	-	-
Total governmental activities	<u>158,375,494</u>	<u>10,971,491</u>	<u>14,109,691</u>	<u>16,088,612</u>
Business-type activities:				
Water	36,130,805	47,294,889	-	1,051,085
Solid waste	8,319,961	10,327,642	-	-
Total business-type activities	<u>44,450,766</u>	<u>57,622,531</u>	<u>-</u>	<u>1,051,085</u>
Total	\$ <u>202,826,260</u>	<u>68,594,022</u>	<u>14,109,691</u>	<u>17,139,697</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 position
- Net position, beginning, as previously reported
- Adoption of GASB68 - cumulative effect adjustment
- Net position beginning, as restated
- Net position, ending

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

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(15,927,719)	-	(15,927,719)
(59,549,427)	-	(59,549,427)
(22,431,410)	-	(22,431,410)
2,217,377	-	2,217,377
(9,793,572)	-	(9,793,572)
(1,898,512)	-	(1,898,512)
(9,822,437)	-	(9,822,437)
<u>(117,205,700)</u>	<u>-</u>	<u>(117,205,700)</u>
-	12,215,169	12,215,169
-	2,007,681	2,007,681
<u>-</u>	<u>14,222,850</u>	<u>14,222,850</u>
<u>(117,205,700)</u>	<u>14,222,850</u>	<u>(102,982,850)</u>
47,932,569	-	47,932,569
16,496,988	-	16,496,988
38,035,367	-	38,035,367
11,318,013	-	11,318,013
1,015,020	628,557	1,643,577
1,562,080	1,254,544	2,816,624
766,767	121,734	888,501
28,949	-	28,949
9,130,000	(9,130,000)	-
<u>126,285,753</u>	<u>(7,125,165)</u>	<u>119,160,588</u>
9,080,053	7,097,685	16,177,738
322,983,489	90,995,267	413,978,756
(81,671,774)	(10,178,796)	(91,850,570)
<u>241,311,715</u>	<u>80,816,471</u>	<u>322,128,186</u>
<u>\$ 250,391,768</u>	<u>87,914,156</u>	<u>338,305,924</u>

CITY OF BEAUMONT, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General	Debt Service	General Improvement
ASSETS			
Cash	\$ 11,781,948	1,834,083	6,953,203
Investments	13,621,319	2,241,658	8,498,359
Receivables (net of allowance for uncollectibles)			
Taxes	3,788,172	2,033,623	-
Notes	-	677,565	-
Intergovernmental	-	-	660,448
Other	12,133,135	527	2,329
Due from other funds	4,521,119	-	-
Inventories	-	-	-
Prepaid Items	739,837	-	-
Total Assets	46,585,530	6,787,456	16,114,339
LIABILITIES			
Accounts payable	1,567,575	1,000	650,768
Accrued liabilities	3,367,428	-	-
Due to other funds	-	-	-
Other liabilities	1,004,873	-	-
Unearned revenue	475	-	-
Total Liabilities	5,940,351	1,000	650,768
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property tax	3,679,440	1,983,481	-
Unavailable revenue - EMS fees	2,296,289	-	-
Unavailable revenue - gift cards	11	-	-
Unavailable revenue - demolition fees	979,365	-	-
Unavailable revenue - forfeitures	197,894	-	-
Unavailable revenue - notes	-	677,565	-
Unavailable revenue - grants	-	-	-
Total Deferred Inflows of Resources	7,152,999	2,661,046	-
FUND BALANCES:			
Nonspendable:			
Inventories	-	-	-
Prepaid Items	739,837	-	-
Permanent fund principal	-	-	-
Restricted:			
Debt service	-	4,125,410	-
Culture and recreation	-	-	6,494,700
General government	-	-	-
Health and welfare	-	-	1,082,450
Public safety	-	-	4,639,071
Public works	-	-	3,247,350
Assigned:			
Culture and recreation	-	-	-
Public works	-	-	-
Unassigned:			
	32,752,343	-	-
Total Fund Balances	33,492,180	4,125,410	15,463,571
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 46,585,530	6,787,456	16,114,339

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 majority of 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
11,779,887	15,231,697	21,567,180	69,147,998
14,026,343	20,000,000	956,025	59,343,704
-	-	-	5,821,795
-	-	771,147	1,448,712
1,825,718	-	4,747,582	7,233,748
3,890	-	845,682	12,985,563
-	-	-	4,521,119
-	-	355,625	355,625
-	-	517,085	1,256,922
<u>27,635,838</u>	<u>35,231,697</u>	<u>29,760,326</u>	<u>162,115,186</u>
2,253,475	1,208,298	6,215,800	11,896,916
-	-	343,371	3,710,799
-	-	4,272,481	4,272,481
-	-	162,952	1,167,825
-	-	5,272,025	5,272,500
<u>2,253,475</u>	<u>1,208,298</u>	<u>16,266,629</u>	<u>26,320,521</u>
-	-	-	5,662,921
-	-	-	2,296,289
-	-	-	11
-	-	-	979,365
-	-	-	197,894
-	-	1,347,607	2,025,172
-	-	92,965	92,965
-	-	<u>1,440,572</u>	<u>11,254,617</u>
-	-	355,625	355,625
-	-	517,085	1,256,922
-	-	874,900	874,900
-	-	-	4,125,410
-	-	1,233,021	7,727,721
-	-	666,781	666,781
-	-	995,542	2,077,992
-	-	853,190	5,492,261
25,382,363	34,023,399	-	62,653,112
-	-	779,462	779,462
-	-	6,300,721	6,300,721
-	-	(523,202)	32,229,141
<u>25,382,363</u>	<u>34,023,399</u>	<u>12,053,125</u>	<u>124,540,048</u>
<u>27,635,838</u>	<u>35,231,697</u>	<u>29,760,326</u>	
			427,605,570
			11,254,617
			16,955,181
			<u>(329,963,648)</u>
			<u>250,391,768</u>

CITY OF BEAUMONT, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General	Debt Service
REVENUES		
Taxes:		
Property	\$ 32,488,239	15,181,863
Gross receipts	8,420,236	-
Sales	38,035,367	-
Industrial payments	16,496,988	-
Licenses and permits	1,974,833	-
Charges for services	4,482,102	-
Fines and forfeitures	1,778,531	-
Recreational activities	891,816	-
Intergovernmental	-	-
Investment earnings	166,077	26,170
Contributions	-	-
Miscellaneous	1,106,147	291,996
Oil and gas royalties	-	-
Total Revenues	105,840,336	15,500,029
EXPENDITURES		
Current:		
General government	15,113,549	-
Public safety	59,179,757	-
Public works	18,101,493	-
Health and welfare	6,968,953	-
Culture and recreational	7,333,223	-
Housing and economic development	3,041,127	-
Capital outlay	-	-
Debt service:		
Principal	-	7,404,800
Interest and charges	-	9,354,487
Issuance cost - debt	-	467,243
Miscellaneous	-	-
Total Expenditures	109,738,102	17,226,530
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,897,766)	(1,726,501)
OTHER FINANCING SOURCES (USES)		
Transfers in	9,700,000	897,000
Transfers (out)	(4,170,000)	-
Bond Premium	-	5,329,186
Payment to Escrow Agent - Bond Refund	-	(46,794,458)
Refunding Bonds Issued	-	41,935,000
Total Other Financing Sources and (Uses)	5,530,000	1,366,728
NET CHANGE IN FUND BALANCES	1,632,234	(359,773)
FUND BALANCES, BEGINNING	31,859,946	4,485,183
FUND BALANCES, ENDING	\$ 33,492,180	4,125,410

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>
-	-	-	-	47,670,102
-	-	-	2,897,777	11,318,013
-	-	-	-	38,035,367
-	-	-	-	16,496,988
-	-	-	-	1,974,833
-	-	-	1,448,855	5,930,957
-	-	-	282,064	2,060,595
-	-	-	-	891,816
5,215,527	9,572,356	-	14,264,570	29,052,453
79,105	125,924	-	183,439	580,715
-	-	-	260,725	260,725
-	65,557	-	13,810	1,477,510
-	-	-	28,949	28,949
<u>5,294,632</u>	<u>9,763,837</u>	<u>-</u>	<u>19,380,189</u>	<u>155,779,023</u>
-	-	-	134,044	15,247,593
-	-	-	1,147,476	60,327,233
-	-	-	5,767,898	23,869,391
-	-	-	7,192,002	14,160,955
-	-	-	2,755,476	10,088,699
-	-	-	1,610,641	4,651,768
10,731,413	14,481,407	7,569,306	1,080,355	33,862,481
-	-	-	-	7,404,800
-	-	-	-	9,354,487
-	-	-	-	467,243
-	-	-	-	-
<u>10,731,413</u>	<u>14,481,407</u>	<u>7,569,306</u>	<u>19,687,892</u>	<u>179,434,650</u>
<u>(5,436,781)</u>	<u>(4,717,570)</u>	<u>(7,569,306)</u>	<u>(307,703)</u>	<u>(23,655,627)</u>
-	-	-	3,000,000	13,597,000
-	-	-	(1,497,000)	(5,667,000)
-	-	-	-	5,329,186
-	-	-	-	(46,794,458)
-	-	-	-	41,935,000
-	-	-	1,503,000	8,399,728
<u>(5,436,781)</u>	<u>(4,717,570)</u>	<u>(7,569,306)</u>	<u>1,195,297</u>	<u>(15,255,899)</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>
<u>15,463,571</u>	<u>25,382,363</u>	<u>34,023,399</u>	<u>12,053,125</u>	<u>124,540,048</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, 2015

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

Net change in fund balances - total governmental funds (page 19)	\$ (15,255,899)
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 ^a as depreciation expense. This is the amount by which capital outlays were more than depreciation in the current period.	15,980,536
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,741,041
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.	6,946,882
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.	(1,608,667)
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>1,276,160</u>
Change in net position of governmental activities (pages 14-15)	<u>\$ 9,080,053</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, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Solid Waste	Total	
ASSETS				
Current Assets:				
Cash	\$ 2,833,572	1,503,725	4,337,297	3,900,581
Investments	-	1,837,886	1,837,886	4,767,377
Receivables (net of allowance for uncollectibles)				
Utilities	6,406,328	1,381,354	7,787,682	-
Other	13,847	503	14,350	839,704
Inventories	2,263,634	-	2,263,634	401,700
Restricted cash:				
Debt service	1,193,458	-	1,193,458	-
Customer utility deposits	3,799,331	-	3,799,331	-
Restricted Investments:				
Debt service	2,979,308	-	2,979,308	-
Total Current Assets	<u>19,489,478</u>	<u>4,723,468</u>	<u>24,212,946</u>	<u>9,909,362</u>
Noncurrent Assets:				
Restricted cash:				
Construction	1,983,108	-	1,983,108	-
Restricted Investments:				
Construction	9,010,042	-	9,010,042	-
Capital Assets:				
Land	613,374	2,882,838	3,496,212	437,785
Construction in progress	15,255,917	12,118	15,268,035	209,372
Buildings and Improvements	365,300,906	1,047,144	366,348,050	11,678,889
Equipment	16,302,341	13,141,516	29,443,857	45,145,081
Infrastructure	3,641,481	261,462	3,902,943	217,991
Total Capital Assets	401,114,019	17,345,078	418,459,097	57,689,118
Less accumulated depreciation	(152,871,522)	(12,420,800)	(165,292,322)	(41,074,878)
Total Capital Assets, Net of Accumulated Depreciation	259,235,647	4,924,278	253,166,775	16,614,240
Total Noncurrent Assets	259,235,647	4,924,278	264,159,925	16,614,240
Total Assets	<u>278,725,125</u>	<u>9,647,746</u>	<u>288,372,871</u>	<u>26,523,602</u>
DEFERRED OUTFLOWS OF RESOURCES				
Loss on refundings	4,571,026	-	4,571,026	-
Pension contributions subsequent to measurement date	1,082,114	332,958	1,415,072	249,718
Earnings on pension plan investments - projected/actual	456,785	140,549	597,334	105,412
Total Deferred Outflows of Resources	<u>6,109,925</u>	<u>473,507</u>	<u>6,583,432</u>	<u>355,130</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	718,661	58,551	777,212	556,501
Accrued payroll	382,395	129,454	511,849	91,359
Accrued interest payable	783,219	455	783,674	230
Customer utility deposits payable	3,799,331	-	3,799,331	-
Due to other funds	-	-	-	248,638
Estimated claims liability	-	-	-	3,945,786
Compensated absences	129,867	23,400	153,267	18,368
Other liabilities	836,785	131,891	968,676	61,007
Unearned revenue	-	-	-	115
Obligations under capital leases	1,813,195	-	1,813,195	-
Loan payable	498,226	326,603	824,829	164,309
Revenue bonds payable	7,654,608	-	7,654,608	-
Total Current Liabilities	<u>16,616,287</u>	<u>670,354</u>	<u>17,286,641</u>	<u>5,086,313</u>
Noncurrent Liabilities:				
OPEB obligation	-	-	-	2,324,000
Compensated absences	660,319	358,015	1,018,334	170,266
Estimated claims liability	-	-	-	630,200
Obligations under capital leases	9,201,276	-	9,201,276	-
Net pension liability	8,658,242	2,664,074	11,322,316	1,998,056
Revenue bonds payable	160,778,637	-	160,778,637	-
Loan payable, net of current portion	1,400,230	917,896	2,318,126	461,781
Accrued landfill closure costs	-	3,667,324	3,667,324	-
Total Noncurrent Liabilities	<u>180,698,704</u>	<u>7,607,309</u>	<u>188,306,013</u>	<u>5,584,303</u>
Total Liabilities	<u>197,314,991</u>	<u>8,277,663</u>	<u>205,592,654</u>	<u>10,670,616</u>
DEFERRED INFLOWS OF RESOURCES				
Pension expected/actual expense	456,578	140,486	597,064	105,364
Total Deferred Inflows of Resources	<u>456,578</u>	<u>140,486</u>	<u>597,064</u>	<u>105,364</u>
NET POSITION				
Net investment of capital assets	82,460,501	3,679,779	86,140,280	15,988,150
Restricted for:				
Debt service	4,172,766	-	4,172,766	-
Unrestricted	430,214	(1,976,675)	(1,546,461)	114,602
Total Net Position	<u>\$ 87,063,481</u>	<u>1,703,104</u>	<u>88,766,585</u>	<u>16,102,752</u>

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

Net position of business-type activities (page 13)

(852,429)

87,914,156

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, 2015

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities Internal Service Funds</u>
	<u>Water</u>	<u>Solid Waste</u>	<u>Total</u>	
OPERATING REVENUES				
Charges for services	\$ 47,294,889	10,327,642	57,622,531	30,598,184
Intergovernmental	-	-	-	954,595
Miscellaneous	1,254,544	-	1,254,544	2,067,380
Total Operating Revenues	<u>48,549,433</u>	<u>10,327,642</u>	<u>58,877,075</u>	<u>33,620,159</u>
OPERATING EXPENSES				
Personnel services	10,636,349	3,748,358	14,384,707	2,212,725
Other operating expenses	10,394,848	3,246,859	13,641,707	6,609,041
Landfill closure costs	-	81,270	81,270	-
Health and life insurance premiums	-	-	-	21,034,801
Other insurance premiums	-	-	-	1,124,393
Damage claims	-	-	-	448,903
Depreciation	8,196,291	1,060,589	9,256,880	3,541,181
Total Operating Expenses	<u>29,227,488</u>	<u>8,137,076</u>	<u>37,364,564</u>	<u>34,971,044</u>
OPERATING INCOME (LOSS)	<u>19,321,945</u>	<u>2,190,566</u>	<u>21,512,511</u>	<u>(1,350,885)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	614,658	13,899	628,557	38,750
Interest expense	(6,026,503)	(24,365)	(6,050,868)	(12,518)
Gain (loss) on sale of equipment	115,506	6,228	121,734	766,733
Other nonoperating revenues (expenses)	(401,254)	-	(401,254)	-
Net Nonoperating Revenues (Expenses)	<u>(5,697,593)</u>	<u>(4,238)</u>	<u>(5,701,831)</u>	<u>792,965</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS/ TRANSFERS	13,624,352	2,186,328	15,810,680	(557,920)
CAPITAL CONTRIBUTIONS	1,051,085	-	1,051,085	-
TRANSFERS IN	-	-	-	1,200,000
TRANSFERS OUT	<u>(7,420,000)</u>	<u>(1,710,000)</u>	<u>(9,130,000)</u>	<u>-</u>
CHANGE IN NET POSITION	<u>7,255,437</u>	<u>476,328</u>	<u>7,731,765</u>	<u>642,080</u>
TOTAL NET POSITION - BEGINNING, AS PREVIOUSLY REPORTED	87,591,829	3,621,787		17,256,931
ADOPTION OF GASB68 - CUMULATIVE EFFECT ADJUSTMENT	<u>(7,783,785)</u>	<u>(2,395,011)</u>		<u>(1,796,259)</u>
TOTAL NET POSITION - BEGINNING, AS RESTATED	<u>79,808,044</u>	<u>1,226,776</u>		<u>15,460,672</u>
TOTAL NET POSITION - ENDING	<u>\$ 87,063,481</u>	<u>1,703,104</u>		<u>16,102,752</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.

(634,080)

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

7,097,685

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, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Solid Waste	Total	
	Water	Solid Waste	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 49,007,865	10,265,478	59,273,343	32,781,351
Cash payments for goods and services	(11,951,095)	(3,508,426)	(15,459,521)	(28,927,728)
Cash payments to employees	(11,062,731)	(3,781,941)	(14,844,672)	(2,303,125)
Net Cash Provided by Operating Activities	<u>25,994,039</u>	<u>2,975,111</u>	<u>28,969,150</u>	<u>1,550,498</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	-	1,200,000
Transfers (out)	(7,420,000)	(1,710,000)	(9,130,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(7,420,000)</u>	<u>(1,710,000)</u>	<u>(9,130,000)</u>	<u>1,200,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	115,506	6,228	121,734	1,587,938
Proceeds from capital debt	786,421	-	786,421	606,560
Payments for capital acquisitions	(7,505,623)	(60,810)	(7,566,433)	(3,815,840)
Principal payments on capital debt	(9,068,798)	(628,165)	(9,696,963)	(347,770)
Interest paid and fiscal charges	(6,591,446)	(26,771)	(6,618,217)	(14,729)
Net Cash Provided Used by Capital and Related Financing Activities	<u>(22,263,940)</u>	<u>(709,518)</u>	<u>(22,973,458)</u>	<u>(1,983,841)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
(Purchase) sale of investments	1,691,384	(313,221)	1,378,163	(442,973)
Receipt of interest	614,658	13,899	628,557	38,750
Net Cash Provided (Used) by Investing Activities	<u>2,306,042</u>	<u>(299,322)</u>	<u>2,006,720</u>	<u>(404,223)</u>
NET INCREASE (DECREASE) IN CASH	<u>(1,383,859)</u>	<u>256,271</u>	<u>(1,127,588)</u>	<u>362,434</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>11,193,328</u>	<u>1,247,454</u>	<u>12,440,782</u>	<u>3,538,147</u>
CASH AND CASH EQUIVALENTS, END OF YEAR				
Restricted	9,809,469	1,503,725	11,313,194	3,900,581
Unrestricted	6,975,897	-	6,975,897	-
	<u>2,833,572</u>	<u>1,503,725</u>	<u>4,337,297</u>	<u>3,900,581</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	19,321,945	2,190,566	21,512,511	(1,350,885)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	8,196,291	1,060,589	9,256,880	3,541,181
Pension expense	70,074	21,561	91,635	16,171
Landfill closure costs	-	81,270	81,270	-
Change in assets and liabilities:				
(Increase) decrease in accounts and other receivable	71,990	(62,164)	9,826	(838,808)
(Increase) decrease in inventory	50,342	-	50,342	(34,640)
Increase (decrease) in accrued payroll	(58,541)	15,335	(43,206)	9,770
Increase (decrease) in accrued compensated absences	(159,977)	15,040	(144,937)	(52,201)
Increase (decrease) in accounts payable	(1,661,583)	(264,103)	(1,925,686)	45,997
Increase (decrease) in other liabilities	(222,944)	(82,983)	(305,927)	213,913
Increase (decrease) in customer deposits	386,442	-	386,442	-
Net Cash Provided by Operating Activities	<u>\$ 25,994,039</u>	<u>2,975,111</u>	<u>28,969,150</u>	<u>1,550,498</u>
Noncash investing, capital and financial activities				
Contributions of capital assets from government	\$ 1,051,085	-	1,051,085	-

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, 2014**

ASSETS

Cash	\$	2,143,553
Receivables - interest and dividends		175,884
Investments at fair value:		
Common stocks		33,447,185
Bond and note funds		2,497,848
Equity mutual funds		19,825,352
International equity funds		7,337,532
International fixed funds		12,013,962
Fixed mutual funds		-
Government and agency bonds		4,611,245
Alternative funds		5,149,812
Private equity funds		637,333
Corporate bonds and notes		11,403,656
Real Estate		3,243,926
Total investments at fair value		<u>100,167,851</u>
Property and equipment, net		<u>313,283</u>
Total Assets		<u>102,800,571</u>

LIABILITIES

Accrued expenses		<u>-</u>
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**NET POSITION RESTRICTED
FOR PENSIONS**

\$ 102,800,571

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

CITY OF BEAUMONT, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
BEAUMONT FIREMEN'S RELIEF AND RETIREMENT FUND
FOR THE YEAR ENDED
DECEMBER 31, 2014

ADDITIONS

Contributions			
Employer		\$	2,606,467
Plan members			2,606,467
Total Contributions			<u>5,212,934</u>
Investment Income			
Net increase in fair value of investments			840,602
Interest			321,807
Dividends			1,945,042
Other			272,608
Total Investment Income			<u>3,380,059</u>
Less investment expense			<u>(457,612)</u>
Net Investment Income			<u>2,922,447</u>
Total Additions			<u>8,135,381</u>

DEDUCTIONS

Benefits paid			6,842,087
Administrative expenses			286,856
Total Deductions			<u>7,128,943</u>

NET INCREASE IN NET POSITION 1,006,438

NET POSITION RESTRICTED FOR PENSIONS

BEGINNING OF YEAR			101,794,133
END OF YEAR		\$	<u><u>102,800,571</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, 2015

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

The government-wide financial statements include the statement of net position and the statement of activities. They report information on all of the non-fiduciary activities of the City of Beaumont, the primary government. While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements.

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 and management of the primary government has operational responsibility for the component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

Blended Component Units Reported with the Primary Government (continued)

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

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*.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

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.

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.

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.

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.

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

Interest Capitalization – Because the City issues general-purpose capital improvement bonds, which are recorded within the proprietary funds, the City capitalizes interest costs for business-type activities and enterprise funds according to GASB Statement No. 62. The City capitalized interest of approximately \$1,587,371 net of interest earned, for the business-type activities and the enterprise funds during the current fiscal year.

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.

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 position. 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 has assigned fund balance of approximately \$7.1 million as of September 30, 2015.

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

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 net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents 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 City has a deferred charge on refunding, which results from the difference in 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. The City also has deferred outflows for pensions related to contributions and investment experience. Deferred pension amounts are amortized in accordance with GASB Statement No. 68.

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 net position and balance sheet 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 City's deferred inflows include property taxes, EMS fees, demolition fees, forfeitures, notes and grants in the governmental funds and pension actuarial differences in expected and actual experience in the proprietary and internal service funds. Unavailable revenue are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred pension amounts are amortized in accordance with GASB Statement No. 68. For additional information on deferred outflows/inflows related to pensions, reference note 4 Employee Retirement Systems.

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Assets or Equity (continued)

Pensions (continued)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Beaumont Firemen's Relief and Retirement Fund (BFRRF) and additions to/deductions from BFRRF's fiduciary net position have been determined on the same basis as they are reported by BFRRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Copies of the BFRRF's financial statements can be obtained by writing to 1515 Cornerstone Ct., Beaumont, TX 77706.

New pronouncements

In FY 2016, the City will implement GASB Statement No. 72, *Fair Value Measurement and Application* and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. In FY 2017, the City will implement GASB Statement No. 77, *Tax Abatement Disclosures*. In FY 2018, the City will implement GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effects of these standards on the City's financial statements have not been determined.

Date of Management's Review

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through March 29, 2016, 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 \$329,963,648 difference are as follows:

Bonds Payable	\$ 217,504,350
Plus: Unamortized premiums	10,913,166
Accrued interest payable	825,568
Notes payable	3,530,000
Compensated absences	20,849,583
Net pension liability	95,106,056
Deferred pension gains/losses	2,809,714
Less: Deferred loss on refunding bonds	(6,040,994)
Less: Deferred pension losses	<u>(15,533,795)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u>329,963,648</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 \$15,980,356 difference are as follows:

Capital outlay	\$ 32,894,055
Contributed capital assets	968,426
Depreciation expense	<u>(17,881,945)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>15,980,356</u>

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 \$6,946,882 difference are as follows:

Debt issued or incurred	\$ (41,935,000)
Bond premium	(5,329,186)
Accrued interest	11,810
Payment to escrow agent	46,794,458
Principal repayments:	
General obligation debt	<u>7,404,800</u>
Net adjustment to increase <i>net charges in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>6,946,882</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 \$(1,608,667) difference are as follows:

Compensated absences	\$ (651,482)
Amortized deferred loss on refunding bonds	(221,941)
Pension costs	<u>(735,244)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental fund</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>(1,608,667)</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

1. At least 45 days prior to the close of the fiscal year, City Council is presented with a proposed budget for the next fiscal year which begins October 1st. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizens' comments.
3. The budget is legally enacted through passage of an ordinance no later than September 27th.
4. The City Manager may transfer budgeted amounts between departments within any fund; however, transfers between funds must be approved by the City Council.
5. Budgets are considered a management control and planning tool and, as such, are incorporated into the accounting system of the City.
6. Annual budgets are adopted for all funds, except for capital projects funds and certain special revenue funds where funds are designated for a specific purpose as identified in the grant award document, which adopts grant year or project length financial plans. These funds include the American Recovery and Reinvestment Act (ARRA) Fund, Disaster Rehab Fund, EDA Small Business Loan Fund, EDI Special Fund, Emergency Shelter Grant Fund, Health Grant Fund, Hazard Mitigation Fund, HOME Fund, HUD Community Development Fund, Library Grants Fund, Miscellaneous Grant Fund, Municipal Health Care 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, 2015.

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, 2015 are:

	<u>Fair Value</u>	<u>Percentage of Total</u>	<u>Weighted Average Maturity (Days)</u>
Agencies	\$ 5,011,405	3.1%	267
Money Market Account/Petty Cash	84,358,647	52.0%	1
Government Investment Pools	3,127	00.1%	1
Certificates of Deposit	<u>72,926,911</u>	<u>44.8%</u>	<u>191</u>
Total Investments	\$ <u>162,300,090</u>	<u>100.00%</u>	
Portfolio Weighted Average Maturity			<u>154</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 3 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, 2015, all of the City's purchased investments in investment pools, Texpool, and TexasDaily were rated AAAM by Standard & Poors. The agency investment held at year end is a Federal Home Loan Bank agency note and is rated AA by Standards & Poor's and by Moody's.

4. DETAILED NOTES ON ALL FUNDS (continued)

Deposits and Investments (continued)

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, 2015 the City has 3.1% invested in U.S. Agency investments. The City's policy allows no more than fifty percent (50%) par of the portfolio may be invested in money market mutual funds. At September 30, 2015, the City has 52% invested in money market funds. Currently the City is mitigating this risk by moving funds from money market mutual funds to other investments.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City requires that deposits and repurchase agreements be held in an institution that has a minimum collateral level of 102.0 percent of the market value. FNMA, GNMA, FFCB, FHLMC, FHLB and Municipal Bond investments are held in the City's name in third party safekeeping by a Federal Reserve member financial institution designated as a city depository.

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.

4. DETAILED NOTES ON ALL FUNDS (continued)

Property Taxes (continued)

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.

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, 2015 are as follows:

	Property Taxes		
	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
Property taxes receivable	\$ 3,905,332	2,096,519	6,001,851
Less: allowance for doubtful accounts	<u>(117,160)</u>	<u>(62,896)</u>	<u>(180,056)</u>
Net property taxes receivable	<u>\$ 3,788,172</u>	<u>2,033,623</u>	<u>5,821,795</u>
Unavailable property taxes	<u>\$ 3,679,440</u>	<u>1,983,481</u>	<u>5,662,921</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								
	<u>General</u>	<u>Debt Service</u>	<u>General Improvement</u>	<u>Street Improvement</u>	<u>Nonmajor Governmental</u>	<u>Water</u>	<u>Solid Waste</u>	<u>Internal Service</u>	<u>Total</u>
Receivables:									
Interest	\$ 4,495	527	2,329	3,890	5,424	3,218	503	1,304	21,690
Taxes - Property	3,905,332	2,096,519	-	-	-	-	-	-	6,001,851
Taxes - Other	6,758,957	-	-	-	-	-	-	-	6,758,957
Accounts	39,939	-	-	-	-	6,719,508	1,076,544	-	7,835,991
Notes	-	677,565	-	-	771,147	-	-	-	1,448,712
Intergovernmental	-	-	660,448	1,825,718	4,747,582	-	-	-	7,233,748
Other	21,139,940	-	-	-	1,008,646	10,646	392,271	838,400	23,389,903
Gross receivables	<u>31,848,663</u>	<u>2,774,611</u>	<u>662,777</u>	<u>1,829,608</u>	<u>6,332,799</u>	<u>6,733,372</u>	<u>1,469,318</u>	<u>839,704</u>	<u>52,690,852</u>
Less: allowance for uncollectibles	<u>(15,927,356)</u>	<u>(62,896)</u>	<u>-</u>	<u>-</u>	<u>(168,388)</u>	<u>(313,197)</u>	<u>(87,461)</u>	<u>-</u>	<u>(16,559,298)</u>
Net Total Receivables	<u>\$ 15,921,307</u>	<u>2,711,715</u>	<u>662,777</u>	<u>1,829,608</u>	<u>6,364,411</u>	<u>6,420,175</u>	<u>1,381,857</u>	<u>839,704</u>	<u>36,131,554</u>

4. DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Current Year		Ending Balance
		Additions	Deletions	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 52,552,235	331,746	-	52,883,981
Construction in progress	42,133,687	25,867,846	11,708,967	56,292,566
Total Capital Assets Not Being Depreciated	94,685,922	26,199,592	11,708,967	109,176,547
Capital assets being depreciated:				
Buildings	79,566,982	4,020,630	866,942	82,720,670
Improvements other than buildings	48,330,071	129,105	-	48,459,176
Infrastructure	378,750,888	16,471,229	-	395,222,117
Machinery and equipment	83,451,758	3,535,193	2,337,760	84,649,191
Total Capital Assets Being Depreciated	590,099,699	24,156,157	3,204,702	611,051,154
Less accumulated depreciation for:				
Buildings	(29,398,904)	(1,991,622)	(46,237)	(31,344,289)
Improvements other than buildings	(27,227,629)	(1,650,529)	-	(28,878,158)
Infrastructure	(135,189,020)	(12,482,719)	-	(147,671,739)
Machinery and equipment	(65,152,709)	(5,298,256)	(2,337,260)	(68,113,705)
Total Accumulated Depreciation	(256,968,262)	(21,423,126)	(2,383,497)	(276,007,891)
Total Capital Assets Being Depreciated, Net	333,131,437	2,733,031	821,205	335,043,263
Governmental Activities Capital Assets, Net	\$ 427,817,359	28,932,623	12,530,172	444,219,810
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 3,496,212	-	-	3,496,212
Construction in progress	46,681,962	1,562,883	32,976,810	15,268,035
Total Capital Assets Not Being Depreciated	50,178,174	1,562,883	32,976,810	18,764,247
Capital assets being depreciated:				
Buildings and system	3,677,040	-	-	3,677,040
Improvements other than buildings	323,514,688	39,156,322	-	362,671,010
Infrastructure	3,902,943	-	-	3,902,943
Machinery and equipment	29,326,568	875,123	757,834	29,443,857
Total Capital Assets Being Depreciated	360,421,239	40,031,445	757,834	399,694,850
Less accumulated depreciation for:				
Buildings and system	(1,791,257)	(69,029)	-	(1,860,286)
Improvements other than buildings	(131,594,775)	(6,479,420)	-	(138,074,195)
Infrastructure	(845,885)	(80,629)	-	(926,514)
Machinery and equipment	(22,561,359)	(2,627,802)	(757,834)	(24,431,327)
Total Accumulated Depreciation	(156,793,276)	(9,256,880)	(757,834)	(165,292,322)
Total Capital Assets Being Depreciated, Net	203,627,963	30,774,565	-	234,402,528
Business-type Activities Capital Assets, Net	\$ 253,806,137	32,337,448	32,976,810	253,166,775

4. DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets (continued)

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

	2015
Governmental Activities:	
General government	\$ 659,148
Public safety	1,709,504
Public works	13,457,985
Health and welfare	48,708
Culture and recreation	2,006,600
Capital assets held by the City's Internal Service Funds are charged to the various functions based on their usage of the assets	<u>3,541,181</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 21,423,126</u>
Business-type Activities:	
Water	\$ 8,196,291
Solid waste	<u>1,060,589</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 9,256,880</u>

Construction Commitments

The City has active construction projects as of September 30, 2015. At year-end, the City's commitments are as follows on the next two pages:

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:		
Public Health Complex	6,760,230	539,227
Hike & Bike Trail Phase II	874,364	73,690
Athletic Complex Tennis Center	3,426,655	272,362
Fire Station No. 11	3,102,181	285,762
Senior Center	828,149	244,147
Fire Station No. 1 Relocation	311,712	146,604
Washington Blvd - MLK to IH10	9,492,139	8,132,989
Delaware - Concord to Dowlen	1,753,672	291,490
Avenue A - Washington to US 69 S	1,051,550	2,204,040
South Park Relief	12,656,284	3,001,592
Northwest Parkway	429,653	57,202
Storm Water Master Plan	245,956	261,987
Airport Improvements	320,164	20,070
Tyrrell Library Masonary Restoration	26,320	33,200
	<u>41,279,029</u>	<u>15,564,362</u>
Total Governmental Activities	\$ <u>41,279,029</u>	<u>15,564,362</u>

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
Water Plant Improvements Phase II	1,014,643	118,776
Master Plan for Water/Sewer System	539,092	41,440
Grit Pumps at WWTP	1,595,703	7,988
Florida Avenue & Fannett Rd Interceptors	419,443	20,000
WWTP Master Plan	666,535	76,956
Water Bottling Plant	49,285	73,014
Rehabilitation of West Elevated Storage Tank	21,774	47,930
Rehabilitation of Prison Elevated Storage Tank	20,704	43,645
WWTP Bar Screens & Digester Rehab	4,352,184	19,500
Primer Sanitary Sewer Lift Station	71,574	77,912
Downtown Lift Station	120,315	149,179
Wall & Ave C Lift Stations	120,006	100,557
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	5,002
Washington - Langham to Major	84,076	81,953
WWTP Piping Rehab	79,655	59,064
WWTP Clarifiers Rehab	137,208	77,292
WWTP Chlorine Disinfection System	129,275	102,999
WWTP Sludge Thickener	31,929	32,550
WWTP Ground Improvements	212,986	20,000
WWTP Electrical Improvements	92,516	39,201
WWTP Sludge Improvements	10,407	591,950
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. Matthew Rd/Phelan to Major/Folsom	318,545	35,000
SS Inter. 24" to 36"	317,867	9,000
Loeb Well No. 1 Electrical Improvements	103,359	85,652
Bunns Bluff Pump Station	149,562	123,352
Hydrogen Sulfide Removal at Loeb 1	15,934	105,250
Wiess Bluff Pumping Station	51,494	230,156
Wiess Canal Stabilization	218,578	100,828
Additional Water Supply System	80,597	1,154,464
Drinking Water Quality Assessment	158,374	123,750
Landfill Cell Construction	12,118	208,106
Total Business-type Activities	\$ 13,280,181	4,230,838

4. DETAILED NOTES ON ALL FUNDS (continued)

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2015, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Governmental Funds	
	Internal Service	\$ 248,638
	Nonmajor Governmental	<u>4,272,481</u>
	Total Governmental Funds	<u>\$ 4,521,119</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:

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds. Transfer are also used to move unrestricted enterprise revenues as subsidies for various supportive government operations to those enterprise funds.

	<u>Transfers In</u>				
	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Internal Service</u>	<u>Total</u>
Transfers Out:					
General	\$ -	-	3,000,000	1,170,000	4,170,000
Nonmajor					
Governmental	600,000	897,000	-	-	1,497,000
Water	7,400,000	-	-	20,000	7,420,000
Solid Waste	<u>1,700,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>1,710,000</u>
Total Transfers Out	<u>\$ 9,700,000</u>	<u>897,000</u>	<u>3,000,000</u>	<u>1,200,000</u>	<u>14,797,000</u>

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, 2015.

Changes in Long-Term Liabilities					
	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 55,864,150	41,935,000	7,249,800	90,549,350	4,089,500
Certificates of obligation	170,010,000	-	43,055,000	126,955,000	1,375,000
Issuance premiums	5,979,535	5,329,186	395,555	10,913,166	676,819
Total Bonds Payable	<u>231,853,685</u>	<u>47,264,186</u>	<u>50,700,355</u>	<u>228,417,516</u>	<u>6,141,319</u>
OPEB liability	2,407,000	-	83,000	2,324,000	-
Net pension liability BFRRF	35,636,895	14,275,116	8,087,444	41,824,567	-
Net pension liability TMRS	57,052,749	31,065,524	32,838,728	55,279,545	-
Capital leases	185,152	-	185,152	-	-
U. S. Government Note	4,510,000	-	980,000	3,530,000	1,060,000
Wells Fargo Note	182,148	606,560	162,618	626,090	164,309
Claims payable	-	630,200	-	630,200	-
Compensated absences	20,438,937	2,010,852	1,411,572	21,038,217	1,228,112
Governmental Activity Long-term Liabilities	<u>\$ 352,266,566</u>	<u>95,852,438</u>	<u>94,448,869</u>	<u>353,670,135</u>	<u>8,593,740</u>
Business-type Activities					
Bonds payable:					
Revenue and refunding bonds	\$ 164,275,000	-	6,505,000	157,770,000	6,780,000
General obligation bonds	1,870,850	-	350,200	1,520,650	365,500
Issuance premiums	9,651,703	-	509,108	9,142,595	509,108
Total Bonds Payable	<u>175,797,553</u>	<u>-</u>	<u>7,364,308</u>	<u>168,433,245</u>	<u>7,654,608</u>
Capital leases	13,040,823	-	2,026,352	11,014,471	1,813,195
Wells Fargo Note	3,171,374	787,921	816,340	3,142,955	824,829
Net pension liability TMRS	11,685,503	6,362,818	6,726,005	11,322,316	-
Compensated absences	1,316,539	109,478	254,417	1,171,600	153,267
Accrued landfill closure costs	3,586,054	81,270	-	3,667,324	-
Business-type Activity Long-term Liabilities	<u>\$ 208,597,846</u>	<u>7,341,487</u>	<u>17,187,422</u>	<u>198,751,911</u>	<u>10,445,899</u>

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, 2015, follows:

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Debt (continued)

Bonds and Certificates of Obligation Payable (continued)

<u>Series</u>	<u>Original Issue</u>	<u>Matures</u>	<u>Interest Rate (%)</u>	<u>Debt Outstanding</u>
Governmental Activities				
General Obligation Bonds				
Series 2006 Refunding	\$ 19,899,250	2018	4.00	\$ 5,119,350
Series 2011 Refunding	17,785,000	2025	5.00	17,785,000
Series 2012 Refunding	24,130,000	2033	4.10	23,190,000
Series 2013 Refunding	5,010,000	2017	1.45	3,230,000
Series 2015 Refunding	41,935,000	2030	4.41	41,225,000
Total General Obligation Bonds				<u>\$ 90,549,350</u>
Certificates of Obligation				
Series 2009	\$ 29,950,000	2034	4.70	28,845,000
Series 2011	35,380,000	2040	4.88	35,280,000
Series 2012	22,400,000	2038	2.56	22,130,000
Series 2013	41,080,000	2037	4.41	40,700,000
Total Certificates of Obligation				<u>\$ 126,955,000</u>
Business-type Activities				
General Obligation Bonds				
Series 2006 Refunding	\$ 4,075,750	2018	4.00	\$ 1,520,650
Total General Obligation Bonds				<u>\$ 1,520,650</u>
Revenue & Refunding Bonds				
Series 2006 Refunding	28,840,000	2023	4.55	\$ 1,495,000
Series 2006A	20,000,000	2030	4.39	12,845,000
Series 2008	20,730,000	2036	4.93	19,220,000
Series 2010 Refunding	6,540,000	2020	4.93	6,540,000
Series 2010A	5,980,000	2020	4.93	3,465,000
Series 2010B	19,040,000	2036	4.93	19,040,000
Series 2012	19,890,000	2032	2.89	17,590,000
Series 2014A Refunding	69,300,000	2034	3.11	68,230,000
Series 2014B Refunding	9,755,000	2018	2.23	9,345,000
Total Revenue & Refunding Bonds				<u>\$ 157,770,000</u>

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, 2015, are as follows:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 4,089,500	4,052,626	365,500	53,516
2017	4,395,050	3,934,933	379,950	38,607
2018	4,859,800	3,772,591	775,200	15,503
2019	5,375,000	3,547,718	-	-
2020	5,710,000	3,280,593	-	-
2021-2025	33,710,000	11,654,465	-	-
2026-2030	19,600,000	5,147,035	-	-
2031-2033	12,810,000	865,750	-	-
Total	\$ 90,549,350	36,255,711	1,520,650	107,626

The annual requirements to amortize governmental activity certificates of obligation outstanding at September 30, 2015, are as follows:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2016	\$ 1,375,000	5,751,246
2017	1,385,000	5,712,490
2018	1,415,000	5,669,821
2019	1,925,000	5,618,458
2020	1,920,000	5,557,339
2021-2025	10,440,000	26,652,746
2026-2030	35,050,000	21,763,801
2031-2035	44,975,000	12,307,995
2036-2040	28,470,000	2,550,657
Total	\$ 126,955,000	91,584,553

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, 2015, are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
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	7,685,000	6,202,332
2021-2025	44,175,000	25,296,368
2026-2030	48,565,000	13,847,175
2031-2035	25,685,000	4,572,346
2036	<u>3,355,000</u>	<u>186,493</u>
Total	\$ <u>157,770,000</u>	<u>77,186,783</u>

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 2015
Amount issued	\$41,935,000
Issuance date	July 23, 2015
Interest rate on refunding bonds	2.00% - 5.00%
Bonds refunded	Certificates of Obligation, Series 2006 General Obligation Refunding Bonds, Series 2006 Certificates of Obligation, Series 2008
Amounts refunded	\$12,415,000 \$2,305,000 \$29,160,000
Interest rate on refunded bonds	3.5% - 4.125% 4.00% 4.0% - 5.0%
Net proceeds	\$47,264,186
Premiums	\$5,329,186
Bond issuance costs	\$467,242
The reacquisition price exceeded the net carrying amount of the old debt	\$2,914,458
Total debt service reduction	\$2,327,234
Net economic gain	\$2,221,735

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.

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Debt (continued)

Capital Lease Obligations

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:

<u>Year Ending September 30</u>		<u>Business-type Activities</u>
2016	\$	2,021,000
2017		2,081,000
2018		2,144,000
2019		2,208,000
2020		2,275,000
2021		<u>1,004,869</u>
Total minimum lease payments		11,733,869
Less: amount representing interest		<u>719,398</u>
Present value of minimum lease payments		<u>\$ 11,014,471</u>

The net book value of capital assets under capital lease are \$16,930,391 as of September 30, 2015.

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 (\$626,090), the Water Fund (\$1,898,456) and the Solid Waste Fund (\$1,244,499) with an interest rate of 1.46% per annum. All outstanding principal and interest was paid in full as of September 30, 2015.

The annual requirements to amortize governmental activity note payables outstanding at September 30, 2015, are as follows:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 1,224,309	111,194	824,829	41,385
2017	1,266,722	80,586	836,938	29,277
2018	1,539,169	46,128	849,223	16,990
2019	125,890	911	631,965	4,571
Total	\$ 4,156,090	238,819	3,142,955	92,223

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, 2015 of \$6,145,000.

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.

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 \$4,083 at September 30, 2015. 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 \$1,000,000 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 09/30/15	Year Ended 09/30/14
Liability for claims, beginning of fiscal year	\$ 3,464,532	3,188,170
Incurred claims and changes in estimated Claim payments	15,549,014 (15,226,360)	15,604,482 (15,328,120)
Liability for claims, end of fiscal year	<u>3,787,186</u>	<u>3,464,532</u>
Long-term portion	630,200	-
Short-term portion	<u>\$ 3,156,986</u>	<u>3,464,532</u>

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 09/30/15	Year Ended 09/30/14
Liability for claims, beginning of fiscal year	\$ 976,600	429,951
Incurred claims and changes in estimated	448,904	742,676
Claim payments	<u>(636,704)</u>	<u>(196,027)</u>
Liability for claims, end of fiscal year	<u>\$ 788,800</u>	<u>976,600</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.

Various claims and lawsuits are pending against the City. Those judgments which are considered "probable" and estimable are accrued, while those claims and judgments which are considered "reasonably possible" are disclosed but not accrued. In the opinion of the City Attorney, the potential loss resulting from all significant claims which are considered reasonably possible, excluding condemnation proceedings, is approximately \$1 million as of September 30, 2015. At September 30, 2015, approximately \$620,000 has been recorded in the risk funds for claims and lawsuits considered to be probable. In the opinion of the City Attorney, this is the total of all such claims which represent probable loss to the City.

There is a reasonably possible claim relating to workers' compensation in the amount of \$2.9 million as it relates to an injured employee that is currently refusing treatment but could, at any time, accept medical treatment in which the liability would be recorded at that time.

4. DETAILED NOTES ON ALL FUNDS (continued)

Employee Retirement Systems

The City of Beaumont participates in two defined benefit pension plans; Texas Municipal Retirement System (TMRS), an agent multiple employer defined benefit pension plan and the Beaumont Firefighters' Relief and Retirement Fund (BFRRF), a single employer defined benefit pension plan, both of which are described in detail below. Aggregate amounts for the two pension plans are as follows:

	<u>TMRS</u>	<u>BFRRF</u>	<u>Total</u>
Net pension liability	\$ 66,601,861	41,824,567	108,426,428
Deferred outflows of resources	11,837,685	6,063,647	17,901,332
Deferred inflows of resources	3,512,142	-	3,512,142
Pension expense	9,261,140	4,638,827	13,899,967

Texas Municipal Retirement System (TMRS)

Plan Description

The City of Beaumont participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

4. DETAILED NOTES ON ALL FUNDS (continued)

Texas Municipal Retirement System (TMRS) (continued)

Benefits Provided (continued)

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 2014	Plan Year 2015
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

Employees covered by benefit terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	766
Inactive employees entitled to but not yet receiving benefits	296
Active employees	<u>1,012</u>
	<u>2,074</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Beaumont were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Beaumont were 200% and 200% in calendar years 2014 and 2015, respectively. The city's contributions to TMRS for the year ended September 30, 2015 were \$10,860,092, and were equal to the required contributions.

4. DETAILED NOTES ON ALL FUNDS (continued)

Texas Municipal Retirement System (TMRS) (continued)

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-district RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale B8 to account for future mortality improvements. For disabled annuitants, the gender-district RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

4. DETAILED NOTES ON ALL FUNDS (continued)

Texas Municipal Retirement System (TMRS) (continued)

Net Pension Liability (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 9/30/14	\$ 411,970,982	343,232,731	68,738,251
Changes for the year:			
Service cost	8,714,393		8,714,393
Interest	28,492,097		28,492,097
Change of benefit terms	-		-
Difference between expected and actual experience	(4,591,373)		(4,591,373)
Changes of assumptions	-		-
Contributions - employer		11,399,122	(11,399,122)
Contributions - employee		3,940,113	(3,940,113)
Net investment income		19,634,124	(19,634,124)
Benefit payments, including refunds of employee contributions	(18,596,454)	(18,596,454)	-
Administrative expense		(204,998)	204,998
Other changes		(16,854)	16,854
Net changes	14,018,663	16,155,053	(2,136,390)
Balance at 9/30/15	\$ 425,989,645	359,387,784	66,601,861

4. DETAILED NOTES ON ALL FUNDS (continued)

Texas Municipal Retirement System (TMRS) (continued)

Net Pension Liability (continued)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6%)	Discount Rate (7%)	1% Increase in Discount Rate (8%)
City's net pension liability	\$124,968,703	\$66,601,861	\$18,529,361

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

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

For the year ended September 30, 2015, the city recognized pension expense of \$9,261,140.

At September 30, 2015, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ --	\$ 3,512,142
Difference between projected and actual investment earnings	3,513,734	--
Contributions subsequent to the measurement date	<u>8,323,951</u>	<u>--</u>
Total	\$ <u>11,837,685</u>	\$ <u>3,512,142</u>

\$8,323,951 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

4. DETAILED NOTES ON ALL FUNDS (continued)

Texas Municipal Retirement System (TMRS) (continued)

Net Pension Liability (continued)

Year ended September 30:

2016	\$	(200,798)
2017		(200,798)
2018		(200,798)
2019		603,986
Total	\$	<u>1,592</u>

Subsequent event:

Pursuant to TMRS policy of conducting experience studies every four years, the TMRS Board at their July 31, 2015 meeting determined that they would be changing certain actuarial assumptions including reducing the long term expected rate of return from the current 7% to 6.75% and changing the inflation assumption from 3% to 2.5%. Reduction of expected investment return and related discount rate will increase projected pension liabilities. Reducing the inflation assumption reduces liabilities as future annuity levels and future cost of living adjustments are not projected to be as large as originally projected. While the actual impact on the City's valuation for December 31, 2015 is not known the City does expect some downward pressure on its funded status and upward pressure on its 2017 actuarially determined contribution (ADC) due to this change. Accordingly, the city has included in its approved fiscal year 2016 budget to continue to fund pension contributions above the required ADC which will help smooth impacts of any increases in the required ADC for fiscal year 2017.

Beaumont Firemen's Relief and Retirement Fund (BFRRF)

Plan Description

The Board of Trustees of the Beaumont Firemen's Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan. This pension fund is a trust fund. Firefighters in the Beaumont Fire Department are covered by the Beaumont Firemen's Relief and Retirement Fund.

Plan Membership as of December 31, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	187
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	--
Active Plan Members	<u>231</u>
	<u>418</u>

4. DETAILED NOTES ON ALL FUNDS (continued)

Beaumont Firemen's Relief and Retirement Fund (BFRRF) (continued)

Benefits Provided

The plan provides retirement, termination, disability and death benefits.

Service Retirement:

Date: Attainment of age 50 and 20 years of service.

Benefit: 63.15% of highest 60-month average salary plus a longevity benefit equal to \$123 per month for each year of service in excess of 20 years.

Early Retirement:

Date: Attainment of 20 years of service.

Benefit: Equal to the service retirement as shown above multiplied by an actuarial reduction factor based on age at time of commencement.

Vesting:

Schedule: 100% after 20 years of service.

Benefit: Member will receive his (her) accrued benefit payable at age 50. Non-vested members receive a refund of accumulated member contributions without interest.

Death Benefits:

Surviving Spouse of Member (eligible for service retirement): Accrued benefit, as shown under the service retirement benefit provision on the previous page; reduced to be equivalent to the 100JS optional form of benefit.

Surviving Spouse of Member (not eligible for service retirement): 47.36% of the member's highest 60-month average salary plus a longevity benefit equal to \$92.25 per month for each year of service in excess of 20 years.

Dependent Children of Member (with surviving spouse): Each child is entitled to 9.47% of the member's highest 60-month average salary, payable until age 18 or until age 25 as long as the child remains a full-time student.

Dependent Children of Member (with no surviving spouse): Each child is entitled to 18.94% of the member's highest 60-month average salary, payable until age 18 or until age 25 as long as the child remains a full-time student.

Maximum Death Benefit Payable: For a retired member or member who was not retired but was eligible for service retirement at time of death, the sum of death benefits being paid shall not exceed the benefit the member was receiving or would have received had the member retired on the date of death. For a member who was not retired and was not eligible for service retirement at time of death, the sum of death benefits being paid shall not exceed the disability retirement benefit that the member would have received had the member become disabled on the date of death.

4. DETAILED NOTES ON ALL FUNDS (continued)

Beaumont Firemen's Relief and Retirement Fund (BFRRF) (continued)

Benefits Provided (continued)

Disability Retirement:

Eligibility: For first 2 ½ years, disabled to extent of being unable to perform the duties of a position offered in fire department providing the member with pay that is greater than or equal to the pay the disabled member would have been received had disability not occurred. Thereafter, the member must be unable to perform the duties of any occupation for which the member is reasonably suited by education, training, and experience.

Benefit: Accrued benefit, as shown under the service retirement benefit provision

Contribution

The contribution provisions of this plan are authorized by Texas Local Firefighters Retirement Act (TLFFRA). Member contributions can be changed by a vote of the firefighters in accordance with section 29 of the TLFFRA. The City's contribution rate is determined periodically as a part of collective bargaining agreement between the City and the firefighters.

Member Contributions: 15.00% of salary.

City Contributions: 15.00% of payroll.

The City's contributions to BFRRF for the year ended September 30, 2015 were \$2,624,421, and were equal to the required contributions.

Net Pension Liability

The measurement date for the September 30, 2015 net position liability is December 31, 2014. The measurement period for the pension expense was December 31, 2013 to December 31, 2014. The City's reporting period is October 1, 2014 through September 30, 2015.

The Sponsor's Net Pension Liability was measured as of December 31, 2014.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of December 31, 2014 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	4.00% - 10.00%
Discount Rate	8.00%
Investment Rate of Return	8.00%

Mortality Rates – Healthy Lives: RP2000 Combined Health Male Mortality Table without projection.

4. DETAILED NOTES ON ALL FUNDS (continued)

Beaumont Firemen's Relief and Retirement Fund (BFRRF) (continued)

Net Pension Liability (continued)

Actuarial Assumptions: (continued)

Mortality Rates – Disables Lives: RP2000 Combined Healthy Male Mortality Table with projection.

Mortality Rates: Spouses: RP2000 Combined Healthy Female Mortality Table with projection.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study performed on August 20th, 2013, for the period 2004-2012.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of December 31, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	45%	7.50%
International Equity	15%	8.50%
Domestic Fixed Income	20%	2.50%
Global Fixed Income	5%	3.50%
Real Estate	10%	4.50%
Alternative	<u>5%</u>	2.50%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.00 percent.

The projection of cash flows used to determine the discount rate assumed that plan member contribution will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods or projected benefit payments to determine the Total Pension Liability.

4. DETAILED NOTES ON ALL FUNDS (continued)

Beaumont Firemen's Relief and Retirement Fund (BFRRF) (continued)

Changes in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Reporting Period Ending September 30, 2014	\$ 137,427,047	101,790,152	35,636,895
Changes for the year:			
Service cost	3,073,795		3,073,795
Interest	10,966,384		10,966,384
Difference between expected and actual experience			-
Changes of assumptions			-
Changes of benefit terms			
Contributions - employer		2,606,467	(2,606,467)
Contributions - employee		2,606,467	(2,606,467)
Net investment income		2,874,510	(2,874,510)
Benefit payments, including refunds of employee contributions	(6,842,087)	(6,842,087)	-
Administrative expense		(234,937)	234,937
Net changes	<u>7,198,092</u>	<u>1,010,420</u>	<u>6,187,672</u>
Reporting Period Ending September 30, 2015	<u>\$ 144,625,139</u>	<u>102,800,572</u>	<u>41,824,567</u>

Sensitivity of the Net Pension Liability to changes in the Discount Rate

The following represents the net pension liability of the City, calculated using the discount rate of 8%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7%) or 1 percentage point higher (9%) than the current rate:

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
City's Net Pension Liability	\$ 53,846,976	\$ 41,824,567	\$ 31,416,840

Pension Plan Fiduciary Net Position:

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

4. DETAILED NOTES ON ALL FUNDS (continued)

Beaumont Firemen's Relief and Retirement Fund (BFRRF) (continued)

Changes in Net Pension Liability (continued)

For the year ended September 30, 2015, the sponsor will recognize a Pension Expense of \$4,638,827.

On September 30, 2015, the sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources;

	<u>Deferred Outflows of Resources</u>
Net difference between Projected and Actual Earnings on Pension Plan investments	\$ 4,155,312
Employer contributions subsequent to the measurement date	<u>1,908,335</u>
Total	<u>\$ 6,063,647</u>

\$1,908,355 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2015. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

<u>Year ended September 30:</u>	
2016	\$ 1,038,828
2017	1,038,828
2018	1,038,828
2019	<u>1,038,828</u>
	<u>\$ 4,155,312</u>

4. DETAILED NOTES ON ALL FUNDS (continued)

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.

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, 2015 is as follows:

Annual required contribution	\$ 2,462,000
Interest on OPEB obligation	108,000
Adjustment to ARC	<u>(98,000)</u>
Annual OPEB cost end of year	2,472,000
Net estimated employer contributions	<u>(2,555,000)</u>
Increase in net OPEB obligation	(83,000)
Net OPEB obligation - as of beginning of the year	<u>2,407,000</u>
Net OPEB obligation (asset) - as of end of year	<u>\$ 2,324,000</u>

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, 2015, 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, 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%
September 30, 2015	34,162,000	0	34,162,000	0%	77,852,000	43.9%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$34,162,000 at September 30, 2015.

4. DETAILED NOTES ON ALL FUNDS (continued)

Post Employment Benefits Other Than Pension Benefits (continued)

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

Discount rate	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%

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, 2015 is as follows:

Fiscal Year Ended	Employer Annual Required Contribution	Employer Amount Contributed (est.)	Interest on NOO (9) x 4.5%	ARC Adjustment (9) / (6)	Amortization Factor	OPEB Cost (2)+(4)-(5)	Change in NOO (7) - (3)	NOO Balance NOO + (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
September 30, 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
September 30, 2015	2,462,000	2,555,000	108,000	98,000	24.52000	2,472,000	83,000	2,324,000

4. DETAILED NOTES ON ALL FUNDS (continued)

Post Employment Benefits Other Than Pension Benefits (continued)

Actuarial methods and assumptions (continued)

Fiscal Year Ending	Employer Contribution Percentage			Net OPEB Obligation
	Annual OPEB Cost	Employer Contribution	Percentage Contributed	
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
September 30, 2015	2,472,000	2,555,000	103%	2,324,000

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, 2015 a total of 223 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 \$3.67 million reported as landfill closure and postclosure care liability at September 30, 2015 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 \$3.67 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 2015. 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, 2015, 15% 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.

4. DETAILED NOTES ON ALL FUNDS (continued)

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.

Negative Fund Balances

Several Governmental Funds ended the fiscal year with a negative fund balance or Net Position. 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 \$92,949.

The Fleet Fund had a negative Net Position of \$469,973.

The Employee Benefits Fund had a negative Net Position of \$5,606,647.

The ARRA Fund has a negative fund balance due to the timing of reimbursements related to current year expenditures.

The Fleet Fund has negative net position due to pension costs accrued due to GASB 68.

The Employee Benefits Fund has a negative net position due to higher claims payments than anticipated.

Subsequent Event

On October 27, 2015, the City issued \$31,055,000 in refunding revenue bonds to advance refund the Waterworks and Sewer System Revenue Bonds, Series 2006A and Waterworks and Sewer System Revenue Bonds, Series 2008. The interest rate on the bonds is 2.0% - 5.0%, which matures from September 1, 2016 through September 1, 2036.

4. DETAILED NOTES ON ALL FUNDS (continued)

Change in Accounting Principle

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. In addition to making changes to how annual pension expense is to be calculated for defined benefit pension plans, the standard also requires that governmental entities record an asset or liability in their financial statements that is equal to the net pension asset or liability. Historically, governmental entities have only been required to record a liability, if any, for the difference between annual pension cost (APC) and the amount of APC contributed to the plan. The City has reported the cumulative effect of applying GASB 68 as a restatement of net position as of October 1, 2014. This restatement decreased previously reported net position as follows:

	Governmental Activities	Business-Type Activities	
Net Position, beginning	\$ 322,983,489	90,995,267	
Prior Period Adjustment to:			
Remove net pension obligation related to BFRRF Plan	1,771,215		
Record net pension liability related to:			
TMRS Plan	(57,052,749)	(11,685,503)	
BFRRF Plan	(35,636,895)		
Record deferred outflows - pension contributions related to:			
TMRS Plan	7,356,274	1,506,707	
BFRRF Plan	1,890,381		
Prior Period Adjustment	<u>(81,671,774)</u>	<u>(10,178,796)</u>	
Net Position, beginning as restated	<u>\$ 241,311,715</u>	<u>80,816,471</u>	
			Governmental Activities Internal Service Funds
Net Position, beginning	\$ 87,591,829	3,621,787	17,256,931
Prior Period Adjustment to record:			
Net pension liability related to TMRS Plan	(8,935,973)	(2,749,530)	(2,062,148)
Deferred outflows - pension contributions related to TMRS Plan	1,152,188	354,519	265,889
Prior Period Adjustment	<u>(7,783,785)</u>	<u>(2,395,011)</u>	<u>(1,796,259)</u>
Net Position, beginning as restated	<u>\$ 79,808,044</u>	<u>1,226,776</u>	<u>15,460,672</u>

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, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Over (Under)
	Original	Final		
REVENUES				
Sales taxes	\$ 38,330,000	38,330,000	37,980,880	(349,120)
Property taxes	32,317,000	32,317,000	32,488,239	171,239
Industrial payments	16,092,300	16,092,300	16,496,988	404,688
Gross receipts tax	8,435,000	8,435,000	8,420,236	(14,764)
Other	9,181,800	9,181,800	10,399,834	1,218,034
Total Revenues	<u>104,356,100</u>	<u>104,356,100</u>	<u>105,786,177</u>	<u>1,430,077</u>
EXPENDITURES				
Current				
General government	15,500,400	15,500,400	15,113,549	(386,851)
Public safety	59,814,200	59,814,200	59,179,757	(634,443)
Public works	19,566,800	19,566,800	18,101,493	(1,465,307)
Health and welfare	7,702,500	7,702,500	6,968,953	(733,547)
Cultural and recreational	7,874,700	7,874,700	7,333,223	(541,477)
Community development	3,226,700	3,226,700	3,041,127	(185,573)
Total Expenditures	<u>113,685,300</u>	<u>113,685,300</u>	<u>109,738,102</u>	<u>(3,947,198)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,329,200)</u>	<u>(9,329,200)</u>	<u>(3,951,925)</u>	<u>5,377,275</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	9,700,000	9,700,000	9,700,000	-
Transfers (out)	(2,150,000)	(4,170,000)	(4,170,000)	-
Total Other Financing Sources (Uses)	<u>7,550,000</u>	<u>5,530,000</u>	<u>5,530,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,779,200)	(3,799,200)	1,578,075	5,377,275
FUND BALANCES, BEGINNING OF YEAR	<u>26,467,942</u>	<u>26,467,942</u>	<u>31,859,946</u>	<u>5,392,004</u>
FUND BALANCES, END OF YEAR	<u>\$ 24,688,742</u>	<u>22,668,742</u>	<u>33,438,021</u>	<u>10,769,279</u>
NET CHANGE IN FUND BALANCE BUDGET BASIS			1,578,075	
Accrual of sales taxes			54,487	
Unbilled revenue			(328)	
NET CHANGE IN FUND BALANCE GAAP BASIS			<u>1,632,234</u>	

**CITY OF BEAUMONT, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**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, 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%
September 30, 2015	34,162,000	0	34,162,000	0%	77,852,000	43.9%

**CITY OF BEAUMONT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
TMRS**

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 8,714,393
Interest (on the Total Pension Liability)	28,492,097
Changes of benefit terms	-
Difference between expected and actual experience	(4,591,373)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(18,596,454)</u>
Net Change in Total Pension Liability	14,018,663
Total Pension Liability - Beginning	411,970,982
Total Pension Liability - Ending (a)	<u>\$ 425,989,645</u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 11,399,122
Contributions - Employee	3,940,113
Net Investment Income	19,634,124
Benefit payments, including refunds of employee contributions	(18,596,454)
Administrative Expense	(204,998)
Other	<u>(16,854)</u>
Net Change in Plan Fiduciary Net Position	16,155,053
Plan Fiduciary Net Position - Beginning	343,232,731
Plan Fiduciary Net Position - Ending (b)	<u>\$ 359,387,784</u>
City's Net Pension Liability - Ending (a) - (b)	<u>\$ 66,601,861</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.37%
 Covered Employee Payroll	\$ 56,029,678
City's Net Pension Liability as a Percentage of Covered Employee Payroll	118.87%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years which information is available under GASB68. Information presented in this schedule has been determined as of the City's measurement date (December 31) of the net pension liability in accordance with GASB68.

**CITY OF BEAUMONT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**SCHEDULE OF CITY CONTRIBUTIONS
TMRS**

Year Ending September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll (1)	Contributions as a % of Covered Employee Payroll
2015	\$ 10,860,092	\$ 10,860,092	\$ -	\$ 54,750,093	19.8%

Notes to Schedule:

(1) Payroll is calculated based on contributions as reported to TMRS

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 Years
Asset Valuation Method	10 Year Smoothed Market; 15% Soft Corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% Including Inflation
Investment Rate of Return	7.00%

Retirement Age: Experienced-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009

Mortality: RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes: There were no benefit changes during the year

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years which information is available under GASB68. Information presented in this schedule has been determined as of the City's most recent fiscal year end (September 30) in accordance with GASB68.

**CITY OF BEAUMONT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
BFRRF**

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 3,073,795
Interest (on the Total Pension Liability)	10,966,384
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(6,842,087)
Net Change in Total Pension Liability	<u>7,198,092</u>
Total Pension Liability - Beginning	<u>137,427,047</u>
Total Pension Liability - Ending (a)	<u><u>144,625,139</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	2,606,467
Contributions - Employee	2,606,467
Net Investment Income	2,874,510
Benefit payments, including refunds of employee contributions	(6,842,087)
Administrative Expense	(234,937)
Other	-
Net Change in Plan Fiduciary Net Position	<u>1,010,420</u>
Plan Fiduciary Net Position - Beginning	<u>101,790,152</u>
Plan Fiduciary Net Position - Ending (b)	<u>102,800,572</u>
City's Net Pension Liability - Ending (a) - (b)	<u><u>\$ 41,824,567</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	71.08%
 City's Covered Employee Payroll	 \$ 17,496,137
Net Pension Liability as a Percentage of Covered Employee Payroll	239.05%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years which information is available under GASB68. Information presented in this schedule has been determined as of the City's measurement date (December 31) of the net pension liability in accordance with GASB68.

**CITY OF BEAUMONT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**SCHEDULE OF CONTRIBUTIONS
BFRRF**

Year Ending September 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll (1)	Contributions as a % of Covered Employee Payroll
2015	\$ 2,624,421	\$ 2,624,421	-	\$ 17,496,137	15.0%

Notes to Schedule:

Contractually determined contribution rates for 2014 were based on the contracted contribution rate.

Methods and Assumptions Used to Determine Contribution Rates:

Funding Method: Entry Age Normal Actuarial Cost Method
 Amortization Method: Level Percentage of Compensation
 Remaining Amortization Period: 49.6 Years (as of 12/31/2012 Valuation)
 Asset Valuation Method: All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five year period
 Inflation (Payroll Growth): 3.5% per year for amortization of the Unfunded Actuarial Accrued Liability

Salary Increases:

Years of Service	Salary Increase
1-8	10.0%
9-16	7.0%
17-26	5.5%
27+	4.0%

Interest Rate:

8.0% per year, compounded annually, net of investment related and administrative expenses.

Payroll Adjustment:

Actual pay received is increased by expected individual salary increase for first year following valuation date, based on the salary increase assumption table.

Retirement Rates:

Age	% Retiring During the Year	Termination Rates:	Years of Service	% Terminating During the Year
50-54	5%		0	2.25%
55-62	20%		5	1.20%
63	50%		10	0.60%
64	75%		15	0.38%
65+	100%		20+	0.00%

Disability Rates:

Age	% Becoming Disabled During the Year
20	0.0047%
25	0.0063%
30	0.0103%
35	0.0173%
40	0.0307%
45	0.0697%
50	0.1263%
55+	0.0000%

PROP Investments Accounts: 80% of Retirees will elect to participate in PROP until age 65. Average annual rate credited to the PROP accounts will be 6.0%

Retro Drop Participation: 90% of Retirees eligible for at least a 12-month lump sum will elect a Retro DROP benefit. The number of months assumed in order to determine the Retro DROP lump sum is the maximum the Retiree is eligible for, up to 84 months.

Mortality Rates - Healthy Lives: RP2000 Combined Healthy Male Mortality Table without projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements

Mortality Rates - Disabled Lives: RP2000 Combined Healthy Male Mortality Table without projection.

Mortality Rates - Spouses: RP2000 Combined Healthy Female Mortality Table without projection.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years which information is available under GASB68. Information presented in this schedule has been determined as of the City's most recent fiscal year end (September 30) in accordance with GASB68.

BEAUMONT
Finance

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Library 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 Health Care Provider Participation Program - to account for the certification of governmental entity participation for hospital affiliates

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, 2015**

Special Revenue

	American Recovery and Reinvestment Act (ARRA)	Confiscated Goods	Disaster Rehab
ASSETS			
Cash	\$ -	222,904	
Investments	-	-	-
Receivables:			
Notes	-	-	
Intergovernmental	168,590	-	17,200
Other	-	-	-
Inventories	-	-	-
Prepaid Items	-	-	-
Total Assets	<u>168,590</u>	<u>222,904</u>	<u>17,200</u>
LIABILITIES			
Accounts payable	-	9,468	-
Accrued liabilities	-	-	-
Due to other funds	168,574	-	17,200
Other liabilities	-	-	-
Unearned revenue	-	47,452	-
Total Liabilities	<u>168,574</u>	<u>56,920</u>	<u>17,200</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	92,965	-	-
Unavailable revenue - notes	-	-	-
Total Deferred Inflows of Resources	<u>92,965</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepays	-	-	-
Permanent fund principal	-	-	-
Restricted:			
Culture and recreation	-	-	-
General government	-	-	-
Health and welfare	-	-	-
Public safety	-	165,984	-
Public works	-	-	-
Assigned:			
Culture and recreation	-	-	-
Public works	-	-	-
Unassigned:	(92,949)	-	-
Total Fund Balances	<u>(92,949)</u>	<u>165,984</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 168,590</u>	<u>222,904</u>	<u>17,200</u>

CITY OF BEAUMONT, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

Special Revenue

	Henry Homberg Golf Course	Historical Fire Museum Trust	HOME
ASSETS			
Cash	\$ 213,301	1,496	-
Investments	-	-	-
Receivables:			
Notes	-	-	448,475
Intergovernmental	-	-	111,457
Other	-	-	-
Inventories	-	-	-
Prepaid Items	-	-	-
Total Assets	<u>213,301</u>	<u>1,496</u>	<u>559,932</u>
LIABILITIES			
Accounts payable	11,764	471	6,889
Accrued liabilities	17,019	-	1,753
Due to other funds	-	-	102,815
Other liabilities	3,589	-	-
Unearned revenue	3,629	-	-
Total Liabilities	<u>36,001</u>	<u>471</u>	<u>111,457</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	-	-	-
Unavailable revenue - notes	-	-	448,475
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>448,475</u>
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepays	-	-	-
Permanent fund principal	-	-	-
Restricted:			
Culture and recreation	-	-	-
General government	-	-	-
Health and welfare	-	-	-
Public safety	-	-	-
Public works	-	-	-
Assigned:			
Culture and recreation	177,300	1,025	-
Public works	-	-	-
Unassigned:			
Total Fund Balances	<u>177,300</u>	<u>1,025</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 213,301</u>	<u>1,496</u>	<u>559,932</u>

Special Revenue

Hotel Occupancy Tax	HUD Community Development	Ike Recovery	Library Grants	Library Trust
1,127,875	-	4,065,098	-	69,930
-	-	-	-	-
-	194,700	-	-	-
-	927,737	-	10,486	-
300	576,460	709	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,128,175</u>	<u>1,698,897</u>	<u>4,065,807</u>	<u>10,486</u>	<u>69,930</u>
20,703	20,972	-	-	266
31,394	15,047	-	-	-
-	456,241	-	9,825	-
-	-	-	-	-
-	435,477	4,018,857	-	-
<u>52,097</u>	<u>927,737</u>	<u>4,018,857</u>	<u>9,825</u>	<u>266</u>
-	-	-	-	-
-	771,160	-	-	-
<u>-</u>	<u>771,160</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,076,078	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	661	69,664
-	-	46,950	-	-
-	-	-	-	-
<u>1,076,078</u>	<u>-</u>	<u>46,950</u>	<u>661</u>	<u>69,664</u>
<u>1,128,175</u>	<u>1,698,897</u>	<u>4,065,807</u>	<u>10,486</u>	<u>69,930</u>

(continued)

CITY OF BEAUMONT, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

Special Revenue

	Miscellaneous Grant	Miscellaneous Trust	Municipal Airport
ASSETS			
Cash	\$ 2,009	543,392	6,405,343
Investments	-	-	81,125
Receivables:			
Notes	-	-	-
Intergovernmental	-	-	-
Other	-	-	4,715
Inventories	-	-	-
Prepaid items	-	-	-
	<u>2,009</u>	<u>543,392</u>	<u>6,491,183</u>
LIABILITIES			
Accounts payable	-	524	9,262
Accrued liabilities	-	-	-
Due to other funds	-	-	212,843
Other liabilities	-	15,865	9,440
Unearned revenue	-	-	5,867
	<u>-</u>	<u>16,389</u>	<u>237,412</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	-	-	-
Public works	-	-	-
Assigned:			
Culture and recreation	2,009	527,003	-
Public works	-	-	6,253,771
Unassigned:			
Total Fund Balances	<u>2,009</u>	<u>527,003</u>	<u>6,253,771</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,009</u>	<u>543,392</u>	<u>6,491,183</u>

Special Revenue

Municipal Juvenile Court Case Manager	Municipal Court Security	Municipal Court Technology	Municipal Health Care Provider Participation Program	Municipal Transit
106,089	50,158	442,765	6,676,747	1,853
-	-	-	-	-
-	-	-	-	-
11,940	4,624	6,228	234,586	2,021,901
-	-	-	-	4,459
-	-	-	-	355,625
-	-	-	-	517,085
<u>118,029</u>	<u>54,782</u>	<u>448,993</u>	<u>6,911,333</u>	<u>2,900,923</u>
-	4,243	1,579	5,921,474	84,426
2,211	1,170	-	-	233,900
-	-	-	-	2,010,270
3,938	-	-	-	129,870
-	-	-	-	-
<u>6,149</u>	<u>5,413</u>	<u>1,579</u>	<u>5,921,474</u>	<u>2,458,466</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	355,625
-	-	-	-	517,085
-	-	-	-	-
-	-	-	-	-
-	-	-	989,859	-
111,880	49,369	447,414	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>111,880</u>	<u>49,369</u>	<u>447,414</u>	<u>989,859</u>	<u>(430,253)</u>
<u>118,029</u>	<u>54,782</u>	<u>448,993</u>	<u>6,911,333</u>	<u>442,457</u>
<u>118,029</u>	<u>54,782</u>	<u>448,993</u>	<u>6,911,333</u>	<u>2,900,923</u>

(continued)

CITY OF BEAUMONT, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

Special Revenue

	Police Grants	Public Education Government Programming	Shelter Plus Care
ASSETS			
Cash	\$ -	666,781	-
Investments	-	-	-
Receivables:			
Notes	-	-	-
Intergovernmental	531,665	-	76,422
Other	-	-	-
Inventories	-	-	-
Prepaid items	-	-	-
Total Assets	<u>531,665</u>	<u>666,781</u>	<u>76,422</u>
LIABILITIES			
Accounts payable	34,685	-	13,587
Accrued liabilities	11,193	-	-
Due to other funds	411,446	-	62,835
Other liabilities	-	-	-
Unearned revenue	59,785	-	-
Total Liabilities	<u>517,109</u>	<u>-</u>	<u>76,422</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	-	666,781	-
Health and welfare	-	-	-
Public safety	14,556	-	-
Public works	-	-	-
Assigned:			
Culture and recreation	-	-	-
Public works	-	-	-
Unassigned:			
Total Fund Balances	<u>14,556</u>	<u>666,781</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 531,665</u>	<u>666,781</u>	<u>76,422</u>

<u>Special Revenue</u>		<u>Permanent</u>		
<u>Texas Motor Carrier Violations</u>	<u>Tyrrell Historical Trust</u>	<u>Julie Rogers Trust</u>	<u>Library Endowment Trust</u>	<u>Total Nonmajor Governmental Funds</u>
111,001	1,800	24,736	132,207	21,567,180
-	-	100,000	774,900	956,025
-	-	-	-	771,147
-	-	-	-	4,747,582
600	-	-	-	845,682
-	-	-	-	355,625
-	-	-	-	517,085
<u>111,601</u>	<u>1,800</u>	<u>124,736</u>	<u>907,107</u>	<u>29,760,326</u>
47,614	-	-	-	6,215,800
-	-	-	-	343,371
-	-	-	-	4,272,481
-	-	-	-	162,952
-	-	-	-	5,272,025
<u>47,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,266,629</u>
-	-	-	-	92,965
-	-	-	-	1,347,607
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,440,572</u>
-	-	-	-	355,625
-	-	-	-	517,085
-	-	100,000	774,900	874,900
-	-	24,736	132,207	1,233,021
-	-	-	-	666,781
-	-	-	-	995,542
63,987	-	-	-	853,190
-	-	-	-	-
-	1,800	-	-	779,462
-	-	-	-	6,300,721
-	-	-	-	(523,202)
<u>63,987</u>	<u>1,800</u>	<u>124,736</u>	<u>907,107</u>	<u>12,053,125</u>
<u>111,601</u>	<u>1,800</u>	<u>124,736</u>	<u>907,107</u>	<u>29,760,326</u>

CITY OF BEAUMONT, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Special Revenue

	American Recovery and Reinvestment Act (ARRA)	Confiscated Goods	Disaster Rehab
REVENUES			
Gross receipts taxes	\$ -	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental	13,401	68,447	28,400
Investment earnings	-	1,074	-
Contributions	-	-	-
Royalties	-	-	-
Miscellaneous	-	887	-
Total Revenues	<u>13,401</u>	<u>70,408</u>	<u>28,400</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	118,609	-
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreational	-	-	-
Housing and economic development	-	-	28,400
Capital outlay	-	16,557	-
Total Expenditures	<u>-</u>	<u>135,166</u>	<u>28,400</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>13,401</u>	<u>(64,758)</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	13,401	(64,758)	-
FUND BALANCES - BEGINNING	<u>(106,350)</u>	<u>230,742</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ (92,949)</u>	<u>165,984</u>	<u>-</u>

Special Revenue

EDA Small Business Loan	EDI Special Project	Emergency Shelter (ESG)	Hazard Mitigation	Health Grants
-	-	-	-	-
-	-	-	-	25,036
77,080	33,331	215,272	567,909	1,099,513
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>77,080</u>	<u>33,331</u>	<u>215,272</u>	<u>567,909</u>	<u>1,124,549</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,118,001
77,080	33,331	215,272	236,163	-
-	-	-	331,746	-
<u>77,080</u>	<u>33,331</u>	<u>215,272</u>	<u>567,909</u>	<u>1,118,001</u>
-	-	-	-	6,548
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	6,548
-	-	-	-	(865)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,683</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, 2015

	Special Revenue		
	Henry Homberg Golf Course	Historical Fire Museum Trust	HOME
REVENUES			
Gross receipts taxes	\$ -	-	-
Charges for services	509,634	-	-
Fines and forfeitures	-	-	-
Intergovernmental	-	-	442,338
Investment earnings	391	6	-
Contributions	-	1,527	-
Royalties	-	-	-
Miscellaneous	-	-	-
Total Revenues	<u>510,025</u>	<u>1,533</u>	<u>442,338</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreational	721,886	1,473	-
Housing and economic development	-	-	442,338
Capital outlay	-	-	-
Total Expenditures	<u>721,886</u>	<u>1,473</u>	<u>442,338</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(211,861)</u>	<u>60</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	250,000	-	-
Transfers (out)	-	-	-
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	38,139	60	-
FUND BALANCES - BEGINNING	<u>139,161</u>	<u>965</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 177,300</u>	<u>1,025</u>	<u>-</u>

Special Revenue

Hotel Occupancy Tax	HUD Community Development	Ike Recovery	Library Grants	Library Trust
2,897,777	-	-	-	-
-	-	-	-	-
-	1,378,057	-	18,040	-
4,063	-	21,924	1	274
-	-	-	-	51,918
-	-	-	-	-
12,923	-	-	-	-
<u>2,914,763</u>	<u>1,378,057</u>	<u>21,924</u>	<u>18,041</u>	<u>52,192</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,794,926	-	-	18,040	10,034
-	578,057	-	-	-
-	-	-	-	-
<u>1,794,926</u>	<u>578,057</u>	<u>-</u>	<u>18,040</u>	<u>10,034</u>
<u>1,119,837</u>	<u>800,000</u>	<u>21,924</u>	<u>1</u>	<u>42,158</u>
-	-	-	-	-
(697,000)	(800,000)	-	-	-
<u>(697,000)</u>	<u>(800,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
422,837	-	21,924	1	42,158
<u>653,241</u>	<u>-</u>	<u>25,026</u>	<u>660</u>	<u>27,506</u>
<u>1,076,078</u>	<u>-</u>	<u>46,950</u>	<u>661</u>	<u>69,664</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, 2015

	Special Revenue		
	Miscellaneous Grant	Miscellaneous Trust	Municipal Airport
REVENUES			
Gross receipts taxes	\$ -	-	-
Charges for services	-	-	137,866
Fines and forfeitures	-	-	-
Intergovernmental	67,878	-	-
Investment earnings	-	2,659	142,221
Contributions	-	185,755	-
Royalties	-	-	28,949
Miscellaneous	-	-	-
Total Revenues	67,878	188,414	309,036
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	239,364
Health and welfare	-	-	-
Culture and recreational	65,960	142,052	-
Housing and economic development	-	-	-
Capital outlay	-	232,339	320,164
Total Expenditures	65,960	374,391	559,528
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,918	(185,977)	(250,492)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCES	1,918	(185,977)	(250,492)
FUND BALANCES - BEGINNING	91	712,980	6,504,263
FUND BALANCES - ENDING	\$ 2,009	527,003	6,253,771

Special Revenue

<u>Municipal Court Juvenile Case Manager</u>	<u>Municipal Court Security</u>	<u>Municipal Court Technology</u>	<u>Municipal Health Care Provider Participation Program</u>	<u>Municipal Transit</u>
-	-	-	-	-
-	-	-	-	550,948
94,588	52,839	70,327	-	-
-	-	-	6,911,333	2,389,088
395	179	1,975	-	-
-	-	-	-	-
-	-	-	-	-
<u>94,983</u>	<u>53,018</u>	<u>72,302</u>	<u>6,911,333</u>	<u>2,940,036</u>
-	-	-	-	-
47,496	27,394	30,224	-	-
-	-	-	-	5,528,534
-	-	-	5,921,474	-
-	-	-	-	-
-	-	-	-	-
<u>47,496</u>	<u>14,314</u>	<u>33,213</u>	<u>-</u>	<u>-</u>
<u>47,496</u>	<u>41,708</u>	<u>63,437</u>	<u>5,921,474</u>	<u>5,528,534</u>
<u>47,487</u>	<u>11,310</u>	<u>8,865</u>	<u>989,859</u>	<u>(2,588,498)</u>
-	-	-	-	2,750,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,750,000</u>
47,487	11,310	8,865	989,859	161,502
<u>64,393</u>	<u>38,059</u>	<u>438,549</u>	<u>-</u>	<u>280,955</u>
<u>111,880</u>	<u>49,369</u>	<u>447,414</u>	<u>989,859</u>	<u>442,457</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, 2015

	Special Revenue		
	Police Grants	Public Education Government Programming	Shelter Plus Care
REVENUES			
Gross receipts taxes	\$ -	-	-
Charges for services	-	225,371	-
Fines and forfeitures	-	-	-
Intergovernmental	801,956	-	152,527
Investment earnings	-	3,109	-
Contributions	-	-	-
Royalties	-	-	-
Miscellaneous	-	-	-
Total Revenues	801,956	228,480	152,527
EXPENDITURES			
Current:			
General government	-	134,044	-
Public safety	873,444	-	-
Public works	-	-	-
Health and welfare	-	-	152,527
Culture and recreational	-	-	-
Housing and economic development	-	-	-
Capital outlay	31,584	43,676	-
Total Expenditures	905,028	177,720	152,527
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(103,072)	50,760	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCES	(103,072)	50,760	-
FUND BALANCES - BEGINNING	117,628	616,021	-
FUND BALANCES - ENDING	\$ 14,556	666,781	-

<u>Special Revenue</u>		<u>Permanent</u>		
<u>Texas Motor Carrier Violations</u>	<u>Tyrrell Historical Trust</u>	<u>Julie Rogers Trust</u>	<u>Library Endowment Trust</u>	<u>Total Nonmajor Governmental Funds</u>
-	-	-	-	2,897,777
-	-	-	-	1,448,855
64,310	-	-	-	282,064
-	-	-	-	14,264,570
523	-	562	4,083	183,439
-	19,688	-	1,837	260,725
-	-	-	-	28,949
-	-	-	-	13,810
<u>64,833</u>	<u>19,688</u>	<u>562</u>	<u>5,920</u>	<u>19,380,189</u>
-	-	-	-	134,044
50,309	-	-	-	1,147,476
-	-	-	-	5,767,898
-	-	-	-	7,192,002
-	-	-	1,105	2,755,476
-	-	-	-	1,610,641
56,762	-	-	-	1,080,355
<u>107,071</u>	<u>-</u>	<u>-</u>	<u>1,105</u>	<u>19,687,892</u>
<u>(42,238)</u>	<u>19,688</u>	<u>562</u>	<u>4,815</u>	<u>(307,703)</u>
-	-	-	-	3,000,000
-	-	-	-	(1,497,000)
-	-	-	-	1,503,000
(42,238)	19,688	562	4,815	1,195,297
<u>106,225</u>	<u>(17,888)</u>	<u>124,174</u>	<u>902,292</u>	<u>10,857,828</u>
<u>63,987</u>	<u>1,800</u>	<u>124,736</u>	<u>907,107</u>	<u>12,053,125</u>

CITY OF BEAUMONT, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Property taxes	\$ 15,076,000	15,076,000	15,181,863	105,863
Investment earnings	22,400	22,400	26,170	3,770
Miscellaneous	292,000	292,000	291,996	(4)
Total Revenues	<u>15,390,400</u>	<u>15,390,400</u>	<u>15,500,029</u>	<u>109,629</u>
EXPENDITURES				
Debt service:				
Principal and interest	16,743,400	16,743,400	16,750,037	6,637
Service charges	5,000	5,000	9,250	4,250
Other operating expenses	9,300	514,800	467,243	(47,557)
Total Expenditures	<u>16,757,700</u>	<u>17,263,200</u>	<u>17,226,530</u>	<u>(36,670)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,367,300)</u>	<u>(1,872,800)</u>	<u>(1,726,501)</u>	<u>146,299</u>
OTHER FINANCING SOURCES (USES)				
Bond premium	-	5,329,200	5,329,186	
Refunding Bonds Issued	-	41,935,000	41,935,000	-
Refunding of bonds - payment to escrow agent	-	(46,794,500)	(46,794,458)	42
Transfers in	897,000	897,000	897,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>897,000</u>	<u>1,366,700</u>	<u>1,366,728</u>	<u>28</u>
NET CHANGE IN FUND BALANCES	(470,300)	(506,100)	(359,773)	146,327
FUND BALANCES, BEGINNING	<u>3,989,900</u>	<u>3,989,900</u>	<u>4,485,183</u>	<u>495,283</u>
FUND BALANCES, ENDING	<u>\$ 3,519,600</u>	<u>3,483,800</u>	<u>4,125,410</u>	<u>641,610</u>

**CITY OF BEAUMONT, TEXAS
CONFISCATED GOODS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Intergovernmental	\$ 66,500	68,447	1,947
Investment earnings	300	1,074	774
Miscellaneous	-	887	887
Total Revenues	<u>66,800</u>	<u>70,408</u>	<u>3,608</u>
EXPENDITURES			
Current			
Public safety	298,430	118,609	(179,821)
Capital outlay	20,400	16,557	(3,843)
Total Expenditures	<u>318,830</u>	<u>135,166</u>	<u>(183,664)</u>
NET CHANGE IN FUND BALANCES	(252,030)	(64,758)	187,272
FUND BALANCES, BEGINNING	<u>252,030</u>	<u>230,742</u>	<u>(21,288)</u>
FUND BALANCES, ENDING	\$ <u><u>-</u></u>	<u><u>165,984</u></u>	<u><u>165,984</u></u>

CITY OF BEAUMONT, TEXAS
HENRY HOMBERG GOLF COURSE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Charges for services	\$ 613,000	613,000	509,634	(103,366)
Investment earnings	400	400	391	(9)
Total Revenues	<u>613,400</u>	<u>613,400</u>	<u>510,025</u>	<u>(103,375)</u>
EXPENDITURES				
Current				
Culture and recreation	774,700	774,700	721,886	(52,814)
Capital outlay	4,200	4,200	-	(4,200)
Total Expenditures	<u>778,900</u>	<u>778,900</u>	<u>721,886</u>	<u>(57,014)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(165,500)</u>	<u>(165,500)</u>	<u>(211,861)</u>	<u>(46,361)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	250,000	250,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(165,500)	84,500	38,139	(46,361)
FUND BALANCES, BEGINNING	<u>187,846</u>	<u>187,846</u>	<u>139,161</u>	<u>(48,685)</u>
FUND BALANCES, ENDING	<u>\$ 22,346</u>	<u>272,346</u>	<u>177,300</u>	<u>(95,046)</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, 2015**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ -	6	6
Contributions	-	1,527	1,527
Total Revenues	<u>-</u>	<u>1,533</u>	<u>1,533</u>
EXPENDITURES			
Current			
Culture and recreational	664	1,473	809
Total Expenditures	<u>664</u>	<u>1,473</u>	<u>809</u>
NET CHANGE IN FUND BALANCES	(664)	60	724
FUND BALANCES, BEGINNING	<u>664</u>	<u>965</u>	<u>301</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>1,025</u>	<u>1,025</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, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Gross receipts taxes	\$ 2,550,000	2,897,777	347,777
Investment earnings	1,500	4,063	2,563
Miscellaneous	72,700	12,923	(59,777)
Total Revenues	<u>2,624,200</u>	<u>2,914,763</u>	<u>290,563</u>
EXPENDITURES			
Current			
Culture and recreational	2,086,700	1,794,926	(291,774)
Capital outlay	3,500	-	(3,500)
Total Expenditures	<u>2,090,200</u>	<u>1,794,926</u>	<u>(295,274)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>534,000</u>	<u>1,119,837</u>	<u>585,837</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(597,000)	(697,000)	(100,000)
Total Other Financing Sources (Uses)	<u>(597,000)</u>	<u>(697,000)</u>	<u>(100,000)</u>
NET CHANGE IN FUND BALANCES	(63,000)	422,837	485,837
FUND BALANCES, BEGINNING	<u>563,303</u>	<u>653,241</u>	<u>89,938</u>
FUND BALANCES, ENDING	<u>\$ 500,303</u>	<u>1,076,078</u>	<u>575,775</u>

CITY OF BEAUMONT, TEXAS
IKE RECOVERY FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Intergovernmental	\$ -	-	-
Investment earnings	2,500	21,924	19,424
Miscellaneous	500,000	-	(500,000)
Total Revenues	<u>502,500</u>	<u>21,924</u>	<u>(480,576)</u>
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	854,732	-	(854,732)
Culture and recreational	-	-	-
Total Expenditures	<u>854,732</u>	<u>-</u>	<u>(854,732)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(352,232)</u>	<u>21,924</u>	<u>374,156</u>
OTHER FINANCING SOURCES (USES)			
Transfers out			
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(352,232)	21,924	374,156
FUND BALANCES, BEGINNING	<u>352,232</u>	<u>25,026</u>	<u>(327,206)</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>46,950</u>	<u>46,950</u>

CITY OF BEAUMONT, TEXAS
LIBRARY TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ 300	274	(26)
Contributions	10,000	51,918	41,918
Miscellaneous	-	-	-
Total Revenues	<u>10,300</u>	<u>52,192</u>	<u>41,892</u>
EXPENDITURES			
Current			
Culture and recreational	30,743	10,034	(20,709)
Capital outlay	-	-	-
Total Expenditures	<u>30,743</u>	<u>10,034</u>	<u>(20,709)</u>
NET CHANGE IN FUND BALANCES	(20,443)	42,158	62,601
FUND BALANCES, BEGINNING	<u>20,443</u>	<u>27,506</u>	<u>7,063</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>69,664</u>	<u>69,664</u>

**CITY OF BEAUMONT, TEXAS
 MISCELLANEOUS TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 YEAR ENDED SEPTEMBER 30, 2015**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ 1,500	2,659	1,159
Contributions	45,600	185,755	140,155
Total Revenues	<u>47,100</u>	<u>188,414</u>	<u>141,314</u>
EXPENDITURES			
Current			
Culture and recreational	531,855	142,052	(389,803)
Capital	-	232,339	232,339
Total Expenditures	<u>531,855</u>	<u>374,391</u>	<u>(157,464)</u>
NET CHANGE IN FUND BALANCES	(484,755)	(185,977)	298,778
FUND BALANCES, BEGINNING	<u>484,755</u>	<u>712,980</u>	<u>228,225</u>
FUND BALANCES, ENDING	\$ <u><u>-</u></u>	<u><u>527,003</u></u>	<u><u>527,003</u></u>

CITY OF BEAUMONT, TEXAS
MUNICIPAL AIRPORT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Charges for services	\$ 129,000	129,000	137,866	8,866
Royalties	-	-	28,949	28,949
Investment earnings	90,500	90,500	142,221	51,721
Total Revenues	<u>219,500</u>	<u>219,500</u>	<u>309,036</u>	<u>89,536</u>
EXPENDITURES				
Current				
Public works	266,700	266,700	239,364	(27,336)
Capital outlay	100,000	450,000	320,164	(129,836)
Total Expenditures	<u>366,700</u>	<u>716,700</u>	<u>559,528</u>	<u>(157,172)</u>
NET CHANGE IN FUND BALANCES	(147,200)	(497,200)	(250,492)	246,708
FUND BALANCES, BEGINNING	<u>6,412,749</u>	<u>6,412,749</u>	<u>6,504,263</u>	<u>91,514</u>
FUND BALANCES, ENDING	<u>\$ 6,265,549</u>	<u>5,915,549</u>	<u>6,253,771</u>	<u>338,222</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, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Fines and forfeitures	\$ 55,000	94,588	39,588
Interest	100	395	295
Total Revenues	<u>55,100</u>	<u>94,983</u>	<u>39,883</u>
EXPENDITURES			
Current			
Public safety	93,025	47,496	(45,529)
Total Expenditures	<u>93,025</u>	<u>47,496</u>	<u>(45,529)</u>
NET CHANGE IN FUND BALANCES	(37,925)	47,487	85,412
FUND BALANCES, BEGINNING	<u>37,925</u>	<u>64,393</u>	<u>26,468</u>
FUND BALANCES, ENDING	\$ <u><u>-</u></u>	<u><u>111,880</u></u>	<u><u>111,880</u></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, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Fines and forfeitures	\$ 35,000	52,839	17,839
Investment earnings	100	179	79
Total Revenues	<u>35,100</u>	<u>53,018</u>	<u>17,918</u>
EXPENDITURES			
Current			
Public safety	64,635	27,394	(37,241)
Capital	-	14,314	14,314
Total Expenditures	<u>64,635</u>	<u>41,708</u>	<u>(22,927)</u>
NET CHANGE IN FUND BALANCES	(29,535)	11,310	40,845
FUND BALANCES, BEGINNING	<u>29,535</u>	<u>38,059</u>	<u>8,524</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>49,369</u>	<u>49,369</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, 2015**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Fines and forfeitures	\$ 60,000	70,327	10,327
Investment earnings	1,000	1,975	975
Total Revenues	<u>61,000</u>	<u>72,302</u>	<u>11,302</u>
EXPENDITURES			
Current			
Public safety	89,400	30,224	(59,176)
Capital outlay	380,494	33,213	(347,281)
Total Expenditures	<u>469,894</u>	<u>63,437</u>	<u>(406,457)</u>
NET CHANGE IN FUND BALANCES	(408,894)	8,865	417,759
FUND BALANCES, BEGINNING	<u>408,894</u>	<u>438,549</u>	<u>29,655</u>
FUND BALANCES, ENDING	\$ <u><u>-</u></u>	<u><u>447,414</u></u>	<u><u>447,414</u></u>

CITY OF BEAUMONT, TEXAS
MUNICIPAL TRANSIT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Charges for services	\$ 520,000	520,000	550,948	30,948
Intergovernmental	4,743,000	4,743,000	2,389,088	(2,353,912)
Investment earnings	600	600	-	(600)
Total Revenues	<u>5,263,600</u>	<u>5,263,600</u>	<u>2,940,036</u>	<u>(2,323,564)</u>
EXPENDITURES				
Current				
Public works	5,140,000	5,140,000	5,528,534	388,534
Capital outlay	2,368,000	2,368,000	-	(2,368,000)
Total Expenditures	<u>7,508,000</u>	<u>7,508,000</u>	<u>5,528,534</u>	<u>(1,979,466)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(2,244,400)</u>	<u>(2,244,400)</u>	<u>(2,588,498)</u>	<u>(344,098)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,150,000	2,750,000	2,750,000	-
Total Other Financing Sources (Uses)	<u>2,150,000</u>	<u>2,750,000</u>	<u>2,750,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(94,400)	505,600	161,502	(344,098)
FUND BALANCES, BEGINNING	<u>139,283</u>	<u>139,283</u>	<u>280,955</u>	<u>141,672</u>
FUND BALANCES, ENDING	<u>\$ 44,883</u>	<u>644,883</u>	<u>442,457</u>	<u>(202,426)</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, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Charges for Services	\$ 220,000	225,371	5,371
Investment earnings	1,500	3,109	1,609
Total Revenues	<u>221,500</u>	<u>228,480</u>	<u>6,980</u>
EXPENDITURES			
Current			
General Government	-	134,044	134,044
Capital Outlay	835,580	43,676	(791,904)
Total Expenditures	<u>835,580</u>	<u>177,720</u>	<u>(657,860)</u>
NET CHANGE IN FUND BALANCES	(614,080)	50,760	664,840
FUND BALANCES, BEGINNING	<u>614,080</u>	<u>616,021</u>	<u>1,941</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>666,781</u>	<u>666,781</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, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Fines and forfeitures	\$ 80,000	64,310	(15,690)
Investment earnings	200	523	323
Total Revenues	<u>80,200</u>	<u>64,833</u>	<u>(15,367)</u>
EXPENDITURES			
Current			
Public safety	192,430	50,309	(142,121)
Capital outlay	-	56,762	56,762
Total Expenditures	<u>192,430</u>	<u>107,071</u>	<u>(85,359)</u>
NET CHANGE IN FUND BALANCES	(112,230)	(42,238)	69,992
FUND BALANCES, BEGINNING	<u>112,230</u>	<u>106,225</u>	<u>(6,005)</u>
FUND BALANCES, ENDING	\$ <u><u>-</u></u>	<u><u>63,987</u></u>	<u><u>63,987</u></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, 2015**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Contributions	\$ 17,875	19,688	1,813
Total Revenues	<u>17,875</u>	<u>19,688</u>	<u>1,813</u>
EXPENDITURES			
Current			
Culture and recreation	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	17,875	19,688	1,813
FUND BALANCES, BEGINNING	<u>(17,875)</u>	<u>(17,888)</u>	<u>(13)</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>1,800</u>	<u>1,800</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, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ 300	562	262
Total Revenues	<u>300</u>	<u>562</u>	<u>262</u>
EXPENDITURES			
Current			
Culture and recreation	24,397	-	(24,397)
Total Expenditures	<u>24,397</u>	<u>-</u>	<u>(24,397)</u>
NET CHANGE IN FUND BALANCES	(24,097)	562	24,659
FUND BALANCES, BEGINNING	<u>124,097</u>	<u>124,174</u>	<u>77</u>
FUND BALANCES, ENDING	<u>\$ 100,000</u>	<u>124,736</u>	<u>24,736</u>

**CITY OF BEAUMONT, TEXAS
LIBRARY ENDOWMENT TRUST
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ 2,500	4,083	1,583
Contributions	-	1,837	1,837
Total Revenues	<u>2,500</u>	<u>5,920</u>	<u>3,420</u>
EXPENDITURES			
Current			
Culture and recreation	129,798	1,105	(128,693)
Total Expenditures	<u>129,798</u>	<u>1,105</u>	<u>(128,693)</u>
NET CHANGE IN FUND BALANCES	(127,298)	4,815	132,113
FUND BALANCES, BEGINNING	<u>902,198</u>	<u>902,292</u>	<u>94</u>
FUND BALANCES, ENDING	<u>\$ 774,900</u>	<u>907,107</u>	<u>132,207</u>

BEAUMONT
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, 2015

	Fleet	Employee Benefits
ASSETS		
Current Assets:		
Cash	\$ 277,755	-
Investments	339,478	-
Accounts receivable (net of allowance for uncollectibles)	93	838,400
Inventories	401,700	-
Total Current Assets	1,019,026	838,400
Noncurrent Assets:		
Capital Assets:		
Land	242,850	-
Construction in progress	-	-
Buildings	1,265,756	-
Improvements other than buildings	967,907	-
Equipment	624,619	-
Infrastructure	-	-
Accumulated depreciation	(2,276,186)	-
Total Capital Assets, net of accumulated depreciation	824,946	-
Total Assets	1,843,972	838,400
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to measurement date	249,718	-
Earnings on pension plan investments - projected/actual	105,412	-
Total Deferred Outflows of Resources	355,130	-
LIABILITIES		
Current liabilities:		
Accounts payable	252,571	57,192
Accrued payroll	89,071	2,288
Accrued interest payable	-	-
Due to other funds	-	248,638
Estimated claims liability	-	3,156,986
Compensated absences	18,368	-
Other liabilities	49,413	11,594
Unearned revenue	-	115
Loan payable	-	-
Total Current Liabilities	409,423	3,476,813
Noncurrent liabilities:		
Compensated absences	156,232	14,034
Estimated claims liability	-	630,200
OPEB liability	-	2,324,000
Net pension	1,998,056	-
Loan payable	-	-
Total Noncurrent Liabilities	2,154,288	2,968,234
Total Liabilities	2,563,711	6,445,047
DEFERRED INFLOWS OF RESOURCES		
Pension expected/actual expense	105,364	-
Total Deferred Inflows of Resources	105,364	-
NET POSITION		
Net investment in capital assets	824,946	-
Unrestricted	(1,294,919)	(5,606,647)
Total Net Position	\$ (469,973)	(5,606,647)

<u>General Liability</u>	<u>Capital Reserve</u>	<u>Total</u>
574,243	3,048,583	3,900,581
701,853	3,726,046	4,767,377
192	1,019	839,704
-	-	401,700
<u>1,276,288</u>	<u>6,775,648</u>	<u>9,909,362</u>
-	194,935	437,785
-	209,372	209,372
-	9,445,226	10,710,982
-	-	967,907
-	44,520,462	45,145,081
-	217,991	217,991
-	(38,798,692)	(41,074,878)
-	15,789,294	16,614,240
<u>1,276,288</u>	<u>22,564,942</u>	<u>26,523,602</u>
-	-	249,718
-	-	105,412
-	-	<u>355,130</u>
-	246,738	556,501
-	-	91,359
-	230	230
-	-	248,638
788,800	-	3,945,786
-	-	18,368
-	-	61,007
-	-	115
-	164,309	164,309
<u>788,800</u>	<u>411,277</u>	<u>5,086,313</u>
-	-	170,266
-	-	630,200
-	-	2,324,000
-	-	1,998,056
-	461,781	461,781
-	461,781	5,584,303
<u>788,800</u>	<u>873,058</u>	<u>10,670,616</u>
-	-	105,364
-	-	<u>105,364</u>
-	15,163,204	15,988,150
487,488	6,528,680	114,602
<u>487,488</u>	<u>21,691,884</u>	<u>16,102,752</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, 2015

	<u>Fleet</u>	<u>Employee Benefits</u>
OPERATING REVENUES		
Charges for services	\$ 7,904,824	20,184,060
Intergovernmental	-	-
Miscellaneous	19,240	-
Total Operating Revenues	<u>7,924,064</u>	<u>20,184,060</u>
OPERATING EXPENSES		
Personnel services	2,152,534	60,191
Other operating expenses	5,867,918	-
Health and life insurance	-	21,034,801
Other insurance premiums	-	1,120,257
Damage claims	-	-
Depreciation	38,602	-
Total Operating Expenses	<u>8,059,054</u>	<u>22,215,249</u>
OPERATING INCOME (LOSS)	<u>(134,990)</u>	<u>(2,031,189)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	2,516	1,928
Interest (expense)	-	-
Gain (loss) on sale of equipment	-	-
Net Nonoperating Revenues (Expenses)	<u>2,516</u>	<u>1,928</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(132,474)</u>	<u>(2,029,261)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	-	1,200,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,200,000</u>
CHANGE IN NET POSITION	(132,474)	(829,261)
TOTAL NET POSITION - BEGINNING, AS PREVIOUSLY REPORTED	1,458,760	(4,777,386)
ADOPTION OF GASB68 - CUMULATIVE EFFECT ADJSUTMNET	(1,796,259)	-
TOTAL NET POSITION - BEGINNING, AS RESTATED	<u>(337,499)</u>	<u>(4,777,386)</u>
TOTAL NET POSITION - ENDING	<u>\$ (469,973)</u>	<u>(5,606,647)</u>

<u>General Liability</u>	<u>Capital Reserve</u>	<u>Total</u>
-	2,509,300	30,598,184
-	954,595	954,595
-	2,048,140	2,067,380
<u>-</u>	<u>5,512,035</u>	<u>33,620,159</u>
-	-	2,212,725
-	741,123	6,609,041
-	-	21,034,801
4,136	-	1,124,393
448,903	-	448,903
-	3,502,579	3,541,181
<u>453,039</u>	<u>4,243,702</u>	<u>34,971,044</u>
<u>(453,039)</u>	<u>1,268,333</u>	<u>(1,350,885)</u>
7,201	27,105	38,750
-	(12,518)	(12,518)
-	766,733	766,733
<u>7,201</u>	<u>781,320</u>	<u>792,965</u>
<u>(445,838)</u>	<u>2,049,653</u>	<u>(557,920)</u>
-	-	1,200,000
<u>-</u>	<u>-</u>	<u>1,200,000</u>
(445,838)	2,049,653	642,080
933,326	19,642,231	17,256,931
-	-	(1,796,259)
<u>933,326</u>	<u>19,642,231</u>	<u>15,460,672</u>
<u><u>487,488</u></u>	<u><u>21,691,884</u></u>	<u><u>16,102,752</u></u>

CITY OF BEAUMONT, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Fleet Fund</u>	<u>Employee Benefits Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 7,924,061	19,345,803
Cash payments for goods and services	(5,861,897)	(21,726,475)
Cash payments to employees	(2,241,978)	(61,147)
Net Cash Provided (Used) by Operating Activities	<u>(179,814)</u>	<u>(2,441,819)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in (out)	-	1,200,000
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>1,200,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	-	-
Proceeds from capital debt	-	-
Payments for capital acquisitions	(64,995)	-
Principal payments	-	-
Interest paid and fiscal charges	-	-
Net Cash Provided Used by Capital and Related Financing Activities	<u>(64,995)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) sale of investments	133,262	681,940
Receipt of interest	2,516	1,928
Net Cash Provided (Used) by Investing Activities	<u>135,778</u>	<u>683,868</u>
NET INCREASE (DECREASE) IN CASH	(109,031)	(557,951)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	386,786	557,951
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>277,755</u>	<u>-</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	(134,990)	(2,031,189)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	38,602	-
Pension expense	16,171	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(3)	(838,257)
(Increase) decrease in inventory	(34,640)	-
Increase (decrease) in accrued payroll	9,749	21
Increase (decrease) in accrued compensated absences	(51,224)	(977)
Increase (decrease) in accounts payable	38,999	(35,608)
Increase (decrease) in other liabilities	(62,478)	464,191
Net Cash Provided (Used) by Operating Activities	<u>\$ (179,814)</u>	<u>(2,441,819)</u>

General Liability Fund	Capital Reserve Fund	Total
18	5,511,469	32,781,351
(647,141)	(692,215)	(28,927,728)
-	-	(2,303,125)
<u>(647,123)</u>	<u>4,819,254</u>	<u>1,550,498</u>
-	-	1,200,000
-	-	<u>1,200,000</u>
-	1,587,938	1,587,938
-	606,560	606,560
-	(3,750,845)	(3,815,840)
-	(347,770)	(347,770)
-	(14,729)	(14,729)
-	<u>(1,918,846)</u>	<u>(1,983,841)</u>
351,957	(1,610,132)	(442,973)
7,201	27,105	38,750
<u>359,158</u>	<u>(1,583,027)</u>	<u>(404,223)</u>
(287,965)	1,317,381	362,434
862,208	1,731,202	3,538,147
<u>574,243</u>	<u>3,048,583</u>	<u>3,900,581</u>
(453,039)	1,268,333	(1,350,885)
-	3,502,579	3,541,181
18	(566)	(838,808)
-	-	(34,640)
-	-	9,770
-	-	(52,201)
(6,302)	48,908	45,997
<u>(187,800)</u>	-	<u>213,913</u>
<u>(647,123)</u>	<u>4,819,254</u>	<u>1,550,498</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>	131
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	137
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>	141
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>	145
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>	148

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 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	258,944,990
Restricted	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	83,618,177
Unrestricted	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	(92,171,399)
Total governmental activities net position	<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>	<u>250,391,768</u>
Business-type activities										
Net investment in capital assets	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	86,140,280
Restricted	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	4,172,766
Unrestricted	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	(2,398,890)
Total business-type activities net position	<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>	<u>87,914,156</u>
Primary government										
Net investment in capital assets	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	345,085,270
Restricted	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	87,790,943
Unrestricted	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	(94,570,289)
Total primary government net position	<u>\$ 273,049,161</u>	<u>267,131,819</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>	<u>338,305,924</u>

Source: Comprehensive Annual Financial Reports

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

Table 2

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 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	16,218,480
Public safety	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	63,938,715
Public works	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	37,493,075
Health and welfare	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	14,203,424
Culture and recreation	7,444,367	10,610,409	12,208,308	13,037,623	13,071,169	12,853,055	12,931,197	13,963,104	12,578,727	12,080,780
Housing and economic development	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	4,618,583
Interest on long term debt	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	9,822,437
Total governmental activities expenses	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	158,375,494
Business-type activities:										
Water	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	36,130,805
Solid Waste	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	8,319,961
Total business-type activities expenses	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	44,450,766
Total primary governmental expenses	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	202,826,260
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	376,279	402,054	436,963	453,769	480,946	71,072	249,701	285,784	302,057	290,761
Public safety	3,125,378	3,339,471	3,495,697	3,630,155	3,847,567	2,379,384	2,004,181	2,079,686	2,652,451	2,549,703
Public works	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	2,131,795
Health and welfare	2,853,301	3,048,756	3,167,975	3,289,828	3,486,857	4,524,753	4,698,857	3,498,188	4,382,148	4,518,104
Culture and recreation	1,116,845	1,193,351	1,310,896	1,361,308	1,442,838	1,519,261	1,272,246	1,461,387	1,481,128	1,481,128
Operating grants and contributions	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	14,109,691
Capital grants and contributions	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	16,088,612
Total governmental activities program revenues	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	41,169,794
Business-type activities:										
Charges for services:										
Water	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	47,294,889
Solid Waste	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	10,327,642
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	1,051,085
Total business-type activities program revenues	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	58,673,616
Total primary government program revenues	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	99,843,410
Net (Expense) Revenue										
Governmental Activities	(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)	(117,205,700)
Business-type Activities	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	14,222,850
Total Primary government net expense	(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)	(102,982,850)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Property taxes	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	47,932,569
Industrial payments	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	16,496,988
Sales taxes	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	38,035,667
Franchise taxes	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	11,318,013
Investment earnings	2,545,667	4,242,678	2,781,047	776,016	426,274	944,412	813,144	750,578	760,631	1,015,020
Miscellaneous	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	1,562,080
Oil and gas royalties	-	-	-	-	-	47,022,314	5,536,704	2,423,682	179,001	28,949
Gain on sale of equipment	134,975	176,812	(369,998)	305,506	10,200	174,597	143,621	180,222	62,397	766,767
Transfers	5,604,000	8,796,732	7,291,000	7,376,000	7,566,000	9,559,027	9,205,000	8,736,133	9,305,000	9,130,000
Total Governmental Activities	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	126,285,753
Business-type Activities:										
Investment earnings	985,109	1,657,483	966,796	356,015	159,058	241,871	176,603	86,278	119,235	628,557
Miscellaneous	-	-	236,938	883,369	745,546	867,301	1,377,922	1,196,468	1,441,893	1,254,544
Gain on sale or equipment	83,515	32,325	124,788	30,736	60,672	124,429	67,957	153,175	138,935	121,734
Transfers	(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)	(9,130,000)

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

Table 2

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Business-type Activities	<u>(5,535,376)</u>	<u>(7,106,924)</u>	<u>(5,962,478)</u>	<u>(6,105,880)</u>	<u>(6,600,724)</u>	<u>(8,325,426)</u>	<u>(7,582,518)</u>	<u>(7,300,212)</u>	<u>(7,604,937)</u>	<u>(7,125,165)</u>
Total Primary Government	<u>100,064,282</u>	<u>99,576,896</u>	<u>104,628,391</u>	<u>113,713,901</u>	<u>104,693,818</u>	<u>151,933,061</u>	<u>113,299,594</u>	<u>115,902,740</u>	<u>115,994,919</u>	<u>119,160,588</u>
Change in Net Position										
Governmental Activities	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)	9,080,053
Business-type Activities	3,646,033	519,620	2,256,109	1,543,697	2,328,813	1,071,932	(830,101)	372,681	2,022,019	7,097,685
Total Primary Government	<u>\$ 29,097,502</u>	<u>17,407,830</u>	<u>12,999,456</u>	<u>35,560,551</u>	<u>15,695,661</u>	<u>66,760,838</u>	<u>1,804,626</u>	<u>(239,320)</u>	<u>(2,986,303)</u>	<u>16,177,738</u>

(concluded)

Source: Comprehensive Annual Financial Reports

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

Table 3

	Fiscal Year									
	2006	2007	2008	2009	2010	2011*	2012	2013	2014	2015
General Fund										
Reserved for:										
Inventories	\$ 27,885	-	-	-	-	-	-	-	-	-
Prepaid items	617,792	443,500	647,714	777,163	765,720	-	-	-	-	-
Unreserved	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	739,837
Unassigned	-	-	-	-	-	31,106,453	30,663,868	31,126,945	31,101,468	32,752,343
Total general fund	<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>	<u>33,492,180</u>
All Other Governmental Funds										
Reserved for:										
Inventories	94,358	89,965	111,770	97,646	108,541	-	-	-	-	-
Prepaid Items	42,283	60,999	60,552	54,563	54,609	-	-	-	-	-
Debt Service	2,172,266	2,457,628	2,596,861	2,488,333	2,211,163	-	-	-	-	-
Culture and recreation	935,555	1,476,022	1,526,002	1,483,465	1,343,069	-	-	-	-	-
Capital projects	13,267,205	6,144,027	40,462,156	5,629,641	7,104,162	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	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	355,625
Prepaid Items	-	-	-	-	-	43,571	46,685	335,074	516,908	517,085
Permanent fund principal	-	-	-	-	-	874,900	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	4,125,410
Culture and recreation	-	-	-	-	-	1,321,068	2,499,257	11,126,638	8,537,937	7,727,721
General government	-	-	-	-	-	-	172,019	396,181	616,021	666,781
Health and welfare	-	-	-	-	-	-	-	2,375	4,180,071	2,077,992
Public safety	-	-	-	-	-	484,993	605,204	7,079,415	7,056,698	5,492,261
Public works	-	-	-	-	-	19,083,936	27,594,060	94,897,019	74,618,687	62,653,112
Assigned										
Culture and recreation	-	-	-	-	-	336,208	338,601	1,331,606	881,363	779,462
Public safety	-	-	-	-	-	114,971	910	-	-	-
Public works	-	-	-	-	-	720,186	552,069	6,533,382	6,529,289	6,300,721
Unassigned	-	-	-	-	-	(969,874)	(149,854)	(143,862)	(598,888)	(523,202)
Total all other governmental funds	<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>	<u>91,047,868</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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES:										
Taxes:										
Property	\$ 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	47,670,102
Gross receipts	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	11,318,013
Sales	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	38,035,367
Industrial payments	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	16,496,988
Licenses and permits	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	1,974,833
Charges for services	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	5,930,957
Fines and forfeitures	2,885,262	2,835,731	2,434,872	2,506,248	2,268,847	2,160,843	1,787,194	1,780,719	2,234,389	2,060,595
Recreational activities	431,917	569,321	558,743	558,776	703,635	731,680	858,997	881,388	840,118	891,816
Intergovernmental	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	29,052,453
Investment earnings	2,156,214	3,559,784	2,274,271	622,599	344,306	779,717	626,155	458,103	415,333	580,715
Contributions	232,655	84,345	117,206	68,343	71,743	292,956	867,735	230,726	172,983	260,725
Oil and gas royalties	-	-	-	-	-	47,022,314	5,536,704	2,423,682	179,001	29,949
Miscellaneous	1,808,246	2,408,391	1,873,133	1,630,492	2,151,473	1,728,176	2,072,867	1,415,437	1,367,511	1,477,510
Total Revenues	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	155,779,023
EXPENDITURES:										
Current										
General government	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	15,247,593
Public safety	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	60,327,233
Public works	16,246,060	22,351,495	23,870,882	27,224,804	25,069,157	25,479,631	27,278,480	24,473,117	24,842,966	23,869,391
Health and welfare	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	14,160,955
Culture and recreation	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	10,086,699
Housing and economic development	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	4,651,768
Capital outlay	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	33,862,481
Debt Service:										
Principal	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	7,404,800
Interest and fiscal charges	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	9,354,487
Bond issuance costs	-	-	-	-	-	574,874	534,663	449,158	52,358	467,243
Miscellaneous	-	-	250,000	50,193	284,318	-	-	-	67,950	-
Total expenditures	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	179,434,650
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	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)	(23,655,627)
OTHER FINANCING SOURCES (USES):										
Bond proceeds	-	30,000,000	30,000,000	-	29,950,000	53,165,000	46,530,000	41,080,000	5,010,000	41,935,000
Proceeds of refunding bonds	-	19,899,250	-	-	-	-	-	-	-	-
Bond premium	-	-	-	-	(138,726)	1,609,347	3,771,973	1,374,532	(4,949,858)	5,329,186
Payment of escrow for refunding	-	(19,899,250)	-	-	-	(19,167,492)	(26,740,390)	-	-	(46,794,458)
Transfers in	9,397,601	11,434,901	13,530,068	11,206,522	11,078,419	13,432,227	12,900,570	65,431,906	12,662,000	13,597,000
Transfers out	(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)	(5,667,000)
Total Other Financing Sources (Uses)	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	8,399,728
NET CHANGE IN FUND BALANCES	\$ 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)	(15,255,899)
Debt service as a percentage of noncapital expenditures	12.5%	12.6%	10.9%	9.7%	11.3%	9.9%	9.6%	10.3%	11.9%	11.5%

Source: Comprehensive Annual Financial Reports

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

Table 5

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (b)
Agriculture/Forestry/Fishing/Hunting	\$ 34,212	28,662	21,858	13,621	9,170	7,240	7,810	1	10,607	4,974
Mining/Quarrying/Oil and Gas Extraction	43,850	93,089	90,550	38,972	27,681	34,915	29,830	46,598	67,727	42,407
Utilities	677,709	-	-	-	-	945,588	3,110,147	2,673,746	2,344,340	7,329
Construction	1,044,964	1,122,195	1,335,484	1,128,080	709,168	797,237	1,066,843	1,022,588	1,058,972	1,021,668
Manufacturing	895,347	1,174,251	1,698,146	896,235	1,047,683	1,098,600	1,333,381	1,662,021	1,519,760	1,155,959
Wholesale Trade	1,514,524	1,456,490	2,013,620	2,027,214	1,765,847	1,876,037	2,122,525	2,265,763	2,211,117	2,051,940
Retail Trade	14,417,748	13,502,268	13,146,972	14,673,489	12,983,134	12,937,417	13,387,959	13,491,794	13,340,075	12,555,655
Transportation/Warehousing	11,101	14,137	73,782	151,502	60,095	165,529	12,628	19,765	38,157	76,370
Information	450,393	326,265	314,808	336,862	279,076	268,135	278,235	302,577	360,600	374,654
Finance/Insurance	148,254	80,084	84,466	155,842	74,756	65,814	61,700	57,229	58,218	49,602
Real Estate/Rental/Leasing	995,492	868,116	710,294	767,027	710,772	836,241	1,019,213	1,127,292	1,590,033	1,176,915
Professional/Scientific/Technical Services	190,026	163,172	146,063	165,977	643,650	385,951	406,197	327,688	312,538	307,766
Management of Companies/Enterprises	478,476	176,927	81,668	138,714	3,844	3,138	776	50	-	-
Admin/Waste Management/Remediation	516,023	568,913	656,175	688,529	601,564	605,770	572,169	568,890	602,308	591,007
Educational Services	2,236	1,107	1,197	1,377	2,542	1,757	2,654	5,497	3,689	2,268
Health Care/Social Assistance	56,748	47,426	48,249	54,988	48,844	53,156	61,195	52,879	52,509	48,706
Arts/Entertainment/Recreation	142,638	150,547	141,865	149,786	152,897	161,889	159,101	146,101	143,429	150,799
Accommodation/Food Services	2,698,684	2,646,209	2,724,411	3,088,297	2,841,447	2,950,358	3,110,716	3,105,365	3,234,913	3,190,105
Other Services	727,539	1,014,751	1,393,361	802,045	704,409	686,451	672,179	754,056	759,899	707,449
Public Administration	19,301	18,548	20,263	-	18,230	-	76,292	83,147	83,129	76,811
Other	33	-	-	-	-	-	15	22	-	27

Source: Texas Comptroller of Public Accounts

Note:

(a) City sales tax rate is 1.50%

(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			
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
2015	5,894,980,276	1,788,300,874	792,146,660	6,891,134,490	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
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
2015	0.48000	0.21000	0.69000	0.3650	0.22509	0.06728	0.09164	1.3150	2.75401

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	2015 ^(a)		Taxpayer	2006 ^(b)	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
ExxonMobil Corp	\$ 146,138,254	2.12 %	Entergy Gulf States Inc	\$ 113,998,510	2.32 %
Entergy Texas Inc	143,840,750	2.09	Southwestern Bell Telephone Co	61,114,860	1.24
Golden Triangle Storage	91,944,450	1.33	Parkdale Mall Associates	40,395,450	0.82
Chevron Phillips Chemical Co	70,525,000	1.02	Phelan A M & Harry Phelan	33,332,860	0.68
Parkdale Mall CMBS LLC	50,090,790	0.73	Wal-Mart Stores Inc #8275	30,309,500	0.62
TransCanada Keystone Pipeline	44,804,490	0.65	Mobil Oil Corp	29,702,780	0.60
American Valve & Hydrant Mfg	42,821,710	0.62	BP Products	24,091,660	0.49
BP America Production Co	34,920,660	0.51	Oil Tanking Beaumont Ptrshp LP	23,392,710	0.48
Premcor Refining Group Inc	34,595,060	0.50	Christus St Elizabeth Hospital	22,884,300	0.47
Wal Mart Stores East Inc #651	31,699,270	0.46	GE Betz	19,896,340	0.40
Total	\$ 691,380,434	10.03 %	Total	\$ 399,118,970	8.12 %

Source: Jefferson County Appraisal District

Note:

^(a) Total taxable value including real and personal property for tax year 2014 (fiscal year 2015) is \$6,891,134,490

^(b) Total taxable value including real and personal property for tax year 2007 (fiscal year 2006) is \$4,913,341,853

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
2006	\$ 32,285,506	\$ (52,614)	\$ 32,232,891	\$ 31,407,801	97.44 %	\$ 579,330	\$ 31,987,131	99.24 %
2007	32,102,323	(120,695)	31,981,628	31,294,556	97.85	546,167	31,840,723	99.56
2008	36,363,713	(141,897)	36,221,816	35,395,542	97.72	608,457	36,003,999	99.40
2009	40,390,006	(223,971)	40,166,035	39,063,289	97.25	869,427	39,932,716	99.42
2010	41,652,488	(197,808)	41,454,680	40,495,321	97.69	762,338	41,257,658	99.52
2011	44,224,825	(98,867)	44,125,957	42,849,710	97.11	561,232	43,410,942	98.38
2012	43,087,639	(486,984)	42,600,655	41,968,481	98.52	463,473	42,431,954	99.60
2013	43,431,623	(299,601)	43,132,022	42,312,864	98.10	260,026	42,572,890	98.70
2014	46,628,688	(443,212)	46,185,476	45,351,010	98.19	480,354	45,831,364	99.23
2015	47,415,985	-	47,415,985	46,076,417	97.17	-	46,076,417	97.17

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*	Per Capita*
	General Obligation Bonds	Certificates of Obligation	Other Obligations	Water and Sewer Revenue Bonds	Revenue Refunding Bonds	Certificates of Obligation	Other Obligations			
2006	\$ 28,675,000	\$ 57,735,000	\$ 12,129,708	\$ 39,650,000	\$ 59,945,000	\$ 4,950,000	\$ 1,600,418	\$ 204,685,126	5.41 %	\$ 1,863
2007	40,909,250	67,480,000	10,826,086	59,195,000	61,815,750	500,000	1,451,756	242,177,842	6.51	2,205
2008	38,069,450	92,600,000	9,602,312	79,360,000	59,425,550	-	844,684	279,901,996	8.21	2,554
2009	34,419,250	88,721,000	8,640,199	78,510,000	56,615,750	-	628,674	267,534,873	7.33	2,420
2010	30,645,100	115,990,000	8,813,649	95,485,000	59,939,900	-	2,515,899	313,389,548	8.02	2,846
2011	44,785,050	132,055,000	9,298,734	94,210,000	56,244,950	-	2,012,957	338,606,691	8.42	3,082
2012	63,930,500	130,750,000	12,012,821	112,675,000	52,339,500	-	1,901,550	373,609,371	8.16	3,152
2013	59,968,050	171,125,000	12,144,539	110,485,000	48,231,950	-	667,821	402,622,360	8.87	3,404
2014	55,864,150	170,010,000	10,856,835	74,230,000	91,915,850	-	25,863,900	428,740,735	9.17	3,640
2015	90,549,350	126,955,000	15,069,256	72,160,000	87,130,650	-	23,300,021	415,164,277	8.88	3,531

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					Total	Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Certificates of Obligations	Issuance Premiums	Amounts Available In Debt Service Fund				
2006	\$ 28,675,000	\$ 57,735,000	\$ 91,400	\$ 2,172,266	\$ 84,329,134	1.72 %	\$ 768	
2007	40,909,250	67,480,000	85,097	2,457,628	106,016,719	2.17	965	
2008	38,069,450	92,600,000	78,794	2,596,861	128,151,383	2.29	1,170	
2009	34,419,250	88,721,000	72,491	2,596,861	120,615,880	1.90	1,091	
2010	30,645,100	115,990,000	66,188	2,211,163	144,490,125	2.20	1,312	
2011	44,785,050	132,055,000	1,562,146	4,196,626	174,205,570	2.56	1,586	
2012	63,930,500	130,750,000	5,195,583	5,630,657	194,245,426	2.88	1,639	
2013	59,968,050	171,125,000	6,301,074	5,176,401	232,217,723	3.36	1,963	
2014	55,864,150	170,010,000	5,979,535	4,485,183	227,368,502	3.33	1,930	
2015	90,549,350	126,955,000	10,913,166	4,125,410	224,292,106	3.25	1,907	

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, 2015
 (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	\$ -	31.53%	\$ -
Jefferson County Drainage District #6	-	83.00%	-
Port of Beaumont	4,190,000	66.38%	2,781,322
Beaumont Independent School District	379,005,000	62.28%	<u>236,044,314</u>
Subtotal, overlapping debt			238,825,636
City of Beaumont (direct debt)	232,573,606	100.00%	<u>232,573,606</u>
Total direct and overlapping debt			<u>\$ 471,399,242</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		
2006	\$ 31,406,224	\$ 21,149,012	\$ 10,257,212	\$ 7,267,396	1.41	
2007	32,881,467	23,362,771	9,518,696	7,460,093	1.28	
2008	34,325,773	22,758,272	11,567,501	8,368,181	1.38	
2009	35,943,713	24,051,804	11,891,909	6,228,510	1.91	
2010	38,032,265	25,389,308	12,642,957	7,943,556	1.59	
2011	42,840,921	28,030,288	14,810,633	9,663,145	1.53	
2012	43,699,587	30,808,154	12,891,433	9,550,187	1.35	
2013	44,348,120	29,551,425	14,796,695	10,551,482	1.40	
2014	46,795,479	32,157,719	14,637,760	10,408,496	1.41	
2015	49,164,091	28,451,197	20,712,894	11,188,418	1.85	

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>
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
2015	117,585	4,674,239	39,752	34.7	20,310	5.8

* 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

2015			2006		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
Beaumont Independent School District	2,536 *	4.73 %	Beaumont Independent School District	2,978	5.62 %
ExxonMobil Corporation	1,941 *	3.62	Christus St Elizabeth Hospital	2,087	3.94
Christus St Elizabeth Hospital	1,757	3.28	Memorial Hermann Baptist Hospital	1,531	2.89
Memorial Hermann Baptist Hospital	1,517 *	2.83	Lamar University	1,297	2.45
City of Beaumont	1,324	2.47	City of Beaumont	1,283	2.42
Burrow Global Services	1,285	2.40	Beaumont Remote Encoding Center	1,081	2.04
Jefferson County	1,252	2.33	Jefferson County	1,041	1.96
Lamar University	1,183 *	2.21	Wal-Mart SuperCenter	460	0.87
Conn Appliances Inc	816	1.52	Goodyear Tire & Rubber	426	0.80
Alorica	590	1.10	Entergy - Gulf States	387	0.73
Total	14,201	26.48%		12,571	23.71%

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Source: Local companies

* Estimate

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

Table 16

2015			2014		
<u>Company</u>	<u>Water Consumption (gallons)</u>	<u>Revenue</u>	<u>Company</u>	<u>Water Consumption (gallons)</u>	<u>Revenue</u>
TDCJ / Utilities & Energy	354,156,000	\$ 2,836,158	TDCJ / Utilities & Energy	351,997,500	\$ 3,311,468
Federal Correctional Complex	235,655,000	1,917,089	Federal Correctional Complex	229,055,000	1,780,387
ExxonMobil Oil	131,099,800	813,412	Christus Hospital	77,375,800	658,178
Christus St Elizabeth Hospital	92,781,700	734,337	Lamar University	77,010,100	808,491
Lamar University	69,527,300	546,272	Lucite International Inc	72,791,000	498,284
Chemtrade Refinery	61,557,000	399,936	ExxonMobil Oil	54,358,200	348,916
Lucite International Inc	55,186,500	357,058	Chemtrade	50,124,000	345,843
Memorial Herman Baptist Hospital	44,497,900	354,691	G E Betz	49,312,900	319,210
G E Betz Chemical	44,821,500	181,590	Memorial Herman Baptist Hospital	39,572,400	494,998
Northwest Forrest MUD	31,228,000	129,664	Martin Resources / Martin Gas	36,873,000	226,265
Total	1,120,510,700	\$ 8,270,206	Total	1,038,469,900	\$ 8,792,039

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Source: Water Customer Service
 Note: Information Prior to 2014 is not Available

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

Table 17

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
City Attorney	9	9	9	9	9	9	10	10	9	9
City Clerk	3	3	3	3	3	3	3	3	3	3
Convention and Visitors Bureau	8	9	9	9	9	9	9	9	9	9
Event Facilities and Libraries	55	44	55	57	57	56	58	58	31	27
Executive Office	4	4	4	5	6	4	5	5	5	5
Finance	76	76	72	74	78	75	109	110	110	111
Fire	240	240	240	243	243	242	242	242	242	242
Human Resources	13	10	13	13	13	11	11	12	12	9
Information Technology	-	27	27	62	62	60	60	60	86	83
Internal Services	108	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	56	56	57	57	49	49	50	56	56
Planning & Community Development	-	-	31	32	31	33	41	36	37	36
Police	327	327	327	305	304	302	299	301	302	301
Public Health	103	104	108	103	101	101	94	94	93	92
Public Works	190	253	225	227	228	167	136	135	133	131
Solid Waste	-	-	-	-	-	60	60	60	60	64
Water Utilities	147	145	145	144	138	193	194	135	147	146
Total	<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>	<u>1,324</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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police										
Number of Sworn Employees	259	259	259	265	264	262	259	260	260	260
Number of Civilian Employees	68	68	68	34	40	40	40	41	41	41
Number of Calls for Service	165,845	154,658	155,636	163,389	164,949	151,380	154,216	163,177	154,855	147,258
Fire										
Number of Sworn Employees	234	234	234	234	234	234	234	234	234	234
Number of Civilian Employees	6	6	6	9	9	8	8	8	8	8
Number of Fire runs	15,535	14,982	15,929	15,908	16,121	16,312	16,332	15,645	16,194	16,947
EMS										
Number of Employees	43	43	45	45	45	45	48	48	48	48
Number of EMS runs	14,760	15,636	15,915	16,859	16,233	16,134	16,585	16,919	17,754	19,107
Cultural and Recreational										
Parks and Recreation										
Participants in Leisure Service Programs	63,469	84,975	58,053	37,382	44,468	82,204	90,358	98,542	58,447	65,750
Participants in Athletic Programs	82,347	53,596	16,680	21,491	81,058	84,928	46,743	58,724	54,844	39,170
Golf Course										
Number of Paid Rounds Played	25,694	26,410	26,415	28,876	22,068	24,141	20,871	30,611	25,974	24,299
Library										
Volumes in Collection	394,735	406,999	411,796	376,348	366,975	326,187	309,665	295,878	294,454	303,127
Water and Sewer										
Number of Water Connections	40,939	41,940	42,435	42,364	42,389	42,431	42,472	42,411	42,516	42,603
Average Daily Water Consumption (gallons)	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	22.618 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 MGD	24.4 MGD	24.4 MGD	24.4 MGD
Sanitation (residential)										
Refuse Collected (tons)	55,743	54,464	54,030	52,384	48,699	48,192	50,140	46,927	44,464	44,085
Bulky/Brush Pickups (tons)	11,048	80,651	88,651	80,763	66,478	60,031	47,333	52,325	53,688	45,873
Tires (tons)	702	721	332	1,331	2,572	4,546	2,191	3,415	416	441
White Goods (tons)	567	554	259	376	788	290	89	65	2	20
Compost (tons)	106,168	5,197	4,677	24,033	13,636	15,976	12,999	21,525	2,954	4,074

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Substations	3	3	2	1	2	3	3	3	1	1
Police Patrol Units	101	91	91	100	100	100	100	100	100	117
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)	722	722	726	726	726	726	726	660	660	660
Streets - Unpaved (miles)	43	43	43	43	43	43	43	43	43	43
Cultural and Recreational										
Parks and Recreation Area:	37	38	37	36	36	36	36	36	36	37
Parks (acres)	2,198	2,198	2,198	2,145	2,145	2,198	2,198	2,198	2,198	2,198
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Water Playgrounds	12	11	11	10	10	11	11	11	11	11
Softball Fields	12	12	12	12	12	12	12	12	12	12
Community Centers	5	3	2	2	4	4	4	4	4	4
Show Mobile	1	1	1	1	1	1	1	1	1	1
Tennis Courts	27	27	27	24	24	32	32	35	35	34
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)	765	765	768	770	770	770	770	770	770	844
Fire Hydrants	3,600	3,550	4,036	4,145	4,211	4,292	4,370	4,426	4,481	4,554
Sanitary Sewers (miles)	760	765	768	770	770	770	770	770	770	770

Source: City Departments

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

Table 20

Fiscal Year	Total Health Plan Expenses	Retiree Expense	Percentage Retiree Costs to Total	Active Members	Retirees Using City Health Plan	Total TMRS Retirees	Percentage Retirees Using Plan to Total Members	Retiree Contributions	Net Subsidy of Retirees	Subsidy as Percentage of Total Expense	Cost per Active Member	Cost per Retiree
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
2015	15,650,132	3,982,050	25.44	1,216	223	806	15.50	1,410,452	(2,571,598)	16.43	9,595	17,857
Total	\$ 139,262,540	\$ 26,189,036	18.81					\$ 10,118,886	\$ (16,070,150)	11.54	\$ 91,027	\$ 126,978
Average	\$ 13,926,254	\$ 2,618,904		1,242	203	635	16.33	\$ 1,011,889	\$ (1,607,015)		\$ 9,103	\$ 12,698

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BEAUMONT
Finance