



City of Beaumont, Texas

Comprehensive Annual Financial Report

For the Fiscal Year ended September 30, 2018

**Prepared by the
Finance Department**

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**CITY OF BEAUMONT, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	i
GFOA Certificate of Achievement	vii
List of Principal Officials	viii
Organizational Chart	ix
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	23
Notes to the Financial Statements	24
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budgetary Basis (Non-GAAP) – Budget and Actual – General Fund	73
Schedule of Changes in the City's Net Pension Liability and Related Ratios TMRS	74
Schedule of City Contributions TMRS	75
Schedule of Changes in the City's Net Pension Liability and Related Ratios BFRRF	76
Schedule of Contributions BFRRF	77
Schedule of Investment Returns BFRRF	78
Schedule of Changes in the City's Other Postemployment Benefits and Related Ratios	79
Schedule of Investment Returns OPEB Trust Fund	80

NON-MAJOR GOVERNMENTAL FUNDS

Fund Definitions	81
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	84
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances – Nonmajor Governmental Funds	92
Schedules of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual	
Debt Service Fund	100
Confiscated Goods Fund	101
Henry Homberg Golf Course Fund	102
Historical Fire Museum Trust Fund	103
Hotel Occupancy Tax Fund	104
Ike Recovery Fund	105
Library Trust Fund	106
Miscellaneous Trust Fund	107
Municipal Airport Fund	108
Municipal Court Juvenile Case Manager Fund	109
Municipal Court Security Fund	110
Municipal Court Technology Fund	111
Municipal Transit Fund	112
Public Education Government Programming Fund	113
Texas Motor Carrier Violations Fund	114
Tyrrell Historical Trust Fund	115
Julie Rogers Trust Fund	116
Library Endowment Trust Fund	117

INTERNAL SERVICE FUNDS

Fund Definitions	119
Combining Statement of Net Position	120
Combining Statement of Revenues, Expenses, and	
Changes in Fund Net Position	122
Combining Statement of Cash Flows	124

STATISTICAL SECTION

Statistical Section Narrative	127
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	<u>TABLE</u>	<u>PAGE</u>
Net Position By Component	1	129
Changes in Net Position	2	130
Fund Balances, Governmental Funds	3	132
Changes in Fund Balances, Governmental Funds	4	133
Sales Tax Revenue By Category	5	134
Assessed Value and Estimated Actual Value of		
Taxable Property	6	135
Direct and Overlapping Property Tax Rates	7	136
Principal Property Tax Payers	8	137
Property Tax Levies and Collections	9	138
Ratio of Outstanding Debt By Type	10	139
Ratio of General Bonded Debt Outstanding	11	140
Direct and Overlapping Governmental Activities Debt	12	141
Pledged Revenue Coverage	13	142
Demographic and Economic Statistics	14	143
Principal Employers	15	144
Top Ten Water Customers	16	145
Full-Time Equivalent City Government Employees		
By Function/Program	17	146
Operating Indicators By Function/Program	18	147
Capital Asset Statistics By Function/Program	19	148
Active and Retiree Health Insurance Costs	20	149





March 19, 2019

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, 2018. 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, 2018, 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, 2018, 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 120,300, 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 73 of the required supplementary information section of the report. For governmental funds, other than the General Fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 100.

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. Nine years later in August 2017, Hurricane Harvey, a category 4 hurricane made landfall on the Texas gulf coast. After striking land, Harvey weakened to a tropical storm and for about two days stalled over Southeast Texas dropping very heavy rainfall and causing widespread flooding.

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

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 area residents, and local businesses continue their recovery efforts from the impact of Hurricane Harvey in August 2017. This restoration has been a combination of repairs to return structures to pre-storm conditions and major renovations. As a result of this activity, Beaumont has experienced an increase in sales tax revenue resulting in a major financial boost.

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. Multibillion-dollar investments in local energy projects have provided employment for thousands of temporary workers for several years, as well as adding hundreds of permanent positions. New multibillion-dollar expansion projects are also being planned for the area. 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.

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.

Long-term financial planning

By charter, the City of Beaumont maintains a five-year Capital Program which serves as its planning document to ensure that its facilities, streets and water and sewer infrastructure are well maintained. The Capital Program is prepared annually to provide for both short and long range physical development within the City. As included in the 2019 Capital Program, there are approximately \$118.5 million of street/drainage, water/sewer and facility improvements in the design or construction phase.

Relevant financial policies

The City of Beaumont has adopted a comprehensive set of financial policies. During the current year, two of these policies were particularly relevant. The City of Beaumont has a policy that requires any budget amendments calling for new fund appropriations that exceed unencumbered fund balances to be approved by the City Council. In August 2018, due to unforeseen expenditures, council approved budget amendments in the following funds: Hotel Occupancy Tax Fund; \$185,000, Water Utilities Fund; \$140,000, Solid Waste Fund; \$400,000, Municipal Airport Fund; \$500,000, Capital Reserve Fund; \$100,000, Employee Benefits Fund; \$200,000, Fleet Fund; \$500,000 and General Liability Fund; \$100,000.

In addition, the City of Beaumont has a policy that requires transfers between funds must be accomplished by budget amendments approved by the City Council. In August 2018 in order to strengthen the fund balance for FY 2019, transfers were approved by City Council in the following funds: General Liability Fund; \$700,000, Capital Reserve Fund; \$1.8 million, General Improvements Fund; \$2.1 million and Henry Homberg Golf Course Fund; \$300,000.

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, 2017. This was the thirty-second 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 Kristin Ferguson, Controller; Janice Ridley, Grants Manager; Staff Accountants, Lynnsey McClusky, Angie Breeden & Melissa McDaniel; and Victoria Sledz, Fiscal Assistant 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



Todd Simoneaux, 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, 2017

Christopher P. Morrill

Executive Director/CEO

City of Beaumont, Texas



List of Principal Officials

Becky Ames, *Mayor*

Robin Mouton, *Ward IV, Mayor Pro-Tem*

Bill Sam, *At Large*

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

Virginia Jordan, *Ward I*

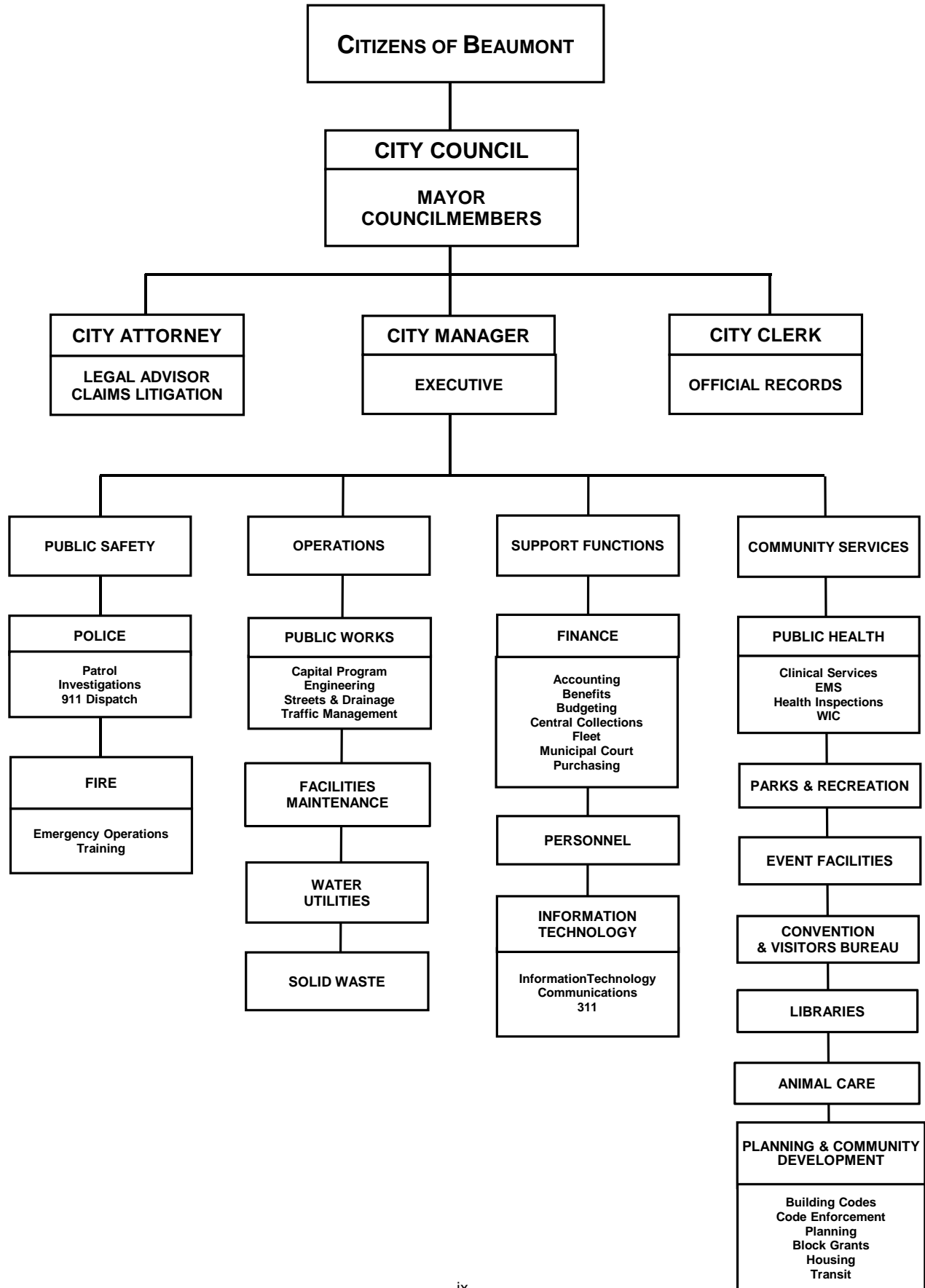
Mike Getz, *Ward II*

Audwin M. Samuel, *Ward III*

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, 2018, 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 represent 56 percent, 68 percent and 25 percent, respectively, of the assets and deferred outflows of resources, fund balance and revenues of the aggregate remaining fund information. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for 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 auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Beaumont, Texas, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note 4* to the financial statements, in 2018 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and the City's other postemployment benefit plan (OPEB) adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, combining and individual fund statements, schedules of revenues, expenditures and changes in fund balance – budget and actual, and statistical section 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.

The combining and individual fund statements and schedules of revenues, expenditures, and changes in fund balance – budget and actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the accompanying combining and individual fund statements and schedules of revenues, expenditures, and changes in fund balance – budget and actual as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 18, 2019

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, 2018. 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 2018 by \$305 million. Of this amount, a negative \$108.5 million is considered unrestricted. The unrestricted net position of the City's governmental activities is a negative \$109.8 million. The unrestricted net position of the City's business-type activities is a positive \$1.3 million.
- The net position increased by \$16.8 million in 2018 prior to restatement for adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The key factors for the increase were due to increased sales taxes and operating grants.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$111 million. Approximately \$39 million of the \$111 million fund balance is considered unassigned at September 30, 2018.
- The General Fund reported a fund balance of \$46.1 million at the end of the current fiscal year. The unassigned fund balance for the General Fund was \$45.5 million or 38.7 percent of total General Fund expenditures (excluding transfers out).
- The City's total liabilities decreased by \$12.5 million during the current fiscal. The key factor for the decrease was due to decreases in the net pension liabilities.

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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

The City maintains 33 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 and the Municipal Health Care Provider Participation Program Fund. Data from the other 30 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 16 – 17 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 19 – 21 of this report.

Fiduciary funds. The Beaumont Firemen's Relief and Retirement Fund is being reported as a blended component unit. The Other Postemployment Benefits Trust Fund is being reported to account for assets held by the City in a trustee capacity. The fiduciary fund financial statements can be found on pages 22 – 23 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 24 – 72 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, other post-employment benefits and the General Fund's budgetary information. Required supplementary information can be found on pages 73 - 80 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 84 - 125 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 \$305 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.

The City's deferred outflows and inflows of resources changed significantly from the prior year mainly due to investment experience as well as additions related to implementation of GASB 75.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 150,649,714	139,233,569	49,591,853	54,846,091	200,241,567	194,079,660
Capital assets	461,359,802	456,957,887	254,569,021	254,033,197	715,928,823	710,991,084
Total assets	612,009,516	596,191,456	304,160,874	308,879,288	916,170,390	905,070,744
Total deferred outflows of resources	45,689,950	67,778,203	7,493,153	9,943,808	53,183,103	77,722,011
Long-term liabilities outstanding	394,777,186	398,220,122	187,149,224	197,705,172	581,926,410	595,925,294
Other liabilities	37,412,621	36,534,775	22,424,156	21,783,851	59,836,777	58,318,626
Total liabilities	432,189,807	434,754,897	209,573,380	219,489,023	641,763,187	654,243,920
Total deferred inflows of resources	20,350,935	4,689,992	2,499,322	933,811	22,850,257	5,623,803
Net position						
Net Investment in capital assets	267,238,064	263,388,476	93,046,448	87,910,685	360,284,512	351,299,161
Restricted	47,756,593	42,331,445	5,239,210	5,890,461	52,995,803	48,221,906
Unrestricted	(109,835,933)	(81,195,151)	1,295,667	4,599,116	(108,540,266)	(76,596,035)
Total net position	\$ 205,158,724	224,524,770	99,581,325	98,400,262	304,740,049	322,925,032

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.

The government's net position increased by \$16.8 million during the current fiscal year. Governmental activities increased the City's net position by \$9.2 million and the Business-Type activities increased by \$7.6 million. The underlying reason for the increase in net position related to Governmental activities was due to a \$6.8 million increase in sales tax revenues over the prior year. The increase can mostly be attributable to Hurricane Harvey recovery. Operating grants and contributions increased by \$20.9 million as a result of increases in federal funding related to Hurricane Harvey and also increases in the Municipal Health Care Participation Fund revenues. The underlying reason for the increase in net position related to Business-Type activities was due to increases in charges for services and decreases in other nonoperating expenses. Due to implementation of GASB 75, beginning net position previously reported was decreased by \$28.6 million in the Governmental activities and \$6.4 million in the Business-Type activities.

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 10,540,997	9,333,095	61,502,228	59,484,249	72,043,225	68,817,344
Operating grants and contributions	42,787,076	21,895,140	-	-	42,787,076	21,895,140
Capital grants and contributions	5,916,746	7,115,597	75,000	-	5,991,746	7,115,597
General revenues						
Property taxes	52,305,185	49,679,296	-	-	52,305,185	49,679,296
Industrial payments	19,825,025	17,935,064	-	-	19,825,025	17,935,064
Sales taxes	45,789,127	38,954,160	-	-	45,789,127	38,954,160
Franchise taxes	12,954,394	11,262,669	-	-	12,954,394	11,262,669
Investment earnings	1,386,222	2,042,426	594,362	335,318	1,980,584	2,377,744
Miscellaneous	1,584,395	1,811,004	946,914	884,855	2,531,309	2,695,859
Oil and gas royalties	9,204	13,496	-	-	9,204	13,496
Gain (loss) on disposal of assets	374,852	1,960,253	(18,259)	365,924	356,593	2,326,177
Total revenues	<u>193,473,223</u>	<u>162,002,200</u>	<u>63,100,245</u>	<u>61,070,346</u>	<u>256,573,468</u>	<u>223,072,546</u>
Expenses						
General government	17,139,599	16,461,499	-	-	17,139,599	16,461,499
Public safety	77,644,390	84,386,432	-	-	77,644,390	84,386,432
Public works	43,586,324	45,915,421	-	-	43,586,324	45,915,421
Health and welfare	29,359,243	21,332,145	-	-	29,359,243	21,332,145
Culture and recreation	13,582,993	13,157,491	-	-	13,582,993	13,157,491
Housing and economic development	4,354,208	4,188,246	-	-	4,354,208	4,188,246
Interest on long-term debt	8,408,091	9,518,134	-	-	8,408,091	9,518,134
Water	-	-	36,224,336	41,213,605	36,224,336	41,213,605
Solid waste	-	-	9,435,562	8,968,234	9,435,562	8,968,234
Total expenses	<u>194,074,848</u>	<u>194,959,368</u>	<u>45,659,898</u>	<u>50,181,839</u>	<u>239,734,746</u>	<u>245,141,207</u>
Increase (decrease) in net position before transfers	(601,625)	(32,957,168)	17,440,347	10,888,507	16,838,722	(22,068,661)
Transfers	<u>9,840,000</u>	<u>9,130,000</u>	<u>(9,840,000)</u>	<u>(9,130,000)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>9,238,375</u>	<u>(23,827,168)</u>	<u>7,600,347</u>	<u>1,758,507</u>	<u>16,838,722</u>	<u>(22,068,661)</u>
Net position, beginning, as previously reported	224,524,770	248,351,938	98,400,262	96,641,755	322,925,032	344,993,693
Adoption of GASB 75 - cumulative effect adjustment	<u>(28,604,421)</u>	<u>-</u>	<u>(6,419,284)</u>	<u>-</u>	<u>(35,023,705)</u>	<u>-</u>
Net position, beginning, as restated	195,920,349	248,351,938	91,980,978	96,641,755	287,901,327	344,993,693
Net position, ending	<u>\$ 205,158,724</u>	<u>224,524,770</u>	<u>99,581,325</u>	<u>98,400,262</u>	<u>304,740,049</u>	<u>322,925,032</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, 2018, the City's governmental funds reported combined ending fund balances of \$111 million, an increase of \$14.8 million in comparison with the prior year. Approximately \$39.1 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, 2018 unassigned fund balance of the general fund was \$45.5 million, while total fund balance was \$46.1 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 38.7 percent of total general fund expenditures (excluding transfers out), while total fund balance represents 39.3 percent of that same amount.

The budget basis fund balance of the City's General Fund increased by \$9.7 million during 2018. It was budgeted to incur a decrease of \$2.8 million in fund balance this year, therefore producing a \$12.5 million favorable variance. This change in fund balance is attributable to lower workforce and increased sales taxes. The City's General Fund actual fund balance increased by \$10.2 million during 2018.

The Debt Service Fund has a total fund balance of \$3 million. The net decrease in fund balance during 2018 in this fund was approximately \$227 thousand. The Debt Service Fund is funded with property tax revenue at the level necessary to meet debt service requirements.

The Municipal Health Care Provider Participation Program Fund has a total fund balance of \$24.9 million. The net increase in fund balance during 2018 in this fund was approximately \$14 million. Fund balance increased due to mandatory collections received exceeded the payments for the year.

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

The implementation of GASB 75 resulted in a prior period adjustment to the Water Fund and the Solid Waste Fund reducing the beginning net position of the funds by \$4,568,680 and \$1,850,604, respectively. The unrestricted net position at the end of the year amounted to \$5.5 million for the Water Fund and a negative \$3.4 million for the Solid Waste Fund. The net position in the Water Fund increased by \$6.7 million during 2018 while the Solid Waste Fund increase by \$999 thousand. 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 no changes in appropriations between the original and final amended budget. Actual expenditures in the General Fund came in under budgeted amounts by \$2.9 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, 2018, amounted to \$715.9 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	
	2018	2017	2018	2017	2018	2017
Land	\$ 55,087,140	55,087,140	3,390,348	3,496,212	58,477,488	58,583,352
Buildings	59,161,850	61,120,683	1,808,898	1,901,543	60,970,748	63,022,226
Improvements other than buildings	21,238,719	17,875,616	232,388,672	229,741,671	253,627,391	247,617,287
Infrastructure	254,074,303	263,138,924	2,734,542	2,815,171	256,808,845	265,954,095
Machinery and equipment	16,197,466	15,887,241	6,854,774	7,033,793	23,052,240	22,921,034
Construction in progress	55,600,324	43,848,283	7,391,787	9,044,808	62,992,111	52,893,091
Total	\$ 461,359,802	456,957,887	254,569,021	254,033,198	715,928,823	710,991,085

Additional information on the City's capital assets can be found in Note 1 on page 29 and Note 4 on pages 42 - 44 of this report.

Long-term debt. At September 30, 2018, the City, the primary government, had \$361.6 million of long-term bonds and certificates outstanding. Of this amount, \$207.2 million comprises bonds backed by the full faith and credit of the City and \$154.4 million secured solely by specified revenue sources (i.e. revenue bonds).

General Obligation & Revenue Bonds Outstanding

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 105,351,550	110,801,150	968,450	1,053,850	106,320,000	111,855,000
Certificates of obligation	100,850,000	93,005,000	-	-	100,850,000	93,005,000
Revenue bonds	-	-	154,460,000	162,045,000	154,460,000	162,045,000
Total	\$ 206,201,550	203,806,150	155,428,450	163,098,850	361,630,000	366,905,000

Total long-term bonds and certificates outstanding at September 30, 2018 decreased by \$5.3 million, a 1.4% decrease, compared to September 30, 2017.

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 34 - 35 and in Note 4 on pages 46 - 51 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 37.4% of total General Fund revenues for FY 2018. In FY 2018, sales tax revenues increased 16.8% compared to the prior year, FY 2017. With the significant increase attributable to Hurricane Harvey recovery, the FY 2019 Budget only anticipates 4% growth in sales tax revenue over the FY 2018 Budget.

The tax rate for FY 2019 is \$0.71 per \$100 of assessed valuation, the same as FY 2018. The General Fund is allocated \$0.491 of the tax rate and \$0.219 to the Debt Service Fund. Property tax revenues account for 28.8% or \$36.1 million of the revenues in the General Fund's FY 2019 Budget. Assessed values for tax year 2018 are 0.75% higher than the previous year.

Industrial payments account for 15.1% of the General Fund's overall revenue in the FY 2019 Budget. The City has more than 20 negotiated contracts with FY 2018 being the third 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 \$912K less in FY 2019 than in FY 2018.

Expenditures for FY 2019, including transfers, are expected to total \$126.7 million. The budget allows for a 3% wage increase for civilian employees and pursuant to the current labor agreements, sworn employees will receive 2% and 3% increases in the Fire Department and Police Department, respectively. Overall budgeted expenditures, not including transfers, are expected to grow 4.4% over FY 2018 mostly attributable to salary increases. The General Fund's Budget contemplates using \$1.4 million of prior years' excess funds in the fund balance, however still leaving a healthy ending balance of 29% of total expenditures.

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

Requests for Information

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

CITY OF BEAUMONT, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 41,456,709	13,630,049	55,086,758
Investments	52,182,436	2,622,826	54,805,262
Receivables (net of allowances for uncollectibles):			
Taxes - Property	6,248,849	-	6,248,849
Taxes - Other	8,031,415	-	8,031,415
Notes	617,215	-	617,215
Intergovernmental	14,088,821	-	14,088,821
Utilities	-	8,323,699	8,323,699
Other	24,622,496	390,520	25,013,016
Internal balances	841,728	(841,728)	-
Prepaid items	1,066,699	-	1,066,699
Inventories	632,161	1,966,176	2,598,337
Restricted assets:			
Temporarily restricted			
Cash and investments	-	23,500,311	23,500,311
Permanently restricted			
Cash and cash equivalents	861,185	-	861,185
Capital assets not being depreciated:			
Land	55,087,140	3,390,348	58,477,488
Construction work in progress	55,600,324	7,391,787	62,992,111
Capital assets, net of accumulated depreciation			
Buildings	59,161,850	1,808,898	60,970,748
Improvements other than buildings	21,238,719	232,388,672	253,627,391
Infrastructure	254,074,303	2,734,542	256,808,845
Equipment	16,197,466	6,854,774	23,052,240
Total assets	<u>612,009,516</u>	<u>304,160,874</u>	<u>916,170,390</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	6,677,758	5,022,458	11,700,216
Pensions	34,579,987	1,551,935	36,131,922
Other post retirement benefits	4,432,205	918,760	5,350,965
	<u>45,689,950</u>	<u>7,493,153</u>	<u>53,183,103</u>
LIABILITIES			
Accounts payable	5,696,944	1,268,522	6,965,466
Accrued liabilities	1,895,497	247,805	2,143,302
Unearned revenue	8,934,883	-	8,934,883
Other liabilities	2,478,807	1,223,273	3,702,080
Estimated claims liability	3,620,779	-	3,620,779
Accrued interest payable	790,944	711,310	1,502,254
Customer deposits	-	5,374,508	5,374,508
Noncurrent liabilities:			
Due within one year	13,994,767	13,598,738	27,593,505
Due in more than one year	394,777,186	187,149,224	581,926,410
Total liabilities	<u>432,189,807</u>	<u>209,573,380</u>	<u>641,763,187</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	20,329,640	2,494,907	22,824,547
Other post retirement benefits	21,295	4,415	25,710
	<u>20,350,935</u>	<u>2,499,322</u>	<u>22,850,257</u>
NET POSITION			
Net investment in capital assets	267,238,064	93,046,448	360,284,512
Restricted for:			
Debt service	5,015,040	5,239,210	10,254,250
General government	926,833	-	926,833
Housing and economic development	1,131,690	-	1,131,690
Health and welfare	24,915,656	-	24,915,656
Public safety	1,029,960	-	1,029,960
Public works	13,211,052	-	13,211,052
Culture and recreation			
Expendable	665,177	-	665,177
Nonexpendable	861,185	-	861,185
Unrestricted	(109,835,933)	1,295,667	(108,540,266)
Total net position	<u>\$ 205,158,724</u>	<u>99,581,325</u>	<u>304,740,049</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, 2018

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 17,139,599	80,776	-	111,235
Public safety	77,644,390	2,687,988	1,850,451	909,728
Public works	43,586,324	2,307,391	2,917,911	4,753,707
Health and welfare	29,359,243	4,055,248	35,918,882	-
Culture and recreation	13,582,993	1,409,594	298,992	142,076
Housing and economic development	4,354,208	-	1,800,840	-
Interest on long-term debt	8,408,091	-	-	-
Total governmental activities	<u>194,074,848</u>	<u>10,540,997</u>	<u>42,787,076</u>	<u>5,916,746</u>
Business-type activities:				
Water	36,224,336	49,367,232	-	75,000
Solid waste	9,435,562	12,134,996	-	-
Total business-type activities	<u>45,659,898</u>	<u>61,502,228</u>	<u>-</u>	<u>75,000</u>
Total	\$ <u>239,734,746</u>	<u>72,043,225</u>	<u>42,787,076</u>	<u>5,991,746</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 GASB75 - 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**

Governmental Activities	Business-Type Activities	Total
(16,947,588)	-	(16,947,588)
(72,196,223)	-	(72,196,223)
(33,607,315)	-	(33,607,315)
10,614,887	-	10,614,887
(11,732,331)	-	(11,732,331)
(2,553,368)	-	(2,553,368)
(8,408,091)	-	(8,408,091)
<u>(134,830,029)</u>	<u>-</u>	<u>(134,830,029)</u>
-	13,217,896	13,217,896
-	2,699,434	2,699,434
-	15,917,330	15,917,330
<u>(134,830,029)</u>	<u>15,917,330</u>	<u>(118,912,699)</u>
52,305,185	-	52,305,185
19,825,025	-	19,825,025
45,789,127	-	45,789,127
12,954,394	-	12,954,394
1,386,222	594,362	1,980,584
1,584,395	946,914	2,531,309
374,852	(18,259)	356,593
9,204	-	9,204
9,840,000	(9,840,000)	-
<u>144,068,404</u>	<u>(8,316,983)</u>	<u>135,751,421</u>
9,238,375	7,600,347	16,838,722
224,524,770	98,400,262	322,925,032
(28,604,421)	(6,419,284)	(35,023,705)
<u>195,920,349</u>	<u>91,980,978</u>	<u>287,901,327</u>
\$ <u>205,158,724</u>	<u>99,581,325</u>	<u>304,740,049</u>

CITY OF BEAUMONT, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General	Debt Service	Municipal Health Care Provider Participation Program	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 10,892,433	842,815	6,946,188	14,480,361	33,161,797
Investments	17,771,865	2,098,452	-	32,312,119	52,182,436
Receivables (net of allowance for uncollectibles)					
Taxes - Property	4,179,369	2,069,480	-	-	6,248,849
Taxes - Other	8,031,415	-	-	-	8,031,415
Notes	-	-	-	617,215	617,215
Intergovernmental	1,011,997	-	-	13,076,824	14,088,821
Other	5,786,352	4,293	17,969,468	692,776	24,452,889
Due from other funds	9,863,858	-	-	-	9,863,858
Inventories	-	-	-	338,854	338,854
Prepaid items	640,199	-	-	426,500	1,066,699
Total Assets	<u>58,177,488</u>	<u>5,015,040</u>	<u>24,915,656</u>	<u>61,944,649</u>	<u>150,052,833</u>
LIABILITIES					
Accounts payable	1,028,028	-	-	4,024,163	5,052,191
Accrued liabilities	1,581,437	-	-	281,062	1,862,499
Due to other funds	-	-	-	9,863,858	9,863,858
Other liabilities	1,719,068	-	-	652,689	2,371,757
Unearned revenue	475	-	-	8,934,408	8,934,883
Total Liabilities	<u>4,329,008</u>	<u>-</u>	<u>-</u>	<u>23,756,180</u>	<u>28,085,188</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property tax	4,002,320	1,987,780	-	-	5,990,100
Unavailable revenue - EMS fees	2,699,689	-	-	-	2,699,689
Unavailable revenue - gift cards	41	-	-	-	41
Unavailable revenue - demolition fees	811,260	-	-	-	811,260
Unavailable revenue - forfeitures	191,776	-	-	-	191,776
Unavailable revenue - notes	-	-	-	1,131,690	1,131,690
Unavailable revenue - grants	-	-	-	102,565	102,565
Total Deferred Inflows of Resources	<u>7,705,086</u>	<u>1,987,780</u>	<u>-</u>	<u>1,234,255</u>	<u>10,927,121</u>
FUND BALANCES:					
Nonspendable:					
Inventories	-	-	-	338,854	338,854
Prepaid items	640,199	-	-	426,500	1,066,699
Permanent fund principal	-	-	-	861,185	861,185
Restricted:					
Debt service	-	3,027,260	-	-	3,027,260
Culture and recreation	-	-	-	6,386,686	6,386,686
General government	-	-	-	926,833	926,833
Health and welfare	-	-	24,915,656	-	24,915,656
Public safety	-	-	-	2,039,638	2,039,638
Public works	-	-	-	29,175,876	29,175,876
Assigned:					
Culture and recreation	-	-	-	1,249,935	1,249,935
Public safety	-	-	-	-	-
Public works	-	-	-	1,993,206	1,993,206
Unassigned:	45,503,195	-	-	(6,444,499)	39,058,696
Total Fund Balances	<u>46,143,394</u>	<u>3,027,260</u>	<u>24,915,656</u>	<u>36,954,214</u>	<u>111,040,524</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 58,177,488</u>	<u>5,015,040</u>	<u>24,915,656</u>	<u>61,944,649</u>	
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					443,916,918
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					10,927,121
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.					17,851,310
Long-term liabilities, including bonds payable, are not due and payable in the current and therefore, are not reported in the funds.					(378,577,149)
Net position of governmental activities					<u>205,158,724</u>

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

CITY OF BEAUMONT, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General	Debt Service	Municipal Health Care Provider Participation Program	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 35,961,592	16,084,051	-	-	52,045,643
Gross receipts	8,719,686	-	-	4,234,708	12,954,394
Sales	45,789,127	-	-	-	45,789,127
Industrial payments	19,825,025	-	-	-	19,825,025
Licenses and permits	2,009,325	-	-	-	2,009,325
Charges for services	4,133,247	-	-	1,300,909	5,434,156
Fines and forfeitures	1,975,379	-	-	260,186	2,235,565
Recreational activities	873,361	-	-	-	873,361
Intergovernmental	-	-	34,556,669	14,003,894	48,560,563
Investment earnings	542,517	99,970	-	640,101	1,282,588
Contributions	-	-	-	284,765	284,765
Miscellaneous	1,755,171	121,541	-	303,856	2,180,568
Oil and gas royalties	-	-	-	9,204	9,204
Total Revenues	121,584,430	16,305,562	34,556,669	21,037,623	193,484,284
EXPENDITURES					
Current:					
General government	14,593,840	-	-	247,044	14,840,884
Public safety	65,654,282	-	-	1,998,311	67,652,593
Public works	18,474,578	-	-	8,394,754	26,869,332
Health and welfare	7,098,710	-	20,538,095	1,319,228	28,956,033
Culture and recreational	8,399,907	-	-	3,162,023	11,561,930
Housing and economic development	3,304,548	-	-	1,058,980	4,363,528
Capital outlay	16,955	-	-	24,191,999	24,208,954
Debt service:					
Principal	-	8,234,600	-	-	8,234,600
Interest and charges	-	9,300,119	-	-	9,300,119
Issuance cost - debt	-	-	-	151,678	151,678
Total Expenditures	117,542,820	17,534,719	20,538,095	40,524,017	196,139,651
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,041,610	(1,229,157)	14,018,574	(19,486,394)	(2,655,367)
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	9,260,000	9,260,000
Bond premium	-	12,437	-	891,678	904,115
Transfers in	10,200,000	989,966	-	4,975,000	16,164,966
Transfers (out)	(4,065,000)	-	-	(4,799,966)	(8,864,966)
Total Other Financing Sources	6,135,000	1,002,403	-	10,326,712	17,464,115
NET CHANGE IN FUND BALANCES	10,176,610	(226,754)	14,018,574	(9,159,682)	14,808,748
FUND BALANCES, BEGINNING	35,966,784	3,254,014	10,897,082	46,113,896	96,231,776
FUND BALANCES, ENDING	\$ 46,143,394	3,027,260	24,915,656	36,954,214	111,040,524

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

**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, 2018**

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

Net change in fund balances - total governmental funds (page 17)	\$ 14,808,748
Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were more than depreciation in the current period.	4,045,712
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(489,547)
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.	(859,579)
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.	(7,519,116)
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>(747,843)</u>
Change in net position of governmental activities (pages 14-15)	\$ <u><u>9,238,375</u></u>

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

CITY OF BEAUMONT, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Solid Waste	Total	
ASSETS				
Current Assets:				
Cash	\$ 12,022,510	1,607,539	13,630,049	9,156,097
Investments	-	2,622,826	2,622,826	-
Receivables (net of allowance for uncollectibles)				
Utilities	7,115,727	1,207,972	8,323,699	-
Other	145,115	245,405	390,520	169,607
Inventories	1,966,176	-	1,966,176	293,307
Restricted investment :				
Debt service	1,718,133	-	1,718,133	-
Customer utility deposits	5,374,508	-	5,374,508	-
Total Current Assets	<u>28,342,169</u>	<u>5,683,742</u>	<u>34,025,911</u>	<u>9,619,011</u>
Noncurrent Assets:				
Restricted cash:				
Construction	1,476,162	-	1,476,162	-
Restricted investments:				
Debt service	3,521,077	-	3,521,077	-
Construction	11,410,431	-	11,410,431	-
Capital Assets:				
Land	507,510	2,882,838	3,390,348	437,785
Construction in progress	7,391,787	-	7,391,787	60,202
Buildings and improvements	392,150,685	2,550,753	394,701,438	13,117,883
Equipment	18,151,847	15,795,380	33,947,227	51,188,316
Infrastructure	3,641,481	261,462	3,902,943	217,991
Total Capital Assets	<u>421,843,310</u>	<u>21,490,433</u>	<u>443,333,743</u>	<u>65,022,177</u>
Less accumulated depreciation	<u>(175,961,715)</u>	<u>(12,803,007)</u>	<u>(188,764,722)</u>	<u>(47,579,293)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>245,881,595</u>	<u>8,687,426</u>	<u>254,569,021</u>	<u>17,442,884</u>
Total Noncurrent Assets	<u>262,289,265</u>	<u>8,687,426</u>	<u>270,976,691</u>	<u>17,442,884</u>
Total Assets	<u>290,631,434</u>	<u>14,371,168</u>	<u>305,002,602</u>	<u>27,061,895</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refundings	5,022,458	-	5,022,458	-
Pensions	1,182,289	369,646	1,551,935	273,754
Other post employment benefits	653,892	264,868	918,760	136,572
Total Deferred Outflows of Resources	<u>6,858,639</u>	<u>634,514</u>	<u>7,493,153</u>	<u>410,326</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	1,225,664	42,858	1,268,522	644,753
Accrued payroll	182,192	65,613	247,805	32,998
Accrued interest payable	707,800	3,510	711,310	6,488
Customer utility deposits payable	5,374,508	-	5,374,508	-
Estimated claims liability	-	-	-	3,620,779
Compensated absences	83,297	6,685	89,982	7,873
Other liabilities	1,025,455	197,818	1,223,273	107,050
Obligations under capital leases	2,101,216	-	2,101,216	334,167
Loan payable	458,157	1,391,976	1,850,133	272,997
Net OPEB liability	454,332	184,033	638,365	94,892
Revenue bonds payable	8,919,042	-	8,919,042	-
Total Current Liabilities	<u>20,531,663</u>	<u>1,892,493</u>	<u>22,424,156</u>	<u>5,121,997</u>
Noncurrent Liabilities:				
Net OPEB liability	4,819,860	1,952,348	6,772,208	1,006,680
Compensated absences	835,184	588,547	1,423,731	160,364
Estimated claims liability	-	-	-	1,018,834
Obligations under capital leases	3,945,440	-	3,945,440	852,194
Net pension liability	7,346,595	1,989,224	9,335,819	1,841,139
Revenue bonds payable	160,028,451	-	160,028,451	-
Loan payable, net of current portion	105,036	1,684,575	1,789,611	202,168
Accrued landfill closure costs	-	3,853,964	3,853,964	-
Total Noncurrent Liabilities	<u>177,080,566</u>	<u>10,068,658</u>	<u>187,149,224</u>	<u>5,081,379</u>
Total Liabilities	<u>197,612,229</u>	<u>11,961,151</u>	<u>209,573,380</u>	<u>10,203,376</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions	1,693,611	801,296	2,494,907	258,607
Other post employment benefits	3,142	1,273	4,415	656
Total Deferred InfloWS of Resources	<u>1,696,753</u>	<u>802,569</u>	<u>2,499,322</u>	<u>259,263</u>
NET POSITION				
Net investment in capital assets	87,435,573	5,610,875	93,046,448	15,781,358
Restricted for:				
Debt service	5,239,210	-	5,239,210	-
Unrestricted	5,506,308	(3,368,913)	2,137,395	1,228,224
Total Net Position	<u>\$ 98,181,091</u>	<u>2,241,962</u>	<u>100,423,053</u>	<u>17,009,582</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.

(841,728)

Net position of business-type activities (page 13)

99,581,325

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, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Solid Waste	Total	
OPERATING REVENUES				
Charges for services	\$ 49,367,232	12,134,996	61,502,228	32,407,035
Intergovernmental	75,000	-	75,000	-
Miscellaneous	946,914	-	946,914	86,128
Total Operating Revenues	50,389,146	12,134,996	62,524,142	32,493,163
OPERATING EXPENSES				
Personnel services	10,724,569	4,450,249	15,174,818	2,204,759
Other operating expenses	10,441,747	3,365,044	13,806,791	7,751,298
Landfill closure costs	-	93,091	93,091	-
Health and life insurance premiums	-	-	-	20,660,959
Other insurance premiums	-	-	-	1,238,727
Damage claims	-	-	-	851,755
Depreciation	7,667,802	1,441,152	9,108,954	3,942,706
Total Operating Expenses	28,834,118	9,349,536	38,183,654	36,650,204
OPERATING INCOME (LOSS)	21,555,028	2,785,460	24,340,488	(4,157,041)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	539,703	54,659	594,362	103,634
Interest expense	(6,678,524)	(66,348)	(6,744,872)	(26,230)
Gain/loss on sale of equipment	(23,864)	5,605	(18,259)	713,082
Other nonoperating expenses	(652,660)	-	(652,660)	-
Net Nonoperating Revenues (Expenses)	(6,815,345)	(6,084)	(6,821,429)	790,486
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS/ TRANSFERS	14,739,683	2,779,376	17,519,059	(3,366,555)
TRANSFERS IN	-	-	-	2,540,000
TRANSFERS OUT	(8,060,000)	(1,780,000)	(9,840,000)	-
CHANGE IN NET POSITION	6,679,683	999,376	7,679,059	(826,555)
TOTAL NET POSITION - BEGINNING, AS PREVIOUSLY REPORTED	96,070,088	3,093,190		16,427,350
ADOPTION OF GASB75 - CUMMALATIVE EFFECT ADJUSTMENT	(4,568,680)	(1,850,604)		1,408,787
TOTAL NET POSITION - BEGINNING, AS RESTATED	91,501,408	1,242,586		17,836,137
TOTAL NET POSITION - ENDING	\$ 98,181,091	2,241,962		17,009,582

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.

(78,712)

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

7,600,347

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, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Solid Waste	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 50,840,604	12,468,460	63,309,064	4,590,379
Cashed received from interfund charges for services	-	-	-	27,902,784
Cash payments for goods and services	(9,677,191)	(1,049,503)	(10,726,694)	(29,967,499)
Payments to other funds for services provided	(3,553,017)	(3,277,048)	(6,830,065)	-
Cash payments to employees	(8,779,480)	(3,602,569)	(12,382,049)	(2,264,537)
Net Cash Provided by Operating Activities	28,830,916	4,539,340	33,370,256	261,127
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	-	2,540,000
Transfers (out)	(8,060,000)	(1,780,000)	(9,840,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(8,060,000)	(1,780,000)	(9,840,000)	2,540,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	82,000	5,605	87,605	740,691
Proceeds from capital debt	-	-	-	691,000
Payments for capital acquisitions	(8,660,776)	(1,089,865)	(9,750,641)	(4,664,747)
Principal payments on capital debt	(10,260,289)	(1,457,532)	(11,717,821)	(470,291)
Interest paid and fiscal charges	(7,679,774)	(68,736)	(7,748,510)	(28,428)
Net Cash Used by Capital and Related Financing Activities	(26,518,839)	(2,610,528)	(29,129,367)	(3,731,775)
CASH FLOWS FROM INVESTING ACTIVITIES				
(Purchase) sale of investments	3,377,597	(206,690)	3,170,907	-
Receipt of interest	539,703	54,659	594,362	91,895
Net Cash Provided (Used) by Investing Activities	3,917,300	(152,031)	3,765,269	91,895
NET INCREASE (DECREASE) IN CASH	(1,830,623)	(3,219)	(1,833,842)	(838,753)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	15,329,295	1,610,758	16,940,053	9,994,850
CASH AND CASH EQUIVALENTS, END OF YEAR	13,498,672	1,607,539	15,106,211	9,156,097
Restricted	1,476,162	-	1,476,162	-
Unrestricted	12,022,510	1,607,539	13,630,049	9,156,097
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	21,555,028	2,785,460	24,340,488	(4,157,041)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	7,667,802	1,441,152	9,108,954	3,942,706
Landfill closure costs	-	93,091	93,091	-
Change in assets and liabilities:				
(Increase) decrease in accounts and other receivable	(170,551)	333,464	162,913	(25,362)
(Increase) decrease in inventory	7,864	-	7,864	(11,662)
(Increase) decrease in deferred outflows related to pensions	2,073,778	642,977	2,716,755	527,054
(Increase) decrease in deferred outflows related to OPEB	(460,715)	(186,619)	(647,334)	(96,225)
Increase (decrease) in accrued payroll	45,604	(6,410)	39,194	1,119
Increase (decrease) in accrued compensated absences	33,927	96,739	130,666	(7,484)
Increase (decrease) in accounts payable	(348,424)	(25,288)	(373,712)	106,659
Increase (decrease) in other liabilities	(314,901)	(72,219)	(387,120)	465,605
Increase (decrease) in net pension liability	(3,378,157)	(1,350,729)	(4,728,886)	(679,926)
Increase (decrease) in net OPEB liability	512,335	207,528	719,863	107,007
Increase (decrease) in deferred inflows related to pensions	982,175	578,921	1,561,096	88,021
Increase (decrease) in deferred inflows related to OPEB	3,142	1,273	4,415	656
Increase (decrease) in customer deposits	622,009	-	622,009	-
Net Cash Provided by Operating Activities	\$ 28,830,916	4,539,340	33,370,256	261,127

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

**CITY OF BEAUMONT, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2018**

	Beaumont Firemen's Relief and Retirement Fund	Other Postemployment Benefits Trust Fund
ASSETS		
Cash	\$ 1,900,210	\$ -
Receivables - interest and dividends	125,974	-
Investments at fair value:		
Common stocks	19,114,125	-
Equity mutual funds	40,033,463	478,768
International equity funds	16,778,090	-
International fixed funds	5,509,419	-
Bond and note funds	4,686,758	-
Government and agency bonds	3,668,952	-
Alternative funds	7,900,855	-
Private equity funds	32,817	-
Corporate bonds and notes	9,530,295	-
Real Estate	5,542,282	-
Total investments at fair value	<u>112,797,056</u>	<u>478,768</u>
Property and equipment, net	<u>1,048,946</u>	<u>-</u>
Total Assets	<u>115,872,186</u>	<u>478,768</u>
LIABILITIES		
Current liabilities		
Accrued expenses	112,149	-
Current portion of long-term debt	<u>139,327</u>	<u>-</u>
Total current liabilities	<u>251,476</u>	<u>-</u>
Long-term liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>251,476</u>	<u>-</u>
NET POSITION		
Restricted for pensions	115,620,710	-
Held in trust for other postemployment benefits	<u>-</u>	<u>478,768</u>
	<u>\$ 115,620,710</u>	<u>\$ 478,768</u>

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

**CITY OF BEAUMONT, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED
SEPTEMBER 30, 2018**

	Beaumont Firemen's Relief and Retirement Fund	Other Postemployment Benefits Trust Fund
ADDITIONS		
Contributions		
Employer	\$ 2,935,156	2,846,127
Plan members	2,935,156	-
Total Contributions	<u>5,870,312</u>	<u>2,846,127</u>
Investment Income		
Net appreciation (depreciation) in fair value of investments	15,211,879	65,351
Interest	593,416	-
Dividends	1,115,848	-
Other	430,338	-
Total Investment Income	<u>17,351,481</u>	<u>65,351</u>
Less investment expense	<u>(409,811)</u>	<u>-</u>
Net Investment Income	<u>16,941,670</u>	<u>65,351</u>
Total Additions	<u>22,811,982</u>	<u>2,911,478</u>
DEDUCTIONS		
Benefits paid	9,306,499	2,430,945
Administrative expenses	313,054	1,765
Total Deductions	<u>9,619,553</u>	<u>2,432,710</u>
NET INCREASE IN NET POSITION	13,192,429	478,768
NET POSITION		
BEGINNING OF YEAR	<u>102,438,832</u>	<u>-</u>
Prior period adjustment	<u>(10,551)</u>	<u>-</u>
END OF YEAR	<u>\$ 115,620,710</u>	<u>478,768</u>

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

CITY OF BEAUMONT, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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. The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it. The fiduciary fund’s fiscal year end is December 31, 2017.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity (continued)

Blended Component Units Reported with the Primary Government (continued)

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

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

The agencies were excluded due to the following criteria: separate corporate powers make them legally separate entities; the governing bodies are not appointed by the City; the City is not legally entitled to access the resources of the agencies; the City is not legally obligated and has not assumed the obligation to fund the deficits or provide financial support to the agencies and is not obligated for the debt of the agencies.

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-type activities*, which rely to a significant extent on fees and charges for support.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

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

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

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 **Municipal Health Care Provider Participation Program Fund** accounts for the mandatory payments as authorized under Subtitle D of Title 4 of the Texas Health & Safety Code.

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. The fiduciary fund statements have a year end of December 31.

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.

Proprietary funds distinguish *operating* revenue and expenses from *nonoperating* items. Operating revenue and expenses generally result from providing services and producing and delivering goods regarding a proprietary fund's principal ongoing operation. 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 use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows 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.

Government agency securities are stated at fair value; TexasTERM is stated at net asset value; and certificates of deposit and TexPool are stated at amortized cost.

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.

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 using the purchase method 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 statement of net position. Also, unspent bond proceeds are restricted in the Water Fund for construction projects.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

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 acquisition 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

Compensated Absences

The City's employees earn paid time off (PTO), 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Compensated Absences (continued)

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

Paid time off - Employees may earn from 4.62 to 12.92 hours of paid time off per pay period and may accrue up to 120 days (960 hours) to be used in future periods. Upon separation, employees are paid for accumulated 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 - 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Long-term Obligations (continued)

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

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 and OPEB. Deferred pension amounts are recognized in accordance with GASB Statement No. 68. Deferred OPEB amounts are recognized in accordance with GASB Statement No. 75.

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, pensions and OPEB. Unavailable revenues 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. Deferred OPEB amounts are amortized in accordance with GASB Statement No. 75. For additional information on deferred outflows/inflows related to pensions and OPEB, reference note 4 Employee Retirement Systems or Post Employment Benefits Other Than Pension Benefits.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

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.

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.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan and additions to/deduction from the City's fiduciary net position have been determined on the same basis as they are reported by the City. For this purpose, the City recognizes benefit payments when due and payable in accordance with the benefit terms. The OPEB Plan's investments are reported at fair value.

New pronouncements

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, such as retiree health insurance. This statement addressed accounting and financial reporting by governments that provide OPEB to their employees or employees of other governments. This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Also, in FY 2018, the City implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. For defined benefit OPEB plans that are administered through trusts, this statement requires two financial statements – a statement of fiduciary net position and a statement of changes in fiduciary net position.

Also, in FY 2018, the City implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The City chose to early implement this statement in the current fiscal year as encouraged by the Governmental Accounting Standards Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 difference are as follows:

Bonds Payable	\$	206,201,550
Plus: Unamortized premiums		15,632,431
Accrued Interest payable		784,456
Compensated absences		22,842,912
Net pension liability		123,655,797
Net OPEB liability		34,647,955
Deferred inflows pensions		20,071,033
Deferred inflows OPEB		20,639
Less: Deferred loss on refunding bonds		(6,677,758)
Less: Deferred outflows pensions		(34,306,233)
Less: Deferred outflows OPEB		<u>(4,295,633)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$	<u>378,577,149</u>

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

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 funds* 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 difference are as follows:

Capital outlay	\$ 24,208,954
Contributed capital assets	-
Depreciation expense	(20,163,242)
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>4,045,712</u>

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 difference are as follows:

Debt issued or incurred	\$ (9,260,000)
Bond premium	(904,115)
Accrued interest	(6,530)
Current year premium amortization	1,076,466
Principal repayments: General obligation debt	<u>8,234,600</u>
Net adjustment to decrease <i>net charges in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>(859,579)</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 difference are as follows:

Compensated absences	\$ (526,000)
Amortized deferred loss on refunding bonds	(676,775)
Pension costs	(5,618,358)
OPEB costs	(359,753)
Loss on disposal of capital assets	<u>(338,230)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>(7,519,116)</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

1. At least 45 days prior to the close of the fiscal year, City Council is presented with a proposed budget for the next fiscal year which begins October 1st. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizens' comments.
3. The budget is legally enacted through passage of an ordinance no later than September 27th.
4. The City Manager may transfer budgeted amounts between departments within any fund; however, transfers between funds must be approved by the City Council.
5. Budgets are considered a management control and planning tool and, as such, are incorporated into the accounting system of the City.
6. Annual budgets are adopted for all funds, except for capital projects funds and certain special revenue funds where funds are designated for a specific purpose as identified in the grant award document, which adopts grant year or project length financial plans. These funds include the American Recovery and Reinvestment Act (ARRA) Fund, EDA Small Business Loan Fund, Health Grant 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, 2018.

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 follows GASB Statement 31 (Accounting and Financial Reporting for Certain Investments and for External Investment Pools), Statement 40 (Deposit and Investment Risk Disclosures), Statement 72 (Fair Value Measurement and Application), and Statement 79 (Certain External Investment Pools and Pool Participants). These statements require, with limited exception, that governmental entities report investments at fair value and that all investment income, including changes in the fair value of investments, be reported as revenue in the statement of activities. The City reports the change in fair value as part of investment earnings (loss). In addition, Statement 79 requires the disclosure of the presence of any limitations or restrictions on withdrawals.

The City's cash and investments are as follows:

	As of 09/30/2018	Percentage of Total	Weighted Average Maturity (Days)
Agencies	\$ 17,133,600	12.8%	492
Money Market Account/Petty Cash	29,918,691	22.3%	1
Government Investment Pools	43,438,295	32.3%	1
Certificates of Deposit	<u>43,762,930</u>	<u>32.6%</u>	<u>434</u>
Total Cash and Investments	\$ <u>134,253,516</u>	<u>100.00%</u>	
Portfolio Weighted Average Maturity			<u>203</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.

4. DETAILED NOTES ON ALL FUNDS (continued)

Deposits and Investments (continued)

Credit Risk - The City's investment policy requires approved investment pools to be continuously rated no lower than AAA, AAA-m or an equivalent rating by at least one nationally recognized agency. In compliance with the City's investment policy, as of September 30, 2018, all of the City's purchased investments in investment pools, TexPool, and TexasTERM were rated AAAM by Standard & Poors. The agency investments held at year end include Federal Home Loan Bank and Freddie Mac agency notes and are both rated AA+ by Standards & Poor's and AAA by Moody's.

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, 2018 the City has 12.8% invested in U.S. Agency 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 principal, 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.

The City participates in TexPool, and TexasTERM which are external investment pools. The State Comptroller of Public Accounts maintains oversight responsibility for TexPool. This responsibility includes the ability to influence operations, designation of management and accountability for fiscal matters. TexasTERM is a public funds investment pool organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and is privately managed. TexPool reports investments in compliance with GASB 79 which permits the pools to use amortized cost (which excludes unrealized gains and losses) rather than fair value when computing their net position and share price. Investments in TexasDAILY, a portfolio established by TexasTERM, are measured using the net asset value per share practical expedient.

4. DETAILED NOTES ON ALL FUNDS (continued)

Deposits and Investments (continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of September 30, 2018:

- U.S. Agency securities of \$17.1 million are valued at the market closing price reported on the Interactive Date Pricing and Reference Data (IDC) using significant other observable inputs (Level 2 inputs)

Interest income on pooled cash and investments is allocated monthly based on the percentage of a fund's pooled cash and investments monthly balance compared to the total city-wide monthly balance in pooled cash and investments. Bond funds and other separate non-pooled cash are distributed to the fund where the cash and investment is recorded.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table:

	Fair Value 09/30/2018	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
TexasDAILY	\$ 43,437,800	-	Daily	Same Day

Investment in State Investment Pools

During the year, the City invested in multiple public fund investment pools, including TexPool, and TexasTERM. Investments in the pools are not categorized in accordance with GASB Statement No. 31 disclosure requirements since the City has not been issued certificates, but rather it owns an individual beneficial interest in the net position of the related investment pool. The fair value of the position of the pools is measured at net asset value and is designed to approximate the share value. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

Interest Income on pooled cash and investments is allocated monthly based on the percentage of a fund's pooled cash and investments monthly balance compared to the total city-wide monthly balance in pooled cash and investments. Bond funds and other separate non-pooled cash are distributed to the fund where the cash and investment is recorded.

4. DETAILED NOTES ON ALL FUNDS (continued)

Deposits and Investments (continued)

OPEB Trust Fund Investments

The City has contracted with ICMA-RC for trust administration, and the City's OPEB plan investments are held in a VantageCare Retirement Health Savings Plan Trust. This is an employer investment program designed to help meet public sector employers' retiree health obligations and ease administrative responsibilities. As of December 31, 2017, 100% of the City's OPEB plan investment assets were in a balanced mutual fund valued at \$478,768. The City may change the allocation or transfer assets between investment funds at any time.

Property Taxes

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

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

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.

4. DETAILED NOTES ON ALL FUNDS (continued)

Property Taxes (continued)

The balance of property taxes receivable and property tax assessments included in unavailable revenues as of September 30, 2018 are as follows:

	Property Taxes		
	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
Property taxes receivable	\$ 4,308,628	2,133,484	6,442,112
Less: allowance for doubtful accounts	<u>(129,259)</u>	<u>(64,004)</u>	<u>(193,263)</u>
Net property taxes receivable	\$ <u>4,179,369</u>	<u>2,069,480</u>	<u>6,248,849</u>
Unavailable property taxes	\$ <u>4,002,320</u>	<u>1,987,780</u>	<u>5,990,100</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>Municipal Health Care Provider Participation Program</u>	<u>Nonmajor Governmental</u>	<u>Water</u>	<u>Solid Waste</u>	<u>Internal Service</u>	<u>Total</u>
Receivables:								
Interest	\$ 72,171	4,293	-	56,696	65,613	7,922	17,638	224,333
Taxes - Property	4,308,628	2,133,484	-	-	-	-	-	6,442,112
Taxes - Other	8,031,415	-	-	-	-	-	-	8,031,415
Utilities	-	-	-	-	7,405,450	1,288,735	-	8,694,185
Notes	-	-	-	617,215	-	-	-	617,215
Intergovernmental	1,011,997	-	-	13,076,824	-	-	-	14,088,821
Other	<u>21,053,374</u>	<u>-</u>	<u>17,969,468</u>	<u>738,799</u>	<u>79,502</u>	<u>237,609</u>	<u>151,969</u>	<u>40,230,721</u>
Gross receivables	34,477,585	2,137,777	17,969,468	14,489,534	7,550,565	1,534,266	169,607	78,328,802
Less: allowance for uncollectibles	<u>(15,468,452)</u>	<u>(64,004)</u>	<u>-</u>	<u>(102,719)</u>	<u>(289,723)</u>	<u>(80,889)</u>	<u>-</u>	<u>(16,005,787)</u>
Net Total Receivables	\$ <u>19,009,133</u>	<u>2,073,773</u>	<u>17,969,468</u>	<u>14,386,815</u>	<u>7,260,842</u>	<u>1,453,377</u>	<u>169,607</u>	<u>62,323,015</u>

4. DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

Capital Assets				
	Beginning Balance	Current Year		Ending Balance
		Additions	Deletions	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 55,087,140	-	-	55,087,140
Construction in progress	43,848,283	19,035,268	7,283,227	55,600,324
Total Capital Assets Not Being Depreciated	98,935,423	19,035,268	7,283,227	110,687,464
Capital assets being depreciated:				
Buildings	96,981,475	492,453	754,460	96,719,468
Improvements other than buildings	48,052,461	5,336,139	244,928	53,143,672
Infrastructure	438,463,043	5,692,091	-	444,155,134
Machinery and equipment	89,582,687	5,367,429	1,166,384	93,783,732
Total Capital Assets Being Depreciated	673,079,666	16,888,112	2,165,772	687,802,006
Less accumulated depreciation for:				
Buildings	(35,860,792)	(2,346,606)	(649,780)	(37,557,618)
Improvements other than buildings	(30,176,845)	(1,973,036)	(244,928)	(31,904,953)
Infrastructure	(175,324,119)	(14,756,712)	-	(190,080,831)
Machinery and equipment	(73,695,446)	(5,029,594)	(1,138,774)	(77,586,266)
Total Accumulated Depreciation	(315,057,202)	(24,105,948)	(2,033,482)	(337,129,668)
Total Capital Assets Being Depreciated, Net	358,022,464	(7,217,836)	132,290	350,672,338
Governmental Activities Capital Assets, Net	\$ 456,957,887	11,817,432	7,415,517	461,359,802
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 3,496,212	-	105,864	3,390,348
Construction in progress	9,044,807	2,670,439	4,323,459	7,391,787
Total Capital Assets Not Being Depreciated	12,541,019	2,670,439	4,429,323	10,782,135
Capital assets being depreciated:				
Buildings and system	3,914,671	-	-	3,914,671
Improvements other than buildings	381,309,724	9,477,043	-	390,786,767
Infrastructure	3,902,943	-	-	3,902,943
Machinery and equipment	32,089,064	1,926,619	68,456	33,947,227
Total Capital Assets Being Depreciated	421,216,402	11,403,662	68,456	432,551,608
Less accumulated depreciation for:				
Buildings and system	(2,013,128)	(92,645)	-	(2,105,773)
Improvements other than buildings	(151,568,053)	(6,830,042)	-	(158,398,095)
Infrastructure	(1,087,772)	(80,629)	-	(1,168,401)
Machinery and equipment	(25,055,271)	(2,105,638)	(68,456)	(27,092,453)
Total Accumulated Depreciation	(179,724,224)	(9,108,954)	(68,456)	(188,764,722)
Total Capital Assets Being Depreciated, Net	241,492,178	2,294,708	-	243,786,886
Business-type Activities Capital Assets, Net	\$ 254,033,197	4,965,147	4,429,323	254,569,021

4. DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets (continued)

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

Governmental Activities:

General government	\$	748,508
Public safety		1,435,060
Public works		15,884,383
Health and welfare		187,030
Culture and recreation		1,908,261
Capital assets held by the City's Internal Service Funds are charged to the various functions based on their usage of the assets		<u>3,942,706</u>

Total Depreciation Expense - Governmental Activities	\$	<u>24,105,948</u>
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Business-type Activities:

Water	\$	7,667,802
Solid waste		<u>1,441,152</u>

Total Depreciation Expense - Business-type Activities	\$	<u>9,108,954</u>
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Construction Commitments

The City has active construction projects as of September 30, 2018. At year-end, the City's commitments are as follows on the next two pages:

<u>Project</u>	<u>Expenditures to Date</u>	<u>Remaining Commitments</u>
Governmental Activities:		
Lakeside Center	\$ 7,065,345	314,100
Fire Station No. 1 Relocation	7,741,174	328,500
Riverfront Development	162,412	119,000
Dowlen Road Overlay	2,781,337	978,000
Washington Blvd - MLK to IH10	20,943,176	10,391,000
Northwest Parkway	11,610,980	127,000
Storm Water Master Plan	1,703,647	50,000
Airport Fence	<u>246,000</u>	<u>64,000</u>
Total Governmental Activities	\$ <u>52,254,071</u>	<u>12,371,600</u>

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>
Business-type Activities:		
36" Diameter Water Transmission Line	\$ 398,452	9,100
Florida Avenue & Fannett Rd Interceptors	1,040,697	20,000
Primer Sanitary Sewer Lift Station	71,574	77,900
Wall & Ave C Lift Stations	237,639	100,000
Washington - Langham to Major	84,076	81,900
Washington - IH10 to MLK	1,949,882	1,174,000
Keith Road Water Line - Phelan to Dishman Rd	614,552	323,000
Northwest Parkway	1,395,549	5,000
WWTP Chlorine Disinfection System	157,346	103,000
WWTP Sludge Thickener	73,890	839,500
WWTP Sludge Improvements	210,645	758,400
Reahb West Elevated Storage Tank	21,470	47,930
Drinking Water Quality Assessment	405,871	47,000
Assessment of Sewer Collection System - City Wide	<u>411,701</u>	<u>280,000</u>
Total Business-type Activities	\$ <u>7,073,344</u>	<u>3,866,730</u>

Due to a change in management priorities and budget constraints, the City determined that certain construction projects as previously recorded as construction in progress will not be completed in the foreseeable future. As a result, the City removed these assets from construction in progress in 2018 resulting in \$233,545 reported in government type activities as public works expense.

4. DETAILED NOTES ON ALL FUNDS (continued)

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2018, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Governmental Funds	
	Nonmajor Governmental	<u>9,863,858</u>
	Total Governmental Funds	<u>\$ 9,863,858</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:

Interfund transfers during the year ended September 30, 2018, were as follows:

	<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	\$ -	-	2,875,000	1,190,000	4,065,000
Nonmajor					
Governmental	600,000	989,966	2,100,000	1,110,000	4,799,966
Water	7,900,000	-	-	160,000	8,060,000
Solid Waste	<u>1,700,000</u>	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>1,780,000</u>
Total Transfers Out	<u>\$ 10,200,000</u>	<u>989,966</u>	<u>4,975,000</u>	<u>2,540,000</u>	<u>18,704,966</u>

Transfers are primarily used to move funds from:

- The Proprietary Funds and Hotel Occupancy Tax Fund to the General Fund for payments in lieu of taxes.
- HUD Community Development Fund to the Debt Service Fund to cover a debt payment.
- The General Fund to finance various programs in accordance with budgetary authorizations.

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Liabilities

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. During the year \$9,260,000 of certificate of obligation were issued to finance the City's ongoing street rehabilitation program.

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, 2018:

Changes in Long-Term Liabilities					
	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 110,801,150	-	5,449,600	105,351,550	5,375,000
Certificates of obligation	93,005,000	9,260,000	1,415,000	100,850,000	2,355,000
Issuance premiums	15,804,781	904,115	1,076,465	15,632,431	1,127,835
Total Bonds Payable	219,610,931	10,164,115	7,941,065	221,833,981	8,857,835
Net OPEB liability	32,276,816	3,472,711	-	35,749,527	3,079,554
Net pension liability BFRRF	91,720,148	-	12,776,754	78,943,394	-
Net pension liability TMRS	69,706,613	-	23,153,070	46,553,543	-
U. S. Government Note	1,370,000	-	1,370,000	-	-
Notes	788,817	-	313,652	475,165	272,997
Capital leases	652,000	691,000	156,639	1,186,361	334,167
Claims payable	694,257	736,713	412,136	1,018,834	-
Compensated absences	22,492,633	2,059,134	1,540,619	23,011,148	1,450,214
Governmental Activity					
Long-term Liabilities	\$ 439,312,215	17,123,673	47,663,935	408,771,953	13,994,767
Business-type Activities					
Bonds payable:					
Revenue and refunding bonds	\$ 162,045,000	-	7,585,000	154,460,000	8,015,000
General obligation bonds	1,053,850	-	85,400	968,450	-
Issuance premiums	14,470,880	-	951,837	13,519,043	904,042
Total Bonds Payable	177,569,730	-	8,622,237	168,947,493	8,919,042
Capital leases	8,048,518	-	2,001,862	6,046,656	2,101,216
Notes/Loans	5,685,303	-	2,045,559	3,639,744	1,850,134
Net OPEB liability	6,690,710	719,863	-	7,410,573	638,365
Net pension liability TMRS	14,064,705	-	4,728,886	9,335,819	-
Compensated absences	1,383,047	242,990	112,324	1,513,713	89,981
Accrued landfill closure costs	3,760,873	93,091	-	3,853,964	-
Business-type Activity					
Long-term Liabilities	\$ 217,202,886	1,055,944	17,510,868	200,747,962	13,598,738

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Liabilities (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, 2018, follows:

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
Governmental Activities				
General Obligation Bonds				
Series 2011 Refunding	\$ 17,785,000	2025	5.00	\$ 9,650,000
Series 2012 Refunding	24,130,000	2033	4.10	19,000,000
Series 2015 Refunding	41,935,000	2030	4.41	40,420,000
Series 2016 Refunding	41,658,000	2034	2.04	36,281,550
Total General Obligation Bonds				\$ <u>105,351,550</u>
Certificates of Obligation				
Series 2009	\$ 29,950,000	2034	4.70	2,945,000
Series 2011	35,380,000	2040	4.88	27,205,000
Series 2012	22,400,000	2038	2.56	21,705,000
Series 2013	41,080,000	2037	4.41	39,735,000
Series 2018	9,260,000	2033	4.27	9,260,000
Total Certificates of Obligation				\$ <u>100,850,000</u>
Business-type Activities				
General Obligation Bonds				
Series 2016 Refunding	\$ 1,112,000	2034	2.04	\$ 968,450
Total General Obligation Bonds				\$ <u>968,450</u>
Revenue & Refunding Bonds				
Series 2010 Refunding	6,540,000	2020	4.93	\$ 6,540,000
Series 2010A	5,980,000	2020	4.93	1,675,000
Series 2010B	19,040,000	2036	4.93	19,040,000
Series 2012	19,890,000	2032	2.89	15,060,000
Series 2014A Refunding	69,300,000	2034	3.11	63,520,000
Series 2015A Refunding	31,055,000	2036	3.69	30,670,000
Series 2017	18,550,000	2037	2.98	17,955,000
Total Revenue & Refunding Bonds				\$ <u>154,460,000</u>

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Liabilities (continued)

Bonds and Certificates of Obligation Payable (continued)

The annual requirements to amortize general obligation bonds outstanding at September 30, 2018, are as follows:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 5,375,000	4,764,334	-	43,334
2020	5,710,000	4,497,209	-	43,334
2021	7,413,200	4,176,020	36,800	42,598
2022	7,772,500	3,803,268	87,500	39,675
2023	8,363,500	3,399,866	96,500	35,077
2024-2028	37,304,950	11,037,326	420,050	107,716
2029-2033	31,712,600	3,677,939	282,400	33,140
2034	1,699,800	33,993	45,200	907
Total	\$ <u>105,351,550</u>	<u>35,389,955</u>	<u>968,450</u>	<u>345,781</u>

The annual requirements to amortize governmental activity certificates of obligation outstanding at September 30, 2018, are as follows:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2019	\$ 2,355,000	4,649,136
2020	2,385,000	4,552,314
2021	875,000	4,498,176
2022	880,000	4,466,770
2023	750,000	4,434,288
2024-2028	15,105,000	20,879,535
2029-2033	33,620,000	15,190,823
2034-2038	39,430,000	5,788,377
2039-2040	5,450,000	276,000
Total	\$ <u>100,850,000</u>	<u>64,735,419</u>

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Liabilities (continued)

Bonds and Certificates of Obligation Payable (continued)

The annual requirements to amortize business-type activity revenue bonds outstanding as of September 30, 2018, are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 8,015,000	7,272,081
2020	8,310,000	6,979,431
2021	8,680,000	6,610,431
2022	9,080,000	6,218,420
2023	9,495,000	5,796,199
2024-2028	54,900,000	21,626,147
2029-2033	38,935,000	9,509,378
2034-2037	<u>17,045,000</u>	<u>1,714,235</u>
Total	\$ <u>154,460,000</u>	<u>65,726,322</u>

Revenue Bonds

Revenue bonds are used to finance the acquisition and construction of major capital improvements for the water and sewer system and related facilities. These revenue bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the water and sewer system.

The revenue bonds are collateralized by the revenue of the water and sewer system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the revenue bond funds. Remaining revenues may then be used for any lawful purpose. For fiscal year 2018, net revenue available for debt service was 1.87 times the average annual debt service requirement. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and certain financial ratios are met. Management of the City believes that it is in compliance with all significant financial requirements as of September 30, 2018.

Prior year defeasance of debt

In prior years, the government defeased bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2018, \$39,325,000 of defeased bonds remain outstanding.

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Liabilities (continued)

Capital Lease Obligations

The City has entered into certain capital lease agreements in order to purchase various pieces of equipment. During the current year, the City entered into a 4-year lease purchase agreement in the amount of \$691,000 to fund a Fire Pumper truck. These capital lease obligations are paid out of the Capital Reserve Fund.

Following is a summary of future lease payments outstanding as of September 30, 2018:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
2019	\$ 357,405	2,208,001	2,565,406
2020	357,404	2,275,000	2,632,404
2021	357,405	1,770,847	2,128,252
2022	<u>183,423</u>	<u>-</u>	<u>183,423</u>
Total minimum lease payments	1,255,637	6,253,848	7,509,485
Less: amount representing interest	<u>69,276</u>	<u>207,192</u>	<u>276,468</u>
Present value of minimum lease payments	\$ <u><u>1,186,361</u></u>	<u><u>6,046,656</u></u>	<u><u>7,233,017</u></u>

The net book value of capital assets under capital lease are \$16,250,456 as of September 30, 2018.

Notes Payable

The City entered into a note payable with Wells Fargo in 2016 in order to pay for various equipment. The note obligations for this agreement are paid out of the Capital Reserve Fund (\$349,274), the Water Fund (\$181,465) and the Solid Waste Fund (\$1,927,315) with an interest rate of 1.80% per annum.

The City entered into a note payable with Wells Fargo in 2014 in order to pay for various equipment. The note obligations outstanding for this agreement are paid out of the Capital Reserve Fund (\$125,890), the Water Fund (\$381,729) and the Solid Waste Fund (\$250,236) with an interest rate on 1.46% per annum.

The City entered into a tax note payable in the amount of \$1,600,000 with Wells Fargo in order to pay for a landfill cell. The note obligations for this agreement are paid out of the Solid Waste Fund with an interest rate of 1.84% per annum.

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-term Liabilities (continued)

Notes Payable (continued)

The annual requirements to amortize note payable outstanding at September 30, 2018, are as follows:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 272,997	5,988	1,850,134	48,731
2020	149,776	2,407	1,241,288	21,904
2021	52,392	204	548,322	3,364
Total	\$ 475,165	8,599	3,639,744	73,999

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, 2018 of \$5,295,000.

Segment Information

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

Endowment

David E. Dickenson willed the residuary of his estate “absolutely and in fee simple to the City to be credited to the Beaumont Public Library System Endowment Trust, the income only therefrom to be used for the purchase of books, not computer software, selected by the Director of Public Libraries of the Beaumont Public Library System with the approval of the Beaumont Library Commission.” Earnings from investments available for expenditure were \$11,358 for the year ended September 30, 2018. Accumulated earnings available for expenditure are reported as assigned net assets.

4. DETAILED NOTES ON ALL FUNDS (continued)

Other Information

Risk Management/Insurance Funds

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

The Employee Benefits Fund records all transactions related to employee health claims, workers' compensation claims, dental insurance premiums and the administration of these programs. The program is managed by a benefit coordinator with necessary support staff. The City offers employees an indemnity health plan. Under the indemnity health plan, the City retains all risks associated with the employee health program up to \$200,000 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 09/30/18	Year Ended 09/30/17
Liability for claims, beginning of fiscal year	\$ 3,631,792	3,269,811
Incurred claims and changes in estimated	15,137,065	14,489,421
Claim payments	(14,763,194)	(14,127,440)
Liability for claims, end of fiscal year	<u>4,005,663</u>	<u>3,631,792</u>
Long-term portion	<u>1,018,834</u>	<u>694,257</u>
Short-term portion	<u>\$ 2,986,829</u>	<u>2,937,535</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 09/30/18	Year Ended 09/30/17
Liability for claims, beginning of fiscal year	\$ 521,150	586,100
Incurred claims and changes in estimated Claim payments	964,555 (851,755)	565,044 (629,994)
Liability for claims, end of fiscal year	\$ <u>633,950</u>	<u>521,150</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 \$1.2 million as of September 30, 2018. At September 30, 2018, approximately \$380,000 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.

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	\$ 55,889,362	78,943,394	134,832,756
Deferred outflows of resources	9,185,093	26,946,829	36,131,922
Deferred inflows of resources	14,016,237	8,808,310	22,824,547
Pension expense	8,867,821	10,648,395	19,516,216

Texas Municipal Retirement System (TMRS)

Plan Description

The City of Beaumont participates as one of 883 plans in the nontraditional, joint contributory, hybrid agent multiple-employer 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 December 31, 2017
Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating
Supplement death benefit	
for active employees	No
for retirees	No

Employees covered by benefit terms

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

	As of December 31,	
	2016	2017
Inactive employees or beneficiaries currently receiving benefits	832	863
Inactive employees entitled to but not yet receiving benefits	343	375
Active employees	1003	992
	<u>2178</u>	<u>2230</u>

Contributions

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) 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% of employee contributions in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$11,527,171, 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, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, 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-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017 valuation were based on the results of actuarial experience studies. The experience study of TMRS was for the period December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial 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. 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.

4. DETAILED NOTES ON ALL FUNDS (continued)

Texas Municipal Retirement System (TMRS) (continued)

Net Pension Liability (continued)

Actuarial assumptions: (continued)

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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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.

4. DETAILED NOTES ON ALL FUNDS (continued)

Texas Municipal Retirement System (TMRS) (continued)

Net Pension Liability (continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at beginning of year	\$ 453,814,357	370,043,039	83,771,318
Changes for the year:			
Service cost	9,973,531	-	9,973,531
Interest	30,259,951	-	30,259,951
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,224,859)	-	(1,224,859)
Changes of assumptions	-	-	-
Contributions - employer	-	11,723,067	(11,723,067)
Contributions - employee	-	4,165,556	(4,165,556)
Net investment income	-	51,281,215	(51,281,215)
Benefit payments, including refunds of employee contributions	(21,011,114)	(21,011,114)	-
Administrative expense	-	(265,789)	265,789
Other changes	-	(13,470)	13,470
Net changes	17,997,509	45,879,465	(27,881,956)
Balance at end of year	\$ 471,811,866	415,922,504	55,889,362

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 6.75%, 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 (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	Discount Rate (5.75%)	Discount Rate (6.75%)	Discount Rate (7.75%)
City's net pension liability	\$118,634,507	\$55,889,362	\$4,123,253

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.tmr.com.

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

For the year ended September 30, 2018, the City recognized pension expense of \$8,867,821.

At September 30, 2018, 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
Change of assumptions	\$ 133,285	\$ -
Differences between expected and actual economic experience	-	3,687,028
Differences between projected and actual investment earnings	-	10,329,209
Contribution subsequent to the measurement date	9,051,808	-
Total	\$ <u>9,185,093</u>	\$ <u>14,016,237</u>

\$9,051,808 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, 2019. 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)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Year ended September 30:

2019	\$ (1,696,675)
2020	(1,337,938)
2021	(5,587,677)
2022	(5,260,662)
Total	<u>\$ (13,882,952)</u>

Basis for allocations

The City allocates pension items between governmental activities and business type activities on the basis of covered payroll of the respective activities.

Beaumont Firemen's Relief and Retirement Fund (BFRRF)

Plan Description

The Board of Trustees of the BFRRF 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.

The Fund is governed by a seven-member Board of Trustees (the "Board") consisting of three firefighter members (elected by the membership), one member representing the Mayor of the City of Beaumont, one member representing the City's Finance Officer and two residents of the City of Beaumont (non-employees of the City) who are elected by the previously defined five members of the Board. The Board has general powers and duties to administer the Fund, including appointing an administrator to carry out the business of the Board, investing the assets of the Fund, making expenditures from the Fund, and determining employees' eligibility for benefits.

Plan Membership as of the December 31, 2017 valuation and measurement date:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	217
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	4
Active Plan Members	<u>232</u>
	<u>453</u>

Benefits Provided

The benefit provisions of this plan are authorized by the Texas Local Fire Fighter's Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. Amending the plan requires approval of any proposed change by: a) an eligible actuary and b) a majority of the participating members of the fund.

4. DETAILED NOTES ON ALL FUNDS (continued)

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

Benefits Provided (continued)

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

Deferred Retirement Option Program

5-Year Retro Deferred Retirement Option Program (DROP):

Eligibility: Attainment of age 50 and 20 years of Service.

Participation Period: Not to Exceed 60 Months.

Accumulation: Sum of the monthly Service Retirement benefit the Member would have received if had retired on the Retro DROP determination date plus an amount equal to the Member contributions deposited into the fund subsequent to the Retro DROP determination date.

7-Year Retro Deferred Retirement Option Program (DROP):

Eligibility: Attainment of age 55 and 25 years of Service.

Participation Period: Not to Exceed 84 Months.

Accumulation: Sum of the monthly Service Retirement benefit the Member would have received if had retired on the Retro DROP determination date plus an amount equal to the Member contributions deposited into the fund subsequent to the Retro DROP determination date.

Post Retirement Option Plan (PROP)

Eligibility: Retro DROP Retiree.

Rate of Return: Members hired on or after January 1, 2017 will receive interest crediting in the PROP based on the actual investment return of the Fund, subject to a maximum of 6% and a minimum of 2%.

The PROP balance as December 31, 2017 is \$34,030,102.

Contributions

The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City. While the actual contribution rates are not actuarially determined, state law requires that each plan of benefits adopted by BFRRF be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement. 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.

4. DETAILED NOTES ON ALL FUNDS (continued)

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

Contributions (continued)

Employees were required to contribute 15.5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.5% in fiscal year 2018 and 15.0% in fiscal year 2017. The City's contributions to BFRRF for the year ended September 30, 2018 were \$2,886,573 and were equal to the required contributions.

Net Pension Liability

The BFRRF's net pension liability (NPL) was measured as of December 31, 2017, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of December 31, 2017. The components of the NPL on December 31, 2017 were as follows:

Total Pension Liability	\$ 194,564,104
Plan Fiduciary Net Pension	(115,620,710)
Sponsor's Net Pension Liability	\$ 78,943,394
Plan Fiduciary Net Pension as a percentage of Total Pension Liability	59.43%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of December 31, 2017 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	4.00% - 10.00%
Discount Rate	6.37%
Investment Rate of Return	8.00%

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

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

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study performed on August 20, 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. For 2017, the inflation rate assumption of the investment advisor was 2.50%.

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.

4. DETAILED NOTES ON ALL FUNDS (continued)

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

Net Pension Liability (continued)

Actuarial Assumptions: (continued)

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, 2017 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	47.5%	7.50%
International Equity	15.0%	8.50%
Fixed Income (Non-Core)	2.5%	2.50%
Domestic Fixed Income	20.0%	2.50%
Global Fixed Income	5.0%	3.50%
Real Estate	5.0%	4.50%
Alternative	5.0%	6.00%
Total	100%	

Discount Rate

The projection of cash flows used to determine the Discount Rate assumed that current Plan Member and Sponsor contributions will be made at the current contribution rate. Future Member's contributions in excess of their normal cost were also included. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to provide future benefit payments for 40 years. These payments were discounted using a discount rate of 8.00%. Future benefits payments beyond 40 years were discounted using a high-quality municipal bond rate of 3.44%. The high-quality municipal bond rate was based on the week closest to, but not later than, the measurement date of the Bond Buyer 20-Bond Index as published by the Bond Buyer. The single equivalent discount rate was 6.37%.

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

The following presents the net pension liability of the BFRRF, calculated using the discount rate of 6.37%, as well as what the BFRRF's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.37%) or 1 percentage point higher (7.37%) than the current rate:

	<u>1% Decrease 5.37%</u>	<u>Current Discount Rate 6.37%</u>	<u>1% Increase 7.37%</u>
BFRRF's net pension liability	\$ 96,081,614	\$ 78,943,394	\$ 64,359,285

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)
Balance at beginning of year	\$ 194,155,812	102,435,664	91,720,148
Changes for the year:			
Service cost	5,379,111	-	5,379,111
Interest	11,576,094	-	11,576,094
Difference between expected and actual experience	-	-	-
Changes of assumptions	(7,244,545)	-	(7,244,545)
Changes of benefit terms	-	-	-
Contributions - employer	-	2,935,156	(2,935,156)
Contributions - employee	-	2,935,156	(2,935,156)
Net investment income	-	17,013,405	(17,013,405)
Benefit payments, including refunds of employee contributions	(9,302,368)	(9,302,368)	-
Administrative expense	-	(396,303)	396,303
Net changes	408,292	13,185,046	(12,776,754)
Balance at end of year	\$ 194,564,104	115,620,710	78,943,394

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, 2018, the City recognized pension expense of \$10,648,395.

As of September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to BFRRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 5,364,770	-
Changes of assumptions	19,311,969	6,439,592
Net difference between Projected and Actual Earnings on Pension Plan investments	-	2,368,718
Employer contributions subsequent to the measurement date	2,270,090	-
Total	<u>\$ 26,946,829</u>	<u>8,808,310</u>

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, 2019. 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 ending September 30:</u>		
2019	\$	4,273,766
2020		3,234,938
2021		1,261,158
2022		1,320,411
2023		3,114,748
Thereafter		<u>2,663,408</u>
	\$	<u>15,868,429</u>

Pension Plan Fiduciary Net Position:

Information about the pension plan fiduciary net position can be found at www.beaumontfirepension.com

4. DETAILED NOTES ON ALL FUNDS (continued)

Postemployment Benefits Other Than Pension Benefits

Plan Description

All City of Beaumont employees retiring under TMRS or BFRRF will be provided the opportunity to elect employer-subsidized health insurance until age 65 if retired and/or hired by the City on or before December 31, 2016. Civilian employees and their dependents who retire and were hired by the City of Beaumont January 1, 2017 or later will be offered insurance at unsubsidized rates. The retiree plans are the same as the active plans. The medical and prescription drug coverages are self-insured by the City. The City's Retiree Health Insurance OPEB Plan is a single-employer defined benefit plan, defined by City policy. The OPEB Plan does not issue a separate report that includes financial statements and required supplementary information for the OPEB Plan.

As of the December 31, 2017 valuation date, the number of plan members split between active and inactive (retirees) consisted of the following:

Inactive (does not include spouses)	208
Active	<u>1055</u>
Total	<u><u>1263</u></u>

Contributions

Benefit provisions, as well as retiree premium contributions, are established by City management. The City determines the employer and participant contribution rates annually, based on recommendations of City staff and the City's benefit consultant. For the year ended September 30 2018, the City's average contribution rate was 3.08 percent of covered-employee payroll.

Investments

The City participates in the ICMA-RC's employer investment program which is designed to help meet public sector employer's retiree health obligations. The goal is to generate adequate long term returns that, when combined with contributions, will result in enough assets to pay the present and future obligations of the City's OPEB plan. The City's OPEB plan investments are 100% invested in the American Balanced Fund. This fund has a traditional balanced approach with a diversified portfolio of quality stocks and bonds. This fund seeks three goals: capital conservation, current income and long-term growth of capital and income.

Concentration: Assets of the OPEB plan are held in trust by ICMA-RC which is fully discussed in Note 4 of this report.

Rate of return: For the year ended December 31, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 15.77 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

4. DETAILED NOTES ON ALL FUNDS (continued)

Postemployment Benefits Other Than Pension Benefits (continued)

Net OPEB Liability

The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. The components of the net OPEB liability on December 31, 2017 were as follows:

Total OPEB liability	\$	43,638,868
Plan fiduciary net position		<u>478,768</u>
Net OPEB liability	\$	<u>43,160,100</u>
Plan fiduciary net position as a % of total OPEB liability		1.1%

Actuarial Assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Actuarial cost method:	Entry Age Normal (level percent of salary)
Asset valuation method:	Market Value
Inflation:	2.50%
Salary increases:	3.00%
Discount rate:	3.31% (3.81% for the previous valuation)
Return on assets:	8.00%
Healthcare cost trend rates:	

Year	Rate	Year	Rate
2018-2019	10.0%	2024-2025	7.0%
2019-2020	9.5%	2025-2026	6.5%
2020-2021	9.0%	2026-2027	6.0%
2021-2022	8.5%	2027-2028	5.5%
2022-2023	8.0%	2028-2029	5.0%
2023-2024	7.5%	2029+	4.5%

Withdrawal (termination)	TMRS low turnover table adjusted to match the City's experience
Mortality:	RP-2014 Combined Dynamic Table projected using MP-2017
	2017 representative rates per thousand are as follows:

Age	Non-Annuitant		Annuitant	
	Male	Female	Male	Female
20	0.39	0.159	0.390	0.159
30	0.467	0.226	0.467	0.226
40	0.643	0.405	0.643	0.405
50	1.623	1.08	3.913	2.714
60	4.733	2.489	7.845	5.290
70	13.602	6.115	16.464	12.473
80	37.753	18.017	43.503	34.155
90	133.101	105.676	133.101	105.676

Age	Retirement Rates
40-44	0.50%
45-49	1.00%
50-54	2.50%
55-59	5.00%
60	20.00%
61-64	10.00%
65-69	50.00%
70+	100.00%

Percent Married:	45%
Spouse's Age:	Females are 3 years younger than males
Participation percentage	75% of those who retire elect the retiree medical plan

4. DETAILED NOTES ON ALL FUNDS (continued)

Postemployment Benefits Other Than Pension Benefits (continued)

Net OPEB Liability (continued)

Discount Rate

Funds available in the OPEB trust fund are not enough to cover future benefits payable under the plan. Therefore, a single discount rate of 3.31%, based on the Fidelity Municipal GO AA 20-year index, was used to measure the total OPEB liability as of December 31, 2017.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher than the current discount rate.

1% Decrease	Current Discount	1% Increase
2.31%	Rate	4.31%
	3.31%	
\$ 47,947,416	\$ 43,160,100	\$ 39,062,979

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate.

1% Decrease	Current Trend	1% Increase
9% --> 3.5%	Rate	11% --> 5.5%
	10% --> 4.5%	
\$ 39,006,703	\$ 43,160,100	\$ 48,023,546

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at beginning of year	\$ 39,382,708	415,182	38,967,526
Changes for the year:			
Service cost	1,608,135	-	1,608,135
Interest	1,458,304	-	1,458,304
Change of benefit terms	-	-	-
Difference between expected and actual experience	1,367,405	-	1,367,405
Changes of assumptions	2,253,261	-	2,253,261
Contributions - employer	-	2,430,945	(2,430,945)
Net investment income	-	65,351	(65,351)
Benefit payments	(2,430,945)	(2,430,945)	-
Administrative expense	-	(1,765)	1,765
Net changes	4,256,160	63,586	4,192,574
Balance at end of year	\$ 43,638,868	478,768	43,160,100

4. DETAILED NOTES ON ALL FUNDS (continued)

Postemployment Benefits Other Than Pension Benefits (continued)

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$3,481,145. At September 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 1,971,604	\$ -
Differences between expected and actual experience	1,196,480	-
Differences between expected and actual investment earnings	-	25,710
Contribution subsequent to the measurement date	2,182,881	-
Total	<u>\$ 5,350,965</u>	<u>\$ 25,710</u>

Deferred outflows of resources of \$2,182,881 related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for fiscal year 2019. Other amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense in the following fiscal years:

Year ended September 30:

2019	\$ 446,156
2021	446,156
2021	446,156
2022	446,156
2023	452,583
Thereafter	905,167
Total	<u>\$ 3,142,374</u>

The Net OPEB liability increased \$4.2 million from the prior year. The main cause for the increase would be attributable to the changes in assumptions. Specifically, the discount rate for the December 31, 2017 measurement decreased from 3.81% to 3.31% which caused an actuarial loss.

Closure and Postclosure Care Cost

The City owns and operates a landfill site located on Lavin 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.

4. DETAILED NOTES ON ALL FUNDS (continued)

Closure and Postclosure Care Cost (continued)

The \$3.85 million reported as landfill closure and postclosure care liability at September 30, 2018 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 \$3.57 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 2018. The City expects to close the landfill in the year 2065. Actual costs may be higher due to inflation, changes in technology or changes in regulations. As of September 30, 2018, 25% 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.

Tax Abatements

The City enters into economic development agreements to provide financial incentives for the purposes of stimulating the local economic development and business and commercial activity in the City. These agreements are authorized under Chapter 380 and Chapter 312 of the Texas Local Government Code. The City has entered into one (1) Chapter 380 agreement that calls for rebates of property taxes of 100% on assessed values for 10 years. In exchange for the ten-year tax abatement, the agreement calls for payments to the City in the amount of \$1,000,000 for fiscal years 2017 & 2018 and \$139,000 for the next 8 years. Also, The City has entered into one (1) Chapter 312 agreement that calls for rebates of property taxes of 100% on assessed values for 9 years. In exchange for the nine-year tax abatement, the agreement calls for payments to the City in the amount of \$850,000 for fiscal years 2018 & 2019 and \$161,000 for the next 7 years. The City abated no taxes under the Chapter 380 or 312 agreements during fiscal year 2018.

The City enters into industrial agreements to collect payments in lieu of taxes with companies located outside the city limits in our Extra Territorial Jurisdiction or ETJ. These agreements are made under the authority of Section 42.044 of the Texas Local Government Code. The City's practice is to have seven-year agreements with these companies whereby they make payments based on 80% of the appraised value for the first three years of the agreement and 75% of the appraised value during the last four years. In return, the companies provide for significant construction projects within the City's ETJ per the terms of the agreement. If the payments made by the companies under the agreements are not made timely to the city, the tax abatements may be recaptured immediately and paid to the City within 60 days. For fiscal year 2018, the City abated property taxes of \$1.5 million or 20% of the \$7.5 million total levy.

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.

4. DETAILED NOTES ON ALL FUNDS (continued)

Negative Fund Balances

Several funds ended the fiscal year with a negative fund balance or Net Position as follows:

The American Recovery and Reinvestment Act (ARRA) Fund had a negative fund balance in the amount of \$92,949 due to the timing of reimbursements related to current year expenditures.

The Harvey Recovery Fund had a negative fund balance in the amount of \$6,351,550 due to timing of reimbursements related to expenditures.

The Fleet Fund had a negative Net Position of \$2,092,912 due to pension costs accrued due to GASB 68 as well as OPEB costs accrued due to GASB 75.

The Employee Benefits Fund had a negative Net Position of \$475,069 due to higher claim payments than anticipated.

Change in Accounting Principle

In June 2015, the GASB issued Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement required recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. The City has reported the cumulative effect of applying GASB 75 as a restatement of net position as of October 1, 2017. This restatement affected previously reported net position as follows:

	Governmental Activities	Business-Type Activities	
Net Position, beginning	\$ 224,524,770	98,400,262	
Prior Period Adjustment to:			
Remove OPEB obligation recorded under GASB 45	2,363,005	-	
Record net OPEB liability	(32,276,816)	(6,690,710)	
Record deferred outflows - benefit contributions	1,309,390	271,426	
Prior Period Adjustment	(28,604,421)	(6,419,284)	
Net Position, beginning as restated	\$ 195,920,349	91,980,978	

	Water Fund	Solid Waste Fund	Governmental Activities Internal Service Funds
Net Position, beginning	\$ 96,070,088	3,093,190	16,427,350
Prior Period Adjustment to:			
Remove OPEB obligation recorded under GASB 45	-	-	2,363,005
Record net OPEB liability	(4,761,857)	(1,928,853)	(994,565)
Record deferred outflows - benefit contributions	193,177	78,249	40,347
Prior Period Adjustment	(4,568,680)	(1,850,604)	1,408,787
Net Position, beginning as restated	\$ 91,501,408	1,242,586	17,836,137

Adoption of GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* had no effect on net position of the financial statements or on net increase (decrease) in net position. It did however, change the requirements for information disclosed in the footnotes to the financial statements and information required to be presented as required supplementary information.

CITY OF BEAUMONT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGETARY BASIS (NON-GAAP) - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget -
				Over
				(Under)
REVENUES				
Sales taxes	\$ 39,107,500	39,107,500	45,348,315	6,240,815
Property taxes	35,750,000	35,750,000	35,961,592	211,592
Industrial payments	18,466,000	18,466,000	19,825,025	1,359,025
Gross receipts tax	7,980,000	7,980,000	8,719,686	739,686
Other	10,238,700	10,238,700	11,300,451	1,061,751
Total Revenues	111,542,200	111,542,200	121,155,069	9,612,869
EXPENDITURES				
Current				
General government	14,968,200	14,968,200	14,593,840	(374,360)
Public safety	66,429,000	66,429,000	65,654,282	(774,718)
Public works	19,272,700	19,272,700	18,491,533	(781,167)
Health and welfare	7,740,900	7,740,900	7,098,710	(642,190)
Cultural and recreational	8,526,200	8,526,200	8,399,907	(126,293)
Community development	3,526,500	3,526,500	3,304,548	(221,952)
Total Expenditures	120,463,500	120,463,500	117,542,820	(2,920,680)
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(8,921,300)	(8,921,300)	3,612,249	12,533,549
OTHER FINANCING SOURCES (USES)				
Transfers in	10,200,000	10,200,000	10,200,000	-
Transfers (out)	(2,575,000)	(4,065,000)	(4,065,000)	-
Total Other Financing Sources (Uses)	7,625,000	6,135,000	6,135,000	-
NET CHANGE IN FUND BALANCES	(1,296,300)	(2,786,300)	9,747,249	12,533,549
FUND BALANCES, BEGINNING OF YEAR	30,673,330	30,673,330	32,117,826	1,444,496
FUND BALANCES, END OF YEAR	\$ 29,377,030	27,887,030	41,865,075	13,978,045
NET CHANGE IN FUND BALANCE				
BUDGET BASIS			9,747,249	
Accrual of sales taxes			440,812	
Unbilled revenue			(11,451)	
NET CHANGE IN FUND BALANCE				
GAAP BASIS			10,176,610	

CITY OF BEAUMONT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Pension Liability				
Service Cost	\$ 8,714,393	8,786,936	9,341,259	9,973,531
Interest (on the Total Pension Liability)	28,492,097	29,372,028	29,202,744	30,259,951
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(4,591,373)	(4,827,084)	(2,398,676)	(1,224,859)
Change of assumptions	-	500,119	-	-
Benefit payments, including refunds of employee contributions	(18,596,454)	(21,565,432)	(20,587,182)	(21,011,114)
Net Change in Total Pension Liability	<u>14,018,663</u>	<u>12,266,567</u>	<u>15,558,145</u>	<u>17,997,509</u>
Total Pension Liability - Beginning	411,970,982	425,989,645	438,256,212	453,814,357
Total Pension Liability - Ending (a)	<u>\$ 425,989,645</u>	<u>438,256,212</u>	<u>453,814,357</u>	<u>471,811,866</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 11,399,122	10,730,515	10,646,369	11,723,067
Contributions - Employee	3,940,113	3,811,914	3,887,563	4,165,556
Net Investment Income	19,634,124	530,287	23,823,767	51,281,215
Benefit payments, including refunds of employee contributions	(18,596,454)	(21,565,432)	(20,587,182)	(21,011,114)
Administrative Expense	(204,998)	(323,004)	(269,089)	(265,789)
Other	(16,854)	(15,953)	(14,498)	(13,471)
Net Change in Plan Fiduciary Net Position	<u>16,155,053</u>	<u>(6,831,673)</u>	<u>17,486,930</u>	<u>45,879,464</u>
Plan Fiduciary Net Position - Beginning	343,232,731	359,387,784	352,556,109	370,043,039
Plan Fiduciary Net Position - Ending (b)	<u>\$ 359,387,784</u>	<u>352,556,111</u>	<u>370,043,039</u>	<u>415,922,503</u>
City's Net Pension Liability - Ending (a) - (b)	<u>\$ 66,601,861</u>	<u>85,700,101</u>	<u>83,771,318</u>	<u>55,889,363</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.37%	80.45%	81.54%	88.15%
Covered Payroll	\$ 56,029,678	54,441,982	55,536,615	59,507,944
City's Net Pension Liability as a Percentage of Covered Payroll	118.87%	157.42%	150.84%	93.92%

For 2017, the inflation rate used was 2.5%, the investment rate of return was 6.75%, and the experience study was last updated to use the period of December 31, 2010 - 2014.

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 GASB 68.

Fiduciary Net Position may be off a dollar due to rounding

**CITY OF BEAUMONT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**SCHEDULE OF CITY CONTRIBUTIONS
TMRS**

Year Ending September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll (1)	Contributions as a % of Covered Payroll
2015	\$ 10,860,092	\$ 10,860,092	\$ -	\$ 54,750,093	19.8%
2016	10,659,821	10,659,821	-	55,262,847	19.3%
2017	11,640,816	11,640,816	-	59,426,287	19.6%
2018	11,527,181	11,527,181	-	58,420,452	19.7%

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	28 Years
Asset Valuation Method	10 Year Smoothed Market; 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Investment Rate of Return	6.75%

Retirement Age Experienced-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014

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 GASB 68.

CITY OF BEAUMONT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Pension Liability				
Service Cost	\$ 3,073,795	3,297,539	5,066,507	5,379,111
Interest (on the Total Pension Liability)	10,966,384	11,527,058	10,932,945	11,576,094
Changes of benefit terms	-	-	103,039	-
Difference between expected and actual experience	-	401,716	6,553,232	-
Change of assumptions	-	24,448,566	3,873,763	(7,244,545)
Benefit payments, including refunds of employee contributions	(6,842,087)	(7,668,911)	(9,004,781)	(9,302,368)
Net Change in Total Pension Liability	<u>7,198,092</u>	<u>32,005,968</u>	<u>17,524,705</u>	<u>408,292</u>
Total Pension Liability - Beginning	<u>137,427,047</u>	<u>144,625,139</u>	<u>176,631,107</u>	<u>194,155,812</u>
Total Pension Liability - Ending (a)	<u><u>144,625,139</u></u>	<u><u>176,631,107</u></u>	<u><u>194,155,812</u></u>	<u><u>194,564,104</u></u>
Plan Fiduciary Net Position				
Contributions - Employer	2,606,467	2,631,981	2,702,543	2,935,156
Contributions - Employee	2,606,467	2,631,981	2,702,543	2,935,156
Net Investment Income	2,874,510	(1,751,709)	8,008,456	17,013,405
Benefit payments, including refunds of employee contributions	(6,842,087)	(7,668,911)	(9,004,781)	(9,302,368)
Administrative Expense	(234,937)	(266,365)	(350,646)	(396,303)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>1,010,420</u>	<u>(4,423,023)</u>	<u>4,058,115</u>	<u>13,185,046</u>
Plan Fiduciary Net Position - Beginning	<u>101,790,152</u>	<u>102,800,572</u>	<u>98,377,549</u>	<u>102,435,664</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>102,800,572</u></u>	<u><u>98,377,549</u></u>	<u><u>102,435,664</u></u>	<u><u>115,620,710</u></u>
City's Net Pension Liability - Ending (a) - (b)	<u><u>\$ 41,824,567</u></u>	<u><u>78,253,558</u></u>	<u><u>91,720,148</u></u>	<u><u>78,943,394</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	71.08%	55.70%	52.76%	59.43%
City's Covered Payroll	\$ 17,376,446	17,546,539	18,016,950	19,424,704
Net Pension Liability as a Percentage of Covered Payroll	240.70%	445.98%	509.08%	406.41%

Notes to Schedule:

Changes of assumptions:

For purposes of determining GASB Discount Rate at the 12/31/2017 measurement date, a depletion date projection as of that date have been performed. The results of this projection showed a single Discount Rate of 6.37%. The Discount Rate was increased from 5.94% to 6.37%.

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 GASB 68.

CITY OF BEAUMONT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

SCHEDULE OF CONTRIBUTIONS
BFRRF

Year Ending September 30,	Contributions in Relation to the					Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll		
2015	\$ 2,624,421	\$ 2,624,421	\$ -	\$ 17,496,137		15.0%
2016	2,787,922	2,787,922	-	18,586,147		15.0%
2017	2,908,525	2,908,525	-	19,390,167		15.0%
2018	2,886,573	2,886,573	-	18,623,049		15.5%

Notes to Schedule:

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:	104.0 Years (as of 12/31/2016 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.
Marital Status:	85% of actives are assumed to be married at time of benefit commencement with husbands being two years older than their spouse.
Mortality Rates - Healthy Lives:	RP2000 Combined Healthy Male Mortality Table without projection.
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 GASB 68.

**CITY OF BEAUMONT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**SCHEDULE OF INVESTMENT RETURNS
BFRRF**

<u>Fiscal Year Ended</u>	<u>Actual money-weighted rate of return, net of investment expense</u>
12/31/2014	2.85%
12/31/2015	-1.73%
12/31/2016	8.30%
12/31/2017	16.89%

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 GASB 68.

CITY OF BEAUMONT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

**SCHEDULE OF CHANGES IN THE CITY'S OTHER POSTEMPLOYMENT BENEFITS
AND RELATED RATIOS**

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 1,608,135
Interest (on the Total OPEB Liability)	1,458,304
Difference between expected and actual experience	1,367,405
Change of assumptions	2,253,261
Benefit payments	<u>(2,430,945)</u>
Net Change in Total OPEB Liability	4,256,160
Total OPEB Liability - Beginning	<u>39,382,708</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 43,638,868</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 2,430,945
Net Investment Income	65,351
Benefit payments	(2,430,945)
Administrative Expense	<u>(1,765)</u>
Net Change in Plan Fiduciary Net Position	63,586
Plan Fiduciary Net Position - Beginning	<u>415,182</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 478,768</u></u>
City's Net OPEB Liability - Ending (a) - (b)	<u><u>\$ 43,160,100</u></u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	1.10%
 Covered Payroll	 \$ 78,932,648
City's Net OPEB Liability as a Percentage of Covered Payroll	54.68%

For 2017, the initial discount rate for the 12/31/2016 measurement was 3.81%
The discount rate for the 12/31/2017 measurement was 3.31% which caused an actuarial loss

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 GASB75. Information presented in this schedule has been determined as of the City's measurement date (December 31) of the net OPEB liability in accordance with GASB 75.

Fiduciary Net Position may be off a dollar due to rounding

**CITY OF BEAUMONT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFITS TRUST FUND**

<u>Fiscal Year Ended</u>	<u>Actual money-weighted rate of return, net of investment expense</u>
12/31/2016	8.88%
12/31/2017	15.77%

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 GASB 74.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

Harvery Recovery Fund – to account for activities related to Hurricane Harvey.

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

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

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

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

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

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

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

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

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

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

Miscellaneous Trust Fund - to account for miscellaneous nonmajor contributions.

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

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

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

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

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

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

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

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

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

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

CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. The three funds consist of Airport Royalties for Street Improvement, General Improvement and Street Improvement.

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, 2018

	Special Revenue		
	American Recovery and Reinvestment Act (ARRA)	Confiscated Goods	EDA Small Business Loan
ASSETS			
Cash	\$ -	410,860	750,216
Investments	-	-	-
Receivables:			
Notes	-	-	15,903
Intergovernmental	168,590	-	-
Other	-	-	-
Inventories	-	-	-
Prepaid items	-	-	-
Total Assets	<u>168,590</u>	<u>410,860</u>	<u>766,119</u>
LIABILITIES			
Accounts payable	-	-	1,225
Accrued liabilities	-	-	-
Due to other funds	168,574	-	-
Other liabilities	-	-	-
Unearned revenue	-	36,305	748,991
Total Liabilities	<u>168,574</u>	<u>36,305</u>	<u>750,216</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	92,965	-	-
Unavailable revenue - notes	-	-	15,903
Total Deferred Inflows of Resources	<u>92,965</u>	<u>-</u>	<u>15,903</u>
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepays	-	-	-
Permanent fund principal	-	-	-
Restricted:			
Culture and recreation	-	-	-
General government	-	-	-
Public safety	-	374,555	-
Public works	-	-	-
Assigned:			
Culture and recreation	-	-	-
Public works	-	-	-
Unassigned:	<u>(92,949)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(92,949)</u>	<u>374,555</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>168,590</u>	<u>410,860</u>	<u>766,119</u>

Special Revenue

Harvey Recovery	Health Grants	Henry Homborg Golf Course	Historical Fire Museum Trust	HOME
-	-	298,760	855	-
-	-	-	-	-
-	-	-	-	442,360
6,116,047	305,787	-	-	86,209
-	416	17,374	-	-
-	-	-	-	-
-	-	-	-	-
<u>6,116,047</u>	<u>306,203</u>	<u>316,134</u>	<u>855</u>	<u>528,569</u>
81,463	6,632	7,194	-	10,949
-	14,236	6,717	-	-
6,291,461	285,335	-	-	75,260
-	-	-	-	-
6,094,673	-	5,142	-	-
<u>12,467,597</u>	<u>306,203</u>	<u>19,053</u>	<u>-</u>	<u>86,209</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>442,360</u>
-	-	-	-	442,360
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	297,081	855	-
-	-	-	-	-
(6,351,550)	-	-	-	-
<u>(6,351,550)</u>	<u>-</u>	<u>297,081</u>	<u>855</u>	<u>-</u>
<u>6,116,047</u>	<u>306,203</u>	<u>316,134</u>	<u>855</u>	<u>528,569</u>

(continued)

CITY OF BEAUMONT, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Special Revenue		
	Hotel Occupancy Tax	HUD Community Development	Ike Recovery
ASSETS			
Cash	\$ 641,542	-	632,268
Investments	-	-	1,031,595
Receivables:			
Notes	-	158,952	-
Intergovernmental	-	1,000,152	-
Other	14,109	514,475	3,221
Inventories	-	-	-
Prepaid items	-	-	-
Total Assets	<u>655,651</u>	<u>1,673,579</u>	<u>1,667,084</u>
LIABILITIES			
Accounts payable	17,405	15,321	-
Accrued liabilities	13,965	4,724	-
Due to other funds	-	519,599	-
Other liabilities	-	-	-
Unearned revenue	-	460,508	1,529,104
Total Liabilities	<u>31,370</u>	<u>1,000,152</u>	<u>1,529,104</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	-	-	-
Unavailable revenue - notes	-	673,427	-
Total Deferred Inflows of Resources	<u>-</u>	<u>673,427</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepays	-	-	-
Permanent fund principal	-	-	-
Restricted:			
Culture and recreation	624,281	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Assigned:			
Culture and recreation	-	-	-
Public works	-	-	137,980
Unassigned:	-	-	-
Total Fund Balances	<u>624,281</u>	<u>-</u>	<u>137,980</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>655,651</u>	<u>1,673,579</u>	<u>1,667,084</u>

Special Revenue

<u>Library Grants</u>	<u>Library Trust</u>	<u>Miscellaneous Grant</u>	<u>Miscellaneous Trust</u>	<u>Municipal Airport</u>
10,340	322,207	2,009	454,081	-
-	-	-	-	1,978,304
-	-	-	-	-
-	-	-	-	-
-	-	-	879	-
-	-	-	-	-
-	-	-	-	-
<u>10,340</u>	<u>322,207</u>	<u>2,009</u>	<u>454,960</u>	<u>1,978,304</u>
-	177	-	2,680	248,583
-	-	-	-	2,670
-	-	-	-	3,356
-	-	-	-	9,440
-	-	-	-	8,687
<u>-</u>	<u>177</u>	<u>-</u>	<u>2,680</u>	<u>272,736</u>
9,600	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>9,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
740	322,030	2,009	452,280	-
-	-	-	-	1,705,568
-	-	-	-	-
<u>740</u>	<u>322,030</u>	<u>2,009</u>	<u>452,280</u>	<u>1,705,568</u>
<u>10,340</u>	<u>322,207</u>	<u>2,009</u>	<u>454,960</u>	<u>1,978,304</u>

(continued)

CITY OF BEAUMONT, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

Special Revenue

	Municipal Court Juvenile Case Manager	Municipal Court Security	Municipal Court Technology
ASSETS			
Cash	\$ 295,845	87,012	150,730
Investments	-	-	-
Receivables:			
Notes	-	-	-
Intergovernmental	-	-	-
Other	9,324	5,626	7,493
Inventories	-	-	-
Prepaid items	-	-	-
Total Assets	<u>305,169</u>	<u>92,638</u>	<u>158,223</u>
LIABILITIES			
Accounts payable	5,411	-	-
Accrued liabilities	998	1,098	-
Due to other funds	-	-	-
Other liabilities	-	-	-
Unearned revenue	-	-	-
Total Liabilities	<u>6,409</u>	<u>1,098</u>	<u>-</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	-	-	-
Public safety	298,760	91,540	158,223
Public works	-	-	-
Assigned:			
Culture and recreation	-	-	-
Public works	-	-	-
Unassigned:	-	-	-
Total Fund Balances	<u>298,760</u>	<u>91,540</u>	<u>158,223</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 305,169</u>	<u>92,638</u>	<u>158,223</u>

Special Revenue

<u>Municipal Transit</u>	<u>Police Grants</u>	<u>Public Education Government Programming</u>	<u>Shelter Plus Care</u>	<u>Texas Motor Carrier Violations</u>
291	-	423,278	-	89,489
-	-	690,611	-	-
-	-	-	-	-
2,139,995	1,592,057	-	31,436	-
66,408	800	2,156	-	1,296
338,854	-	-	-	-
426,500	-	-	-	-
<u>2,972,048</u>	<u>1,592,857</u>	<u>1,116,045</u>	<u>31,436</u>	<u>90,785</u>
55,801	128,362	189,212	31,436	690
232,008	4,646	-	-	-
1,211,100	1,309,173	-	-	-
558,127	85,122	-	-	-
-	50,998	-	-	-
<u>2,057,036</u>	<u>1,578,301</u>	<u>189,212</u>	<u>31,436</u>	<u>690</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
338,854	-	-	-	-
426,500	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	926,833	-	-
-	14,556	-	-	90,095
-	-	-	-	-
-	-	-	-	-
149,658	-	-	-	-
-	-	-	-	-
<u>915,012</u>	<u>14,556</u>	<u>926,833</u>	<u>-</u>	<u>90,095</u>
<u>2,972,048</u>	<u>1,592,857</u>	<u>1,116,045</u>	<u>31,436</u>	<u>90,785</u>

(continued)

CITY OF BEAUMONT, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	<u>Special Revenue</u>	<u>Capital Project</u>	
	Tyrrell Historical Trust	Airport Royalties for Street Improvement	General Improvement
ASSETS			
Cash	\$ 13,972	428,238	2,919,345
Investments	-	12,607,859	4,763,143
Receivables:			
Notes	-	-	-
Intergovernmental	-	-	-
Other	-	-	14,872
Inventories	-	-	-
Prepaid items	-	-	-
	<u>13,972</u>	<u>13,036,097</u>	<u>7,697,360</u>
Total Assets			
LIABILITIES			
Accounts payable	-	1,494,141	951,301
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Other liabilities	-	-	-
Unearned revenue	-	-	-
	<u>-</u>	<u>1,494,141</u>	<u>951,301</u>
Total Liabilities			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	-	-	-
Unavailable revenue - notes	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources			
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepays	-	-	-
Permanent fund principal	-	-	-
Restricted:			
Culture and recreation	-	-	5,734,150
General government	-	-	-
Public safety	-	-	1,011,909
Public works	-	11,541,956	-
Assigned:			
Culture and recreation	13,972	-	-
Public works	-	-	-
Unassigned:	-	-	-
	<u>13,972</u>	<u>11,541,956</u>	<u>6,746,059</u>
Total Fund Balances			
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>13,972</u>	<u>13,036,097</u>	<u>7,697,360</u>

<u>Capital Project</u>	<u>Permanent</u>		
<u>Street Improvement</u>	<u>Julie Rogers Trust</u>	<u>Library Endowment Trust</u>	<u>Total Nonmajor Governmental Funds</u>
6,361,582	28,255	159,186	14,480,361
10,379,422	100,000	761,185	32,312,119
-	-	-	617,215
1,636,551	-	-	13,076,824
32,545	-	1,782	692,776
-	-	-	338,854
-	-	-	426,500
<u>18,410,100</u>	<u>128,255</u>	<u>922,153</u>	<u>61,944,649</u>
776,180	-	-	4,024,163
-	-	-	281,062
-	-	-	9,863,858
-	-	-	652,689
-	-	-	8,934,408
<u>776,180</u>	<u>-</u>	<u>-</u>	<u>23,756,180</u>
-	-	-	102,565
-	-	-	1,131,690
-	-	-	1,234,255
-	-	-	338,854
-	-	-	426,500
-	100,000	761,185	861,185
-	28,255	-	6,386,686
-	-	-	926,833
-	-	-	2,039,638
17,633,920	-	-	29,175,876
-	-	160,968	1,249,935
-	-	-	1,993,206
-	-	-	(6,444,499)
<u>17,633,920</u>	<u>128,255</u>	<u>922,153</u>	<u>36,954,214</u>
<u>18,410,100</u>	<u>128,255</u>	<u>922,153</u>	<u>61,944,649</u>

CITY OF BEAUMONT, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue		
	American Recovery and Reinvestment Act (ARRA)	Confiscated Goods	EDA Small Business Loan
REVENUES			
Gross receipts taxes	\$ -	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental	-	278,507	2,684
Investment earnings	-	3,003	-
Contributions	-	-	-
Oil and gas royalties	-	-	-
Miscellaneous	-	-	-
Total Revenues	-	281,510	2,684
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	143,675	-
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreational	-	-	-
Housing and economic development	-	-	2,684
Capital outlay	-	-	-
Debt Service:			
Issuance cost - debt	-	-	-
Total Expenditures	-	143,675	2,684
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	137,835	-
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Bond premium	-	-	-
Transfers in	-	-	-
Transfers (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCES	-	137,835	-
FUND BALANCES - BEGINNING	(92,949)	236,720	-
FUND BALANCES - ENDING	\$ (92,949)	374,555	-

Special Revenue

Harvey Recovery	Health Grants	Henry Homberg Golf Course	Historical Fire Museum Trust	HOME
-	-	-	-	-
-	14,664	461,908	-	-
-	-	-	-	-
274,131	1,138,978	-	-	545,630
-	-	2,328	14	-
-	-	-	-	-
-	-	-	-	-
64,750	-	-	-	-
<u>338,881</u>	<u>1,153,642</u>	<u>464,236</u>	<u>14</u>	<u>545,630</u>
54,902	-	-	-	-
84,363	-	-	-	-
2,392,509	-	-	-	-
1,155	1,153,642	-	-	-
161,090	-	718,424	521	-
-	-	-	-	545,630
105,804	-	37,261	-	-
-	-	-	-	-
<u>2,799,823</u>	<u>1,153,642</u>	<u>755,685</u>	<u>521</u>	<u>545,630</u>
<u>(2,460,942)</u>	<u>-</u>	<u>(291,449)</u>	<u>(507)</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	300,000	-	-
-	-	-	-	-
-	-	<u>300,000</u>	<u>-</u>	<u>-</u>
(2,460,942)	-	8,551	(507)	-
<u>(3,890,608)</u>	<u>-</u>	<u>288,530</u>	<u>1,362</u>	<u>-</u>
<u>(6,351,550)</u>	<u>-</u>	<u>297,081</u>	<u>855</u>	<u>-</u>

(continued)

CITY OF BEAUMONT, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue		
	Hotel Occupancy Tax	HUD Community Development	Ike Recovery
REVENUES			
Gross receipts taxes	\$ 3,987,487	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental	-	1,403,632	1,000,000
Investment earnings	22,595	-	28,320
Contributions	-	-	-
Royalties	-	-	-
Miscellaneous	28,333	-	-
Total Revenues	4,038,415	1,403,632	1,028,320
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreational	2,019,302	-	-
Housing and economic development	-	510,666	-
Capital outlay	45,030	-	-
Debt Service:			
Issuance cost - debt	-	-	-
Total Expenditures	2,064,332	510,666	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,974,083	892,966	1,028,320
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Bond premium	-	-	-
Transfers in	-	-	-
Transfers (out)	(2,907,000)	(892,966)	(1,000,000)
Total Other Financing Sources (Uses)	(2,907,000)	(892,966)	(1,000,000)
NET CHANGE IN FUND BALANCES	(932,917)	-	28,320
FUND BALANCES - BEGINNING	1,557,198	-	109,660
FUND BALANCES - ENDING	\$ 624,281	-	137,980

Special Revenue

Library Grants	Library Trust	Miscellaneous Grant	Miscellaneous Trust	Municipal Airport
-	-	-	-	-
-	-	-	-	354,324
-	-	-	-	-
4,627	-	58,804	-	-
62	3,858	-	5,127	297,778
-	33,613	-	231,134	-
-	-	-	-	9,204
-	-	-	-	-
<u>4,689</u>	<u>37,471</u>	<u>58,804</u>	<u>236,261</u>	<u>661,306</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	533,086
-	-	-	-	-
4,627	34,353	58,804	139,919	-
-	-	-	-	-
-	-	-	-	431,059
-	-	-	-	-
<u>4,627</u>	<u>34,353</u>	<u>58,804</u>	<u>139,919</u>	<u>964,145</u>
<u>62</u>	<u>3,118</u>	<u>-</u>	<u>96,342</u>	<u>(302,839)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
62	3,118	-	96,342	(302,839)
<u>678</u>	<u>318,912</u>	<u>2,009</u>	<u>355,938</u>	<u>2,008,407</u>
<u>740</u>	<u>322,030</u>	<u>2,009</u>	<u>452,280</u>	<u>1,705,568</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, 2018

	Special Revenue		
	Municipal Court Juvenile Case Manager	Municipal Court Security	Municipal Court Technology
REVENUES			
Gross receipts taxes	\$ -	-	-
Charges for services	-	-	-
Fines and forfeitures	106,183	53,318	71,007
Intergovernmental	-	-	-
Investment earnings	3,174	1,002	1,797
Contributions	-	-	-
Royalties	-	-	-
Miscellaneous	-	-	-
Total Revenues	<u>109,357</u>	<u>54,320</u>	<u>72,804</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	51,330	51,325	73,794
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreational	-	-	-
Housing and economic development	-	-	-
Capital outlay	-	-	-
Debt Service:			
Issuance cost - debt	-	-	-
Total Expenditures	<u>51,330</u>	<u>51,325</u>	<u>73,794</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>58,027</u>	<u>2,995</u>	<u>(990)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Bond premium	-	-	-
Transfers in	-	-	-
Transfers (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	58,027	2,995	(990)
FUND BALANCES - BEGINNING	<u>240,733</u>	<u>88,545</u>	<u>159,213</u>
FUND BALANCES - ENDING	<u>\$ 298,760</u>	<u>91,540</u>	<u>158,223</u>

Special Revenue

<u>Municipal Transit</u>	<u>Police Grants</u>	<u>Public Education Government Programming</u>	<u>Shelter Plus Care</u>	<u>Texas Motor Carrier Violations</u>
-	-	247,221	-	-
470,013	-	-	-	-
-	-	-	-	29,678
2,857,382	1,875,045	-	164,431	-
305	-	12,519	-	1,011
-	-	-	-	-
-	-	-	-	-
210,773	-	-	-	-
<u>3,538,473</u>	<u>1,875,045</u>	<u>259,740</u>	<u>164,431</u>	<u>30,689</u>
-	-	192,142	-	-
-	1,571,944	-	-	21,880
5,469,159	-	-	-	-
-	-	-	164,431	-
-	-	-	-	-
-	-	-	-	-
213,602	303,101	-	-	-
-	-	-	-	-
<u>5,682,761</u>	<u>1,875,045</u>	<u>192,142</u>	<u>164,431</u>	<u>21,880</u>
<u>(2,144,288)</u>	<u>-</u>	<u>67,598</u>	<u>-</u>	<u>8,809</u>
-	-	-	-	-
-	-	-	-	-
2,575,000	-	-	-	-
-	-	-	-	-
<u>2,575,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
430,712	-	67,598	-	8,809
<u>484,300</u>	<u>14,556</u>	<u>859,235</u>	<u>-</u>	<u>81,286</u>
<u>915,012</u>	<u>14,556</u>	<u>926,833</u>	<u>-</u>	<u>90,095</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, 2018

	Special Revenue	Capital Project	
	Tyrrell Historical Trust	Airport Royalties for Street Improvement	General Improvement
REVENUES			
Gross receipts taxes	\$ -	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental	-	-	-
Investment earnings	184	-	109,302
Contributions	18,075	-	-
Royalties	-	-	-
Miscellaneous	-	-	-
Total Revenues	18,259	-	109,302
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreational	18,441	-	-
Housing and economic development	-	-	-
Capital outlay	-	9,061,068	6,674,962
Debt Service:			
Issuance cost - debt	-	-	-
Total Expenditures	18,441	9,061,068	6,674,962
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(182)	(9,061,068)	(6,565,660)
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Bond premium	-	-	-
Transfers in	-	-	2,100,000
Transfers (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	2,100,000
NET CHANGE IN FUND BALANCES	(182)	(9,061,068)	(4,465,660)
FUND BALANCES - BEGINNING	14,154	20,603,024	11,211,719
FUND BALANCES - ENDING	\$ 13,972	11,541,956	6,746,059

<u>Capital Project</u>	<u>Permanent</u>		
<u>Street Improvement</u>	<u>Julie Rogers Trust</u>	<u>Library Endowment Trust</u>	<u>Total Nonmajor Governmental Funds</u>
-	-	-	4,234,708
-	-	-	1,300,909
-	-	-	260,186
4,400,043	-	-	14,003,894
134,851	1,513	11,358	640,101
-	-	1,943	284,765
-	-	-	9,204
-	-	-	303,856
<u>4,534,894</u>	<u>1,513</u>	<u>13,301</u>	<u>21,037,623</u>
-	-	-	247,044
-	-	-	1,998,311
-	-	-	8,394,754
-	-	-	1,319,228
-	-	6,542	3,162,023
-	-	-	1,058,980
7,320,112	-	-	24,191,999
<u>151,678</u>	<u>-</u>	<u>-</u>	<u>151,678</u>
<u>7,471,790</u>	<u>-</u>	<u>6,542</u>	<u>40,524,017</u>
<u>(2,936,896)</u>	<u>1,513</u>	<u>6,759</u>	<u>(19,486,394)</u>
9,260,000	-	-	9,260,000
891,678	-	-	891,678
-	-	-	4,975,000
-	-	-	(4,799,966)
<u>10,151,678</u>	<u>-</u>	<u>-</u>	<u>10,326,712</u>
7,214,782	1,513	6,759	(9,159,682)
<u>10,419,138</u>	<u>126,742</u>	<u>915,394</u>	<u>46,113,896</u>
<u>17,633,920</u>	<u>128,255</u>	<u>922,153</u>	<u>36,954,214</u>

CITY OF BEAUMONT, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Property taxes	\$ 16,000,000	16,084,051	84,051
Investment earnings	20,000	99,970	79,970
Miscellaneous	130,000	121,541	(8,459)
Total Revenues	<u>16,150,000</u>	<u>16,305,562</u>	<u>155,562</u>
EXPENDITURES			
Debt service:			
Principal and interest	17,760,400	17,534,719	(225,681)
Service charges	5,000	-	(5,000)
Other operating expenses	10,000	-	(10,000)
Total Expenditures	<u>17,775,400</u>	<u>17,534,719</u>	<u>(240,681)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,625,400)</u>	<u>(1,229,157)</u>	<u>396,243</u>
OTHER FINANCING SOURCES			
Bond premium	-	12,437	12,437
Transfers in	987,000	989,966	2,966
Total Other Financing Sources	<u>987,000</u>	<u>1,002,403</u>	<u>15,403</u>
NET CHANGE IN FUND BALANCES	(638,400)	(226,754)	411,646
FUND BALANCES, BEGINNING	<u>3,269,518</u>	<u>3,254,014</u>	<u>(15,504)</u>
FUND BALANCES, ENDING	<u>\$ 2,631,118</u>	<u>3,027,260</u>	<u>396,142</u>

CITY OF BEAUMONT, TEXAS
CONFISCATED GOODS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Intergovernmental	\$ 40,000	278,507	238,507
Investment earnings	500	3,003	2,503
Total Revenues	<u>40,500</u>	<u>281,510</u>	<u>241,010</u>
EXPENDITURES			
Current			
Public safety	198,142	143,675	(54,467)
Total Expenditures	<u>198,142</u>	<u>143,675</u>	<u>(54,467)</u>
NET CHANGE IN FUND BALANCES	(157,642)	137,835	295,477
FUND BALANCES, BEGINNING	<u>157,642</u>	<u>236,720</u>	<u>79,078</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>374,555</u>	<u>374,555</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Charges for services	\$ 553,000	553,000	461,908	(91,092)
Investment earnings	500	500	2,328	1,828
Total Revenues	<u>553,500</u>	<u>553,500</u>	<u>464,236</u>	<u>(89,264)</u>
EXPENDITURES				
Current				
Culture and recreation	700,500	700,500	718,424	17,924
Capital outlay	95,900	95,900	37,261	(58,639)
Total Expenditures	<u>796,400</u>	<u>796,400</u>	<u>755,685</u>	<u>(40,715)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(242,900)</u>	<u>(242,900)</u>	<u>(291,449)</u>	<u>(48,549)</u>
OTHER FINANCING SOURCES				
Transfers in	-	300,000	300,000	-
Total Other Financing Sources	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(242,900)	57,100	8,551	(48,549)
FUND BALANCES, BEGINNING	<u>263,633</u>	<u>263,633</u>	<u>288,530</u>	<u>24,897</u>
FUND BALANCES, ENDING	<u>\$ 20,733</u>	<u>320,733</u>	<u>297,081</u>	<u>(23,652)</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, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ -	14	14
Contributions	300	-	(300)
Total Revenues	<u>300</u>	<u>14</u>	<u>(286)</u>
EXPENDITURES			
Current			
Culture and recreational	1,074	521	(553)
Total Expenditures	<u>1,074</u>	<u>521</u>	<u>(553)</u>
NET CHANGE IN FUND BALANCES	(774)	(507)	267
FUND BALANCES, BEGINNING	<u>774</u>	<u>1,362</u>	<u>588</u>
FUND BALANCES, ENDING	\$ <u>-</u>	<u>855</u>	<u>855</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Gross receipts taxes	\$ 2,800,000	2,800,000	3,987,487	1,187,487
Investment earnings	8,000	8,000	22,595	14,595
Miscellaneous	12,400	12,400	28,333	15,933
Total Revenues	<u>2,820,400</u>	<u>2,820,400</u>	<u>4,038,415</u>	<u>1,218,015</u>
EXPENDITURES				
Current				
Culture and recreational	1,994,700	2,024,700	2,019,302	5,398
Capital outlay	-	45,000	45,030	(30)
Total Expenditures	<u>1,994,700</u>	<u>2,069,700</u>	<u>2,064,332</u>	<u>5,368</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>825,700</u>	<u>750,700</u>	<u>1,974,083</u>	<u>1,223,383</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(697,000)	(2,907,000)	(2,907,000)	-
Total Other Financing Sources (Uses)	<u>(697,000)</u>	<u>(2,907,000)</u>	<u>(2,907,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	128,700	(2,156,300)	(932,917)	1,223,383
FUND BALANCES, BEGINNING	<u>1,396,188</u>	<u>1,396,188</u>	<u>1,557,198</u>	<u>161,010</u>
FUND BALANCES, ENDING	<u>\$ 1,524,888</u>	<u>(760,112)</u>	<u>624,281</u>	<u>1,384,393</u>

CITY OF BEAUMONT, TEXAS
IKE RECOVERY FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Intergovernmental	\$ 1,618,857	1,000,000	(618,857)
Investment earnings	15,000	28,320	13,320
Total Revenues	<u>1,633,857</u>	<u>1,028,320</u>	<u>(605,537)</u>
EXPENDITURES			
Current			
Public works	744,319	-	(744,319)
Total Expenditures	<u>744,319</u>	<u>-</u>	<u>(744,319)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>889,538</u>	<u>1,028,320</u>	<u>138,782</u>
OTHER FINANCING SOURCES (USES)			
Transfers out			
Total Other Financing Sources (Uses)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(110,462)	28,320	138,782
FUND BALANCES, BEGINNING	<u>110,462</u>	<u>109,660</u>	<u>(802)</u>
FUND BALANCES, ENDING	\$ <u><u>-</u></u>	<u><u>137,980</u></u>	<u><u>137,980</u></u>

CITY OF BEAUMONT, TEXAS
LIBRARY TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ 200	3,858	3,658
Contributions	6,000	33,613	27,613
Total Revenues	<u>6,200</u>	<u>37,471</u>	<u>31,271</u>
EXPENDITURES			
Current			
Culture and recreational	314,584	34,353	(280,231)
Total Expenditures	<u>314,584</u>	<u>34,353</u>	<u>(280,231)</u>
NET CHANGE IN FUND BALANCES	(308,384)	3,118	311,502
FUND BALANCES, BEGINNING	<u>308,384</u>	<u>318,912</u>	<u>10,528</u>
FUND BALANCES, ENDING	\$ <u>-</u>	<u>322,030</u>	<u>322,030</u>

CITY OF BEAUMONT, TEXAS
MISCELLANEOUS TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ 1,500	5,127	3,627
Contributions	71,000	231,134	160,134
Total Revenues	<u>72,500</u>	<u>236,261</u>	<u>163,761</u>
EXPENDITURES			
Current			
Culture and recreational	419,981	139,919	(280,062)
Total Expenditures	<u>419,981</u>	<u>139,919</u>	<u>(280,062)</u>
NET CHANGE IN FUND BALANCES	(347,481)	96,342	443,823
FUND BALANCES, BEGINNING	<u>347,481</u>	<u>355,938</u>	<u>8,457</u>
FUND BALANCES, ENDING	\$ <u>-</u>	<u>452,280</u>	<u>452,280</u>

CITY OF BEAUMONT, TEXAS
MUNICIPAL AIRPORT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Charges for services	\$ 119,000	119,000	354,324	235,324
Royalties	-	-	9,204	9,204
Investment earnings	85,500	85,500	297,778	212,278
Total Revenues	<u>204,500</u>	<u>204,500</u>	<u>661,306</u>	<u>456,806</u>
EXPENDITURES				
Current				
Public works	239,700	669,700	533,086	(136,614)
Capital outlay	550,000	620,000	431,059	(188,941)
Total Expenditures	<u>789,700</u>	<u>1,289,700</u>	<u>964,145</u>	<u>(325,555)</u>
NET CHANGE IN FUND BALANCES	(585,200)	(1,085,200)	(302,839)	782,361
FUND BALANCES, BEGINNING	<u>1,911,067</u>	<u>1,911,067</u>	<u>2,008,407</u>	<u>97,340</u>
FUND BALANCES, ENDING	<u>\$ 1,325,867</u>	<u>825,867</u>	<u>1,705,568</u>	<u>879,701</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, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Fines and forfeitures	\$ 102,000	106,183	4,183
Interest	100	3,174	3,074
Total Revenues	<u>102,100</u>	<u>109,357</u>	<u>7,257</u>
EXPENDITURES			
Current			
Public safety	349,975	51,330	(298,645)
Total Expenditures	<u>349,975</u>	<u>51,330</u>	<u>(298,645)</u>
NET CHANGE IN FUND BALANCES	(247,875)	58,027	305,902
FUND BALANCES, BEGINNING	<u>247,875</u>	<u>240,733</u>	<u>(7,142)</u>
FUND BALANCES, ENDING	\$ <u>-</u>	<u>298,760</u>	<u>298,760</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, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Fines and forfeitures	\$ 53,000	53,318	318
Investment earnings	100	1,002	902
Total Revenues	<u>53,100</u>	<u>54,320</u>	<u>1,220</u>
EXPENDITURES			
Current			
Public safety	143,220	51,325	(91,895)
Total Expenditures	<u>143,220</u>	<u>51,325</u>	<u>(91,895)</u>
NET CHANGE IN FUND BALANCES	(90,120)	2,995	93,115
FUND BALANCES, BEGINNING	<u>90,120</u>	<u>88,545</u>	<u>(1,575)</u>
FUND BALANCES, ENDING	\$ <u>-</u>	<u>91,540</u>	<u>91,540</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, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Fines and forfeitures	\$ 75,000	71,007	(3,993)
Investment earnings	1,000	1,797	797
Total Revenues	<u>76,000</u>	<u>72,804</u>	<u>(3,196)</u>
EXPENDITURES			
Current			
Public safety	212,104	73,794	(138,310)
Total Expenditures	<u>212,104</u>	<u>73,794</u>	<u>(138,310)</u>
NET CHANGE IN FUND BALANCES	(136,104)	(990)	135,114
FUND BALANCES, BEGINNING	<u>136,104</u>	<u>159,213</u>	<u>23,109</u>
FUND BALANCES, ENDING	\$ <u>-</u>	<u>158,223</u>	<u>158,223</u>

CITY OF BEAUMONT, TEXAS
MUNICIPAL TRANSIT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Charges for services	\$ 465,000	470,013	5,013
Intergovernmental	3,191,000	2,857,382	(333,618)
Investment earnings	-	305	305
Miscellaneous	-	210,773	210,773
Total Revenues	<u>3,656,000</u>	<u>3,538,473</u>	<u>(117,527)</u>
EXPENDITURES			
Current			
Public works	5,620,000	5,469,159	(150,841)
Capital outlay	836,000	213,602	(622,398)
Total Expenditures	<u>6,456,000</u>	<u>5,682,761</u>	<u>(773,239)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(2,800,000)</u>	<u>(2,144,288)</u>	<u>655,712</u>
OTHER FINANCING SOURCES			
Transfers in	2,575,000	2,575,000	-
Total Other Financing Sources	<u>2,575,000</u>	<u>2,575,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(225,000)	430,712	655,712
FUND BALANCES, BEGINNING	<u>233,864</u>	<u>484,300</u>	<u>250,436</u>
FUND BALANCES, ENDING	\$ <u><u>8,864</u></u>	<u><u>915,012</u></u>	<u><u>906,148</u></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, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Gross receipts taxes	\$ 220,000	247,221	27,221
Investment earnings	2,000	12,519	10,519
Total Revenues	<u>222,000</u>	<u>259,740</u>	<u>37,740</u>
EXPENDITURES			
Current			
General Government	<u>1,064,190</u>	<u>192,142</u>	<u>(872,048)</u>
Total Expenditures	<u>1,064,190</u>	<u>192,142</u>	<u>(872,048)</u>
NET CHANGE IN FUND BALANCES	(842,190)	67,598	909,788
FUND BALANCES, BEGINNING	<u>842,190</u>	<u>859,235</u>	<u>17,045</u>
FUND BALANCES, ENDING	\$ <u><u>-</u></u>	<u><u>926,833</u></u>	<u><u>926,833</u></u>

CITY OF BEAUMONT, TEXAS
TEXAS MOTOR CARRIER VIOLATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Fines and forfeitures	\$ 35,000	29,678	(5,322)
Investment earnings	200	1,011	811
Total Revenues	<u>35,200</u>	<u>30,689</u>	<u>(4,511)</u>
EXPENDITURES			
Current			
Public safety	<u>109,490</u>	<u>21,880</u>	<u>(87,610)</u>
Total Expenditures	<u>109,490</u>	<u>21,880</u>	<u>(87,610)</u>
NET CHANGE IN FUND BALANCES	(74,290)	8,809	83,099
FUND BALANCES, BEGINNING	<u>74,290</u>	<u>81,286</u>	<u>6,996</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>90,095</u>	<u>90,095</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, 2018**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Contributions	15,300	18,075	2,775
Investment earnings	\$ -	184	184
Total Revenues	<u>15,300</u>	<u>18,259</u>	<u>2,959</u>
EXPENDITURES			
Current			
Culture and recreation	15,300	18,441	3,141
Capital	<u>25,537</u>	-	<u>(25,537)</u>
Total Expenditures	<u>40,837</u>	<u>18,441</u>	<u>(22,396)</u>
NET CHANGE IN FUND BALANCES	(25,537)	(182)	25,355
FUND BALANCES, BEGINNING	<u>25,537</u>	<u>14,154</u>	<u>11,554</u>
FUND BALANCES, ENDING	\$ <u>-</u>	<u>13,972</u>	<u>13,972</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, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ 700	1,513	813
Total Revenues	<u>700</u>	<u>1,513</u>	<u>813</u>
EXPENDITURES			
Current			
Culture and recreation	27,341	-	(27,341)
Total Expenditures	<u>27,341</u>	<u>-</u>	<u>(27,341)</u>
NET CHANGE IN FUND BALANCES	(26,641)	1,513	28,154
FUND BALANCES, BEGINNING	<u>126,641</u>	<u>126,742</u>	<u>101</u>
FUND BALANCES, ENDING	<u>\$ 100,000</u>	<u>128,255</u>	<u>28,255</u>

CITY OF BEAUMONT, TEXAS
LIBRARY ENDOWMENT TRUST
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment earnings	\$ 5,000	1,943	(3,057)
Contributions	-	11,358	11,358
Total Revenues	<u>5,000</u>	<u>13,301</u>	<u>8,301</u>
EXPENDITURES			
Current			
Culture and recreation	144,722	6,542	(138,180)
Total Expenditures	<u>144,722</u>	<u>6,542</u>	<u>(138,180)</u>
NET CHANGE IN FUND BALANCES	(139,722)	6,759	146,481
FUND BALANCES, BEGINNING	<u>914,622</u>	<u>915,394</u>	<u>772</u>
FUND BALANCES, ENDING	<u>\$ 774,900</u>	<u>922,153</u>	<u>147,253</u>



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, 2018

	Fleet	Employee Benefits
ASSETS		
Current Assets:		
Cash	\$ 45,003	3,624,267
Receivables (net of allowance for uncollectibles)		
Other	-	8,103
Inventories	293,307	-
Total Current Assets	<u>338,310</u>	<u>3,632,370</u>
Noncurrent Assets:		
Capital Assets:		
Land	242,850	-
Construction in progress	-	-
Buildings	1,265,756	-
Improvements other than buildings	967,907	-
Equipment	694,609	-
Infrastructure	-	-
Accumulated depreciation	(2,407,006)	-
Total Capital Assets, net of accumulated depreciation	<u>764,116</u>	<u>-</u>
Total Assets	<u>1,102,426</u>	<u>3,632,370</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	273,754	-
Other post employment benefits	136,572	-
Total Deferred Outflows of Resources	<u>410,326</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	133,632	63,549
Accrued payroll	32,998	-
Accrued interest payable	-	-
Estimated claims liability	-	2,986,829
Compensated absences	7,873	-
Obligations under capital leases	-	-
Other liabilities	68,823	38,227
Loan payable	-	-
Net OPEB liability	94,892	-
Total Current Liabilities	<u>338,218</u>	<u>3,088,605</u>
Noncurrent liabilities:		
Compensated absences	160,364	-
Estimated claims liability	-	1,018,834
Obligations under capital leases	-	-
Net OPEB liability	1,006,680	-
Net pension	1,841,139	-
Loan payable	-	-
Total Noncurrent Liabilities	<u>3,008,183</u>	<u>1,018,834</u>
Total Liabilities	<u>3,346,401</u>	<u>4,107,439</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	258,607	-
Other post employment benefits	656	-
Total Deferred Inflows of Resources	<u>259,263</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	764,116	-
Unrestricted	(2,857,028)	(475,069)
Total Net Position	<u>\$ (2,092,912)</u>	<u>(475,069)</u>

<u>General Liability</u>	<u>Capital Reserve</u>	<u>Total</u>
1,326,217	4,160,610	9,156,097
2,567	158,937	169,607
-	-	293,307
<u>1,328,784</u>	<u>4,319,547</u>	<u>9,619,011</u>
-	194,935	437,785
-	60,202	60,202
-	6,781,307	8,047,063
-	4,102,913	5,070,820
-	50,493,707	51,188,316
-	217,991	217,991
-	(45,172,287)	(47,579,293)
-	16,678,768	17,442,884
<u>1,328,784</u>	<u>20,998,315</u>	<u>27,061,895</u>
-	-	273,754
-	-	136,572
<u>-</u>	<u>-</u>	<u>410,326</u>
-	447,572	644,753
-	-	32,998
-	6,488	6,488
633,950	-	3,620,779
-	-	7,873
-	334,167	334,167
-	-	107,050
-	272,997	272,997
-	-	94,892
<u>633,950</u>	<u>1,061,224</u>	<u>5,121,997</u>
-	-	160,364
-	-	1,018,834
-	852,194	852,194
-	-	1,006,680
-	-	1,841,139
-	202,168	202,168
<u>-</u>	<u>1,054,362</u>	<u>5,081,379</u>
<u>633,950</u>	<u>2,115,586</u>	<u>10,203,376</u>
-	-	258,607
-	-	656
<u>-</u>	<u>-</u>	<u>259,263</u>
-	15,017,242	15,781,358
<u>694,834</u>	<u>3,865,487</u>	<u>1,228,224</u>
<u>694,834</u>	<u>18,882,729</u>	<u>17,009,582</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, 2018

	<u>Fleet</u>	<u>Employee Benefits</u>
OPERATING REVENUES		
Charges for services	\$ 8,225,997	21,972,638
Miscellaneous	13,487	-
Total Operating Revenues	<u>8,239,484</u>	<u>21,972,638</u>
OPERATING EXPENSES		
Personnel services	2,204,759	-
Other operating expenses	6,397,313	-
Health and life insurance	-	20,660,959
Other insurance premiums	-	1,234,877
Damage claims	-	-
Depreciation	42,691	-
Total Operating Expenses	<u>8,644,763</u>	<u>21,895,836</u>
OPERATING INCOME (LOSS)	<u>(405,279)</u>	<u>76,802</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	1,636	37,566
Interest (expense)	-	-
Gain (loss) on sale of equipment	-	-
Net Nonoperating Revenues (Expenses)	<u>1,636</u>	<u>37,566</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(403,643)</u>	<u>114,368</u>
TRANSFERS		
Transfers In	-	30,000
Total Transfers	<u>-</u>	<u>30,000</u>
CHANGE IN NET POSITION	(403,643)	144,368
TOTAL NET POSITION - BEGINNING, AS PREVIOUSLY REPORTED	(735,051)	(2,982,442)
ADOPTION OF GASB75 - CUMULATIVE EFFECT ADJUSTMENT	<u>(954,218)</u>	<u>2,363,005</u>
TOTAL NET POSITION - BEGINNING, AS RESTATED	<u>(1,689,269)</u>	<u>(619,437)</u>
TOTAL NET POSITION - ENDING	<u>\$ (2,092,912)</u>	<u>(475,069)</u>

General Liability	Capital Reserve	Total
-	2,208,400	32,407,035
-	72,641	86,128
-	2,281,041	32,493,163
-	-	2,204,759
-	1,353,985	7,751,298
-	-	20,660,959
3,850	-	1,238,727
851,755	-	851,755
-	3,900,015	3,942,706
855,605	5,254,000	36,650,204
(855,605)	(2,972,959)	(4,157,041)
14,248	50,184	103,634
-	(26,230)	(26,230)
-	713,082	713,082
14,248	737,036	790,486
(841,357)	(2,235,923)	(3,366,555)
700,000	1,810,000	2,540,000
700,000	1,810,000	2,540,000
(141,357)	(425,923)	(826,555)
836,191	19,308,652	16,427,350
-	-	1,408,787
836,191	19,308,652	17,836,137
694,834	18,882,729	17,009,582

CITY OF BEAUMONT, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Fleet Fund	Employee Benefits Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ -	4,517,738
Cash received from interfund charges for services	8,239,484	17,454,900
Cash payments for goods and services	(6,511,259)	(21,531,423)
Cash payments to employees	(2,264,537)	-
Net Cash Provided (Used) by Operating Activities	<u>(536,312)</u>	<u>441,215</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in (out)	-	30,000
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>30,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	-	-
Proceeds from capital debt	-	-
Payments for capital acquisitions	-	-
Principal payments	-	-
Interest paid and fiscal charges	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of interest	1,894	32,416
Net Cash Provided by Investing Activities	<u>1,894</u>	<u>32,416</u>
NET CHANGE IN CASH	(534,418)	503,631
CASH, BEGINNING OF YEAR	<u>579,421</u>	<u>3,120,636</u>
CASH, END OF YEAR	<u><u>45,003</u></u>	<u><u>3,624,267</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	(405,279)	76,802
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	42,691	-
Change in assets and liabilities:		
(Increase) decrease in accounts and other receivable	-	-
(Increase) decrease in inventory	(11,662)	-
(Increase) decrease in deferred outflows related to pensions	527,054	-
(Increase) decrease in deferred outflows related to OPEB	(96,225)	-
Increase (decrease) in net pension liability	(679,926)	-
Increase (decrease) in net OPEB liability	107,007	-
Increase (decrease) in deferred inflows related to pensions	88,021	-
Increase (decrease) in deferred inflows related to OPEB	656	-
Increase (decrease) in accrued payroll	1,119	-
Increase (decrease) in accrued compensated absences	(7,484)	-
Increase (decrease) in accounts payable	(56,722)	(33,954)
Increase (decrease) in other liabilities	(45,562)	398,367
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (536,312)</u></u>	<u><u>441,215</u></u>

General Liability Fund	Capital Reserve Fund	Total
-	72,641	4,590,379
-	2,208,400	27,902,784
(742,805)	(1,182,012)	(29,967,499)
-	-	(2,264,537)
<u>(742,805)</u>	<u>1,099,029</u>	<u>261,127</u>
 700,000	 1,810,000	 2,540,000
<u>700,000</u>	<u>1,810,000</u>	<u>2,540,000</u>
-	740,691	740,691
-	691,000	691,000
-	(4,664,747)	(4,664,747)
-	(470,291)	(470,291)
-	(28,428)	(28,428)
<u>-</u>	<u>(3,731,775)</u>	<u>(3,731,775)</u>
 12,452	 45,133	 91,895
<u>12,452</u>	<u>45,133</u>	<u>91,895</u>
(30,353)	(777,613)	(838,753)
<u>1,356,570</u>	<u>4,938,223</u>	<u>9,994,850</u>
<u>1,326,217</u>	<u>4,160,610</u>	<u>9,156,097</u>
 (855,605)	 (2,972,959)	 (4,157,041)
-	3,900,015	3,942,706
-	(25,362)	(25,362)
-	-	(11,662)
-	-	527,054
-	-	(96,225)
-	-	(679,926)
-	-	107,007
-	-	88,021
-	-	656
-	-	1,119
-	-	(7,484)
-	197,335	106,659
<u>112,800</u>	<u>-</u>	<u>465,605</u>
<u>(742,805)</u>	<u>1,099,029</u>	<u>261,127</u>



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>	129
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	135
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>	139
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>	143
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>	147

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



Table 1

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015*	2016	2017	2018*
Governmental activities										
Net investment in capital assets	\$ 225,292,931	233,685,013	244,456,024	255,682,220	239,486,952	245,262,954	256,040,747	259,373,739	263,388,476	267,238,064
Restricted	3,493,658	3,220,969	52,168,970	61,256,195	55,587,721	49,369,212	49,273,281	53,811,814	42,331,445	47,756,593
Unrestricted	33,862,711	37,214,528	43,184,422	13,307,361	32,907,138	28,351,323	(54,922,260)	(64,833,615)	(81,195,151)	(109,835,933)
Total governmental activities net position	262,649,300	274,120,510	339,809,416	330,245,776	327,991,811	322,983,489	250,391,768	248,351,938	224,524,770	205,158,724
Business-type activities										
Net investment in capital assets	76,267,795	79,163,020	81,404,123	84,178,555	84,842,375	84,410,124	86,140,280	90,255,620	87,910,685	93,046,448
Restricted	1,731,920	1,201,843	1,043,696	1,351,697	1,161,986	1,498,586	4,172,766	5,304,552	5,890,461	5,239,210
Unrestricted	(3,736,414)	(3,898,854)	(4,910,878)	3,374,955	2,968,887	5,086,557	(2,398,890)	1,081,583	4,599,116	1,295,667
Total business-type activities net position	74,263,301	76,465,009	77,536,941	88,905,207	88,973,248	90,995,267	87,914,156	96,641,755	98,400,262	99,581,325
Primary government										
Net investment in capital assets	301,560,726	312,848,033	325,860,147	339,860,775	324,339,327	329,673,078	342,181,027	349,629,359	351,299,161	360,284,512
Restricted	5,225,578	4,422,812	53,212,666	62,607,892	56,749,707	50,867,798	53,446,047	59,116,366	48,221,906	52,995,803
Unrestricted	30,126,297	33,314,674	38,273,544	16,682,316	35,876,025	33,437,880	(57,321,150)	(63,752,032)	(76,596,035)	(108,540,266)
Total primary government net position	\$ 336,912,601	350,585,519	417,346,357	419,150,983	416,965,059	413,978,756	338,305,924	344,993,693	322,925,032	304,740,049

* Significant change to net position related to implementation of GASB 68 in FY 2015 and GASB 75 in FY 2018
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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 14,879,737	13,994,339	13,611,409	13,749,521	15,055,091	16,758,992	16,218,480	19,920,494	16,461,499	17,139,599
Public safety	73,758,247	57,676,156	58,527,385	60,448,548	62,441,823	63,728,559	63,938,715	73,799,214	84,386,432	77,644,390
Public works	35,561,966	33,999,134	35,705,525	37,752,021	37,758,251	39,336,043	37,493,075	38,722,894	45,915,421	43,586,324
Health and welfare	9,374,347	9,658,981	9,706,501	9,122,310	9,439,464	9,223,008	14,203,424	25,100,329	21,332,145	29,359,243
Culture and recreation	13,037,623	13,071,169	12,853,055	12,931,197	13,983,104	12,578,727	12,080,780	12,752,150	13,157,491	13,582,993
Housing and economic development	5,158,671	4,005,377	3,101,564	3,895,517	5,072,471	5,011,603	4,618,583	4,372,302	4,188,246	4,354,208
Interest on long term debt	6,411,126	6,971,319	7,293,752	7,892,941	8,687,154	10,569,603	9,822,437	9,377,521	9,516,134	8,408,091
Total governmental activities expenses	158,181,717	139,376,475	140,799,191	145,798,285	152,431,128	157,206,535	158,375,494	184,404,904	194,959,368	194,074,548
Business-type activities:										
Water	29,257,032	29,489,721	32,914,864	36,345,709	36,626,050	37,568,455	36,130,805	36,497,264	41,213,605	36,224,336
Solid Waste	7,742,028	7,700,271	7,718,434	7,664,085	7,926,998	8,135,678	8,319,961	7,700,249	8,968,234	9,435,562
Total business-type activities expenses	36,999,060	37,189,992	40,633,298	44,009,794	44,553,048	45,704,133	44,450,766	44,197,513	50,181,839	45,659,898
Total primary governmental expenses	195,180,777	176,566,467	181,432,489	189,808,079	196,984,176	202,910,668	202,826,260	228,602,417	245,141,207	239,734,746
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	453,769	480,946	71,072	249,701	285,784	302,057	290,761	299,865	57,828	80,776
Public safety	3,630,155	3,847,567	2,379,384	2,004,181	2,079,686	2,652,451	2,549,703	2,873,370	2,265,655	2,687,988
Public works	2,609,174	2,765,439	2,407,533	2,501,285	1,908,910	2,154,157	2,131,795	2,102,381	1,774,826	2,307,391
Health and welfare	3,289,828	3,486,857	4,524,753	4,698,857	3,498,188	4,392,148	4,518,104	4,658,135	3,872,963	4,055,248
Culture and recreation	1,361,308	1,442,388	1,193,488	1,272,246	1,519,261	1,461,387	1,481,128	1,373,088	1,361,823	1,409,594
Operating grants and contributions	35,770,353	11,954,137	9,051,687	11,334,916	7,308,115	8,103,028	14,109,691	36,119,172	21,895,140	42,787,076
Capital grants and contributions	25,264,204	17,470,938	23,601,693	5,489,714	12,016,231	5,533,129	16,088,612	7,202,017	7,115,597	5,916,746
Total governmental activities program revenues	72,378,791	41,448,782	43,229,609	27,550,699	28,616,175	28,598,357	41,169,794	54,628,028	38,343,832	59,244,819
Business-type activities:										
Charges for services:										
Water	33,904,140	36,350,431	41,079,187	42,126,438	43,072,796	45,240,682	47,294,889	48,301,240	48,483,261	49,367,232
Solid Waste	9,719,378	9,025,813	8,326,121	8,596,617	8,717,900	9,898,103	10,327,642	10,598,305	11,000,988	12,134,996
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,025,119	743,285	625,348	39,156	435,245	192,304	1,051,085	2,338,891	-	75,000
Total business-type activities program revenues	44,648,637	46,119,529	50,030,556	50,762,211	52,225,941	55,331,089	58,673,616	61,238,436	59,484,249	61,577,228
Total primary government program revenues	117,027,428	87,568,311	93,260,265	78,313,110	80,842,116	83,929,446	99,843,410	115,866,464	97,828,081	120,822,047
Net (Expense) Revenue										
Governmental Activities	(85,802,926)	(97,927,693)	(97,569,582)	(118,247,386)	(123,814,953)	(128,608,178)	(117,205,700)	(129,776,876)	(156,615,536)	(134,830,029)
Business-type Activities	7,649,577	8,929,537	9,397,358	6,752,417	7,672,893	9,626,956	14,222,850	17,040,923	9,302,410	15,917,330
Total Primary government net expense	(78,153,349)	(88,998,156)	(88,172,224)	(111,494,969)	(116,142,060)	(118,981,222)	(102,982,850)	(112,735,953)	(147,313,126)	(118,912,699)
General Revenues										
and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Property taxes	40,626,667	41,837,975	41,818,536	43,451,923	43,929,650	46,698,073	47,932,569	48,024,927	49,679,296	52,305,185
Industrial payments	16,102,794	14,745,496	13,220,777	13,434,606	14,926,084	16,095,254	16,690,939	16,690,939	17,935,060	19,825,025
Sales taxes	41,069,600	33,362,907	34,743,695	35,399,926	40,448,273	38,306,699	38,035,367	39,590,496	38,954,160	45,789,127
Franchise taxes	11,932,706	11,332,943	11,076,437	11,049,193	10,663,902	11,065,911	11,318,013	10,706,995	11,262,669	12,954,394
Investment earnings	776,016	426,274	944,412	813,144	750,578	760,631	1,015,020	1,684,736	2,042,426	1,386,222
Miscellaneous	1,630,492	2,012,747	1,698,692	1,847,995	1,144,428	1,126,890	1,562,080	986,604	1,811,004	1,584,395
Oil and gas royalties	-	-	47,022,314	5,536,704	2,423,682	179,001	28,949	3,724	13,486	9,204
Gain on sale of equipment	305,506	10,200	174,597	143,621	180,222	62,397	76,737	118,625	1,960,253	374,852
Transfers	7,376,000	7,566,000	9,559,027	9,205,000	9,566,133	9,305,000	9,130,000	9,930,000	9,130,000	9,840,000
Total Governmental Activities	119,819,781	111,294,542	160,258,487	120,882,112	123,202,952	123,599,856	126,285,723	127,737,046	132,788,368	144,068,404
Business-type Activities:										
Investment earnings	356,015	159,058	241,871	176,603	86,278	119,235	628,557	202,401	335,318	594,362
Miscellaneous	883,369	745,546	867,301	1,377,922	1,196,468	1,441,893	1,254,544	1,406,524	884,855	946,914
Gain on sale of equipment	30,736	60,672	124,429	67,957	138,935	153,175	121,734	7,751	365,924	(18,259)
Transfers	(7,376,000)	(7,566,000)	(9,559,027)	(9,205,000)	(8,736,133)	(9,305,000)	(9,130,000)	(9,930,000)	(9,130,000)	(9,840,000)
Total Business-type Activities	(6,105,880)	(6,600,724)	(8,325,426)	(7,582,518)	(7,300,212)	(7,604,937)	(7,125,165)	(8,313,324)	(7,543,903)	(8,316,983)

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

Table 2

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Primary Government	113,713,901	104,693,818	151,933,061	113,299,594	115,902,740	115,994,919	119,160,558	119,423,722	125,244,465	135,751,421
Change in Net Position										
Governmental Activities	34,016,855	13,366,849	65,688,906	2,634,727	(612,001)	(5,008,322)	9,080,053	(2,039,830)	(23,827,168)	9,238,375
Business-type Activities	1,543,697	2,328,813	1,071,932	(830,101)	372,681	2,022,019	7,097,685	8,727,599	1,758,507	7,600,347
Total Primary Government	<u>\$ 35,560,552</u>	<u>15,695,662</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>	<u>6,687,769</u>	<u>(22,068,661)</u>	<u>16,838,722</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									
	2009	2010	2011*	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved for:										
Inventories	-	-	-	-	-	-	-	-	-	-
Prepaid items	777,163	765,720	-	-	-	-	-	-	-	-
Unreserved	30,064,159	30,614,757	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	758,242	839,219	896,794	758,478	739,837	607,910	584,449	640,199
Unassigned	-	-	31,106,453	30,663,868	31,126,945	31,101,468	32,752,343	34,512,553	35,382,335	45,503,195
Total general fund	30,841,322	31,380,477	-	-	32,023,739	31,859,946	33,492,180	35,120,463	35,966,784	46,143,394
All Other Governmental Funds										
Reserved for:										
Inventories	97,646	108,541	-	-	-	-	-	-	-	-
Prepaid items	54,563	54,609	-	-	-	-	-	-	-	-
Debt Service	2,488,333	2,211,163	-	-	-	-	-	-	-	-
Culture and recreation	1,483,465	1,343,069	-	-	-	-	-	-	-	-
Capital projects	5,629,641	7,104,162	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	(483,176)	340,636	-	-	-	-	-	-	-	-
Capital projects funds	(3,847,121)	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	191,640	224,396	249,162	237,832	355,625	419,439	237,273	338,854
Prepaid items	-	-	43,571	46,685	335,074	516,908	517,085	31,699	35,223	426,500
Permanent fund principal	-	-	874,900	874,900	874,900	874,900	874,900	874,900	861,185	861,185
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	3,689,919	3,254,014	3,027,260
Culture and recreation	-	-	1,321,068	2,499,257	11,126,638	8,537,937	7,727,721	7,345,946	5,844,393	6,386,686
General government	-	-	-	172,019	396,181	616,021	666,781	631,589	859,235	926,833
Health and welfare	-	-	-	-	2,375	4,180,071	2,077,992	13,825,422	10,897,082	24,915,666
Public safety	-	-	484,993	605,204	7,079,415	7,056,698	5,492,261	6,619,052	4,408,803	2,039,638
Public works	-	-	19,083,936	27,594,060	94,897,019	74,618,687	62,653,112	49,509,317	34,385,678	29,175,876
Assigned										
Culture and recreation	-	-	336,208	338,601	1,331,606	881,363	779,462	867,414	1,135,792	1,249,935
Public safety	-	-	114,971	910	-	-	-	-	-	-
Public works	-	-	720,186	552,069	6,533,382	6,529,289	6,300,721	3,952,229	2,329,871	1,993,206
Unassigned	-	-	(969,874)	(149,854)	(143,862)	(598,888)	(523,202)	(15,914)	(3,983,557)	(6,444,499)
Total all other governmental funds	\$ 5,423,351	11,162,180	-	-	127,858,291	107,936,001	91,047,868	87,751,012	60,264,992	64,897,130

* 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									
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES:											
Taxes:											
	\$	40,409,738	41,889,211	44,084,576	43,749,171	43,641,174	46,387,711	47,670,102	48,357,914	49,278,672	52,045,643
		12,019,462	11,367,860	11,067,081	11,060,202	10,663,902	11,065,911	11,318,013	10,706,995	11,262,669	12,954,394
		40,597,703	33,779,627	34,619,069	35,399,926	40,448,273	38,036,699	38,036,699	39,590,496	38,954,160	45,789,127
		16,102,794	14,745,496	13,220,777	13,434,606	14,926,084	16,095,254	16,496,988	16,690,939	17,935,064	19,825,025
		1,793,578	1,983,123	1,961,700	2,122,127	1,617,747	2,000,446	1,974,833	2,024,439	1,690,014	2,009,325
		5,061,523	5,308,792	5,564,204	5,248,525	5,824,322	5,850,125	5,930,957	5,540,636	5,141,507	5,434,156
		2,506,248	2,268,947	2,160,843	1,787,194	1,780,719	2,234,389	2,060,595	2,385,875	1,811,036	2,235,565
		558,776	703,635	731,680	858,997	881,388	840,118	891,816	851,544	786,191	873,361
		58,170,620	27,596,309	28,705,705	17,169,713	17,300,969	18,804,037	29,052,453	41,044,036	24,870,094	48,580,563
		622,599	344,306	779,717	626,155	458,103	415,333	580,715	845,981	901,475	1,282,588
		68,343	71,743	292,956	867,735	230,726	172,983	260,725	483,155	485,763	284,765
				47,022,314	5,536,704	2,423,682	179,001	28,949	3,724	13,496	9,204
		1,630,492	2,151,473	1,728,176	2,072,867	1,415,437	1,367,511	1,477,510	1,340,369	1,706,706	2,180,568
		179,541,876	142,209,422	191,938,798	139,933,922	141,612,526	143,699,518	155,779,023	169,866,103	154,836,847	183,484,284
EXPENDITURES:											
Current:											
		12,954,839	12,503,264	12,104,942	12,194,688	13,022,201	15,082,293	15,247,593	15,482,295	13,712,938	14,840,884
		69,730,267	54,412,742	54,961,280	57,211,703	58,609,864	59,952,278	60,327,233	62,661,615	70,220,585	67,662,593
		27,224,804	25,069,157	25,479,631	27,278,480	24,473,117	24,842,966	23,869,391	23,743,129	28,306,335	26,869,332
		8,874,226	9,353,961	9,312,448	8,790,819	8,957,653	8,872,969	14,160,955	24,504,836	20,553,991	28,956,033
		11,403,755	11,373,144	11,044,808	11,027,275	11,923,676	10,368,210	10,088,699	10,395,973	10,724,054	11,561,930
		5,102,849	3,976,142	3,063,841	3,863,570	5,023,865	4,978,196	4,651,768	4,265,066	4,078,001	4,363,528
		62,011,429	40,212,127	42,123,890	19,465,540	14,798,645	30,408,945	33,862,481	22,150,809	24,305,520	24,208,954
		8,125,139	7,887,848	5,545,431	4,929,371	5,417,450	6,313,900	7,404,800	7,131,900	7,168,100	8,234,600
		6,415,269	6,974,926	7,302,359	7,922,791	8,581,591	10,489,478	9,354,487	9,301,270	9,507,022	9,300,119
		-	-	574,874	534,663	449,158	52,358	467,243	461,352	-	151,678
		50,193	284,318	-	-	-	67,950	-	-	-	-
		211,892,770	172,047,623	171,513,504	153,218,900	151,257,210	171,429,543	179,434,650	180,098,245	188,576,546	186,139,651
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		(32,350,894)	(29,838,207)	20,425,294	(13,284,978)	(9,644,684)	(27,730,025)	(23,655,627)	(10,232,142)	(33,739,699)	(2,655,367)
OTHER FINANCING SOURCES (USES):											
		-	29,950,000	53,165,000	46,530,000	41,080,000	5,010,000	41,935,000	41,658,000	-	9,280,000
		-	-	-	-	-	-	-	-	-	-
		-	(138,726)	1,609,347	3,771,973	1,374,532	(4,949,858)	5,329,186	6,734,631	-	904,115
		-	-	(19,167,492)	(26,740,390)	-	-	(46,794,458)	(47,929,062)	-	-
		11,206,522	11,078,419	13,432,227	12,900,570	65,431,906	12,662,000	13,597,000	13,322,000	16,289,966	16,164,966
		(9,301,722)	(3,942,419)	(7,270,700)	(5,672,459)	(60,600,773)	(5,078,200)	(5,667,000)	(5,222,000)	(9,189,966)	(8,864,966)
		1,904,800	36,947,274	41,768,382	30,789,694	47,285,665	7,643,942	8,399,728	8,563,569	7,100,000	17,464,115
NET CHANGE IN FUND BALANCES		(30,446,094)	7,109,067	62,193,676	17,504,716	37,640,981	(20,086,083)	(15,255,899)	(1,668,573)	(26,639,699)	14,808,748
Debt service as a percentage of noncapital expenditures		9.7%	11.3%	9.9%	9.6%	10.3%	11.9%	11.5%	10.4%	10.2%	10.3%

Source: Comprehensive Annual Financial Reports

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

Table 5

		Fiscal Year										2018 (b)
		2009	2010	2011	2012	2013	2014	2015	2016	2017		
\$		16,346	11,004	8,688	9,372	10,877	12,729	5,557	2,293	2,040	1,893	
Agriculture/Forestry/Fishing/Hunting		46,767	33,218	41,899	35,797	55,918	81,272	55,369	27,513	137,647	32,531	
Mining/Quarrying/Oil and Gas Extraction		-	-	1,134,705	3,732,176	3,208,496	2,813,209	7,329	4,875	12,556	8,341	
Utilities		1,353,696	851,002	956,685	1,280,212	1,227,106	1,270,767	1,380,406	1,495,557	1,354,465	1,355,934	
Construction		1,075,482	1,257,219	1,318,321	1,600,057	1,994,426	1,823,712	1,434,206	1,159,103	1,484,331	1,931,770	
Manufacturing		2,432,657	2,119,017	2,251,245	2,547,029	2,718,916	2,653,340	2,851,761	2,650,596	2,548,627	2,314,972	
Wholesale Trade		17,608,187	15,579,760	15,524,901	16,065,551	16,190,152	16,008,090	16,525,668	16,435,457	15,838,572	14,861,977	
Retail Trade		181,803	72,113	198,635	15,154	23,718	45,788	98,907	73,919	48,440	43,060	
Transportation/Warehousing		404,234	334,891	321,762	333,882	363,093	432,720	510,458	556,378	549,276	475,362	
Information		187,011	89,707	78,977	74,040	68,674	69,862	64,242	60,537	61,271	46,048	
Finance/Insurance		920,432	852,927	1,003,490	1,223,055	1,352,750	1,908,040	1,544,934	1,347,854	1,236,772	1,184,255	
Real Estate/Rental/Leasing		199,172	772,380	463,141	487,437	393,225	375,045	416,904	408,193	512,715	373,088	
Professional/Scientific/Technical Services		166,457	4,613	3,766	931	60	-	-	-	-	-	
Management of Companies/Enterprises		826,235	721,877	726,924	686,603	682,668	722,770	794,373	824,570	796,906	715,837	
Admin/Waste Management/Remediation		1,653	3,051	2,109	3,185	6,596	4,427	3,268	6,797	7,113	5,455	
Educational Services		65,986	58,612	63,788	73,434	63,455	63,011	65,873	63,819	56,515	38,311	
Health Care/Social Assistance		179,743	183,477	194,267	190,921	175,321	172,114	196,832	194,934	174,529	135,612	
Arts/Entertainment/Recreation		3,705,957	3,409,737	3,540,429	3,732,859	3,726,438	3,881,896	4,270,243	4,396,204	4,302,384	3,615,794	
Accommodation/Food Services		962,455	845,291	823,741	806,615	904,868	911,879	929,046	880,200	803,653	653,514	
Other Services		-	21,876	-	91,550	99,776	99,755	102,243	106,481	109,311	84,999	
Public Administration		-	-	-	-	27	99,755	102,243	106,481	109,311	84,999	
Other		-	-	-	18	27	-	27	-	29	447	

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.

Table 6

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

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2009	\$ 5,392,987,208	1,142,834,314	203,621,690	6,332,199,832	0.64000
2010	5,563,132,752	1,162,173,520	208,914,523	6,516,391,749	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	5,921,852,047	1,700,426,999	797,631,618	6,824,647,428	0.69000
2015	5,937,675,180	1,788,300,874	834,841,564	6,891,134,490	0.69000
2016	6,021,247,825	1,755,569,005	840,883,130	6,935,933,700	0.69000
2017	6,320,456,076	1,714,377,502	825,641,562	7,209,192,016	0.69000
2018	7,120,445,292	1,737,300,889	1,431,295,330	7,426,450,851	0.71000

Source: Jefferson County Appraisal District City Report of Property Values

Table 7

CITY OF BEAUMONT, TEXAS

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
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	0.47000	0.22000	0.69000	0.3650	0.22509	0.06728	0.09164	1.3150	2.75401
2016	0.48000	0.21000	0.69000	0.3650	0.22059	0.06728	0.09164	1.3150	2.74951
2017	0.48381	0.20619	0.69000	0.3650	0.22059	0.06728	0.09164	1.3150	2.74951
2018	0.49059	0.21941	0.71000	0.3650	0.22059	0.06654	0.09164	1.2941	2.74780

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

	2018 (a)		2009 (b)	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
<u>Taxpayer</u>				
ExxonMobil Corp	\$ 180,311,729	2.43 %	\$ 131,753,380	2.08 %
Entergy Texas Inc	149,190,870	2.01	86,060,450	1.36
Enterprise Beaumont Marine West LP	118,949,530	1.60	67,747,300	1.07
Golden Triangle Storage	78,271,380	1.05	60,029,190	0.95
BP America Production Co	77,416,350	1.04	43,001,460	0.68
Parkdale Mall CMBS LLC	56,795,860	0.76	41,505,130	0.66
American Valve & Hydrant Mfg	50,133,620	0.68	36,881,570	0.58
Transcanada Keystone Pipeline	39,515,740	0.53	35,797,990	0.57
West End Apts	34,679,350	0.47	33,212,600	0.52
Premcor Refining Group Inc	32,125,290	0.43	31,070,220	0.49
Total	\$ 817,389,719	11.01 %	\$ 567,059,290	8.96 %

Source: Jefferson County Appraisal District

Note:

- (a) Total taxable value including real and personal property for tax year 2017 (fiscal year 2018) is \$7,426,450,851
(b) Total taxable value including real and personal property for tax year 2008 (fiscal year 2009) is \$6,332,199,832

Table 9

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

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
2009	\$ 40,390,006	\$ (236,847)	\$ 40,153,159	\$ 39,063,289	97.29 %	\$ 903,885	\$ 39,967,174	99.54 %
2010	41,652,488	(212,453)	41,440,035	40,495,321	97.72	807,684	41,303,004	99.67
2011	44,224,825	(112,277)	44,112,547	42,849,710	97.14	628,622	43,478,332	98.56
2012	43,087,639	(498,472)	42,589,167	41,968,481	98.54	571,153	42,539,634	99.88
2013	43,431,623	(312,164)	43,119,459	42,312,864	98.13	426,554	42,739,418	99.12
2014	46,628,688	(70,697)	46,557,991	45,351,010	97.41	765,071	46,116,081	99.05
2015	47,415,985	(87,603)	47,328,382	46,076,417	97.35	675,023	46,751,440	98.78
2016	47,866,038	4,181	47,870,219	46,651,392	97.45	570,451	47,221,843	98.65
2017	49,689,267	(59,106)	49,630,161	48,372,192	97.47	433,038	48,805,230	98.34
2018	52,655,046		52,655,046	51,373,351	97.57		51,373,351	97.57

Source: Jefferson County Tax Collector Report

Table 10

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

Fiscal Year	Governmental Activities			Business-Type Activities					Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Obligation	Other Obligations	Water and Sewer Revenue Bonds	Revenue Refunding Bonds	General Obligation Bonds	Other Obligations				
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	6.51		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	45,880,000	2,351,950	667,821	402,622,360	8.87		3,404
2014	55,864,150	170,010,000	10,856,835	74,230,000	90,045,000	1,870,850	25,863,900	428,740,735	9.17		3,640
2015	90,549,350	126,955,000	15,069,256	72,160,000	85,610,000	1,520,650	23,300,021	415,164,277	8.88		3,531
2016	115,484,250	94,390,000	20,438,417	38,695,000	111,615,000	1,095,750	29,514,768	411,233,185	8.31		3,481
2017	110,801,150	93,005,000	18,615,597	55,805,000	106,240,000	1,053,850	28,204,702	413,725,299	8.25		3,497
2018	105,351,550	100,850,000	17,293,957	53,730,000	100,730,000	968,450	23,205,443	402,129,400	7.46		3,376

Source: Debt Service Report

Note: See Table 14 for personal income and population data

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

Table 11

Fiscal Year	General Bonded Debt Outstanding						Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Certificates of Obligations	Issuance Premiums	Amounts Available In Debt Service Fund	Total			
2009	\$ 34,419,250	\$ 88,721,000	\$ 78,794	\$ 2,457,628	\$ 120,761,416	1.91 %	\$	1,092
2010	30,645,100	115,990,000	72,491	2,596,861	144,110,730	2.21		1,309
2011	44,785,050	132,055,000	66,188	2,596,861	174,309,377	2.56		1,587
2012	63,930,500	130,750,000	1,562,146	2,211,163	194,031,483	2.87		1,637
2013	62,320,000	171,125,000	5,195,583	4,196,626	234,443,957	3.39		1,982
2014	57,735,000	170,010,000	6,301,074	5,630,657	228,415,417	3.35		1,939
2015	92,070,000	126,955,000	5,979,535	5,176,401	219,828,134	3.19		1,870
2016	116,580,000	94,390,000	16,870,972	3,689,919	224,151,053	3.23		1,898
2017	111,855,000	93,005,000	15,804,781	3,254,014	217,410,767	3.02		1,838
2018	106,320,000	100,850,000	15,632,431	3,027,260	219,775,171	2.96		1,845

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, 2018
(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	\$ 34,337,146	27.07%	\$ 9,295,065
Jefferson County Drainage District #6	-	83.00%	-
Port of Beaumont	48,655,000	67.62%	32,900,511
Beaumont Independent School District	332,680,000	65.22%	216,973,896
Subtotal, overlapping debt			259,169,472
City of Beaumont (direct debt)	223,495,507	100.00%	223,495,507
Total direct and overlapping debt			<u>\$ 482,664,979</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.

Table 13

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

Fiscal Year	Waterworks and Sewer System Revenue Bonds				
	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Average Annual Requirement	Times Coverage
2009	\$ 33,760,422	\$ 24,051,804	\$ 9,708,618	\$ 6,228,510	1.56
2010	35,754,467	25,389,308	10,365,159	7,943,556	1.30
2011	38,119,903	28,030,288	10,089,615	9,663,145	1.04
2012	42,776,547	30,808,154	11,968,393	9,550,187	1.25
2013	43,614,741	29,551,425	14,063,316	10,551,482	1.33
2014	44,380,434	32,157,719	12,222,715	10,408,496	1.17
2015	47,296,609	28,451,197	18,845,412	11,188,418	1.68
2016	50,145,421	28,722,552	21,422,869	10,959,186	1.95
2017	49,662,090	28,059,418	21,602,672	11,762,138	1.84
2018	50,928,849	29,226,316	21,702,533	11,588,754	1.87

Note: ^aIncludes operating and non-operating revenues.

^bIncludes operating expenses minus depreciation plus transfers out.

Source: Comprehensive Annual Financial Report

Table 14

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

Year	Estimated Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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
2016	118,129	4,946,297	41,872	34.1	20,448	7.2
2017	118,299	5,015,286	42,395	33.8	20,148	7.6
2018	119,114	5,392,053	45,268	34.3	19,691	5.6

Sources:

Estimated population and Median Age provided by the U S Census Bureau
 Personal Income & Per Capita Income provided by US Census Bureau
 School enrollment provided by Beaumont Independent School District and Charter schools
 Unemployment rate provided by Bureau of Labor Statistics

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

Table 15

	2018			2009		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>		<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Lamar University	2,546	5.04 %		Conn Appliances Inc	3,419	6.30 %
Beaumont Independent School District	2,317	4.59		Beaumont Independent School District	2,909	5.36
ExxonMobil Corporation	2,189	4.34		Christus St Elizabeth Hospital	1,783	3.28
Christus St Elizabeth Hospital	2,136	4.23		Memorial Hermann Baptist Hospital	1,880	3.46
Memorial Hermann Baptist Hospital	1,653	3.28		City of Beaumont	1,343	2.47
City of Beaumont	1,293	2.57		Lamar University	1,203	2.22
Jefferson County	1,155	2.29		Jefferson County	1,193	2.20
Burrow Global Services	785	1.56		CB&I Matrix Engineering	752	1.39
Conn Appliances Inc	617	1.22		ENGlobal Corporation	468	0.86
Alorica	372	0.74		Wal-Mart SuperCenter	450	0.83
Total	15,066	29.85%			15,400	28.37%

Source: Local companies
 * Estimate

Table 16

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

	2018			2017		
<u>Company</u>	<u>Water Consumption (gallons)</u>	<u>Revenue</u>	<u>Company</u>	<u>Water Consumption (gallons)</u>	<u>Revenue</u>	<u>Revenue</u>
TDCJ / Utilities & Energy	322,374,000	\$ 2,723,436	TDCJ / Utilities & Energy	421,878,000	\$ 2,984,687	
Federal Correctional Complex	223,235,000	1,693,202	Federal Correctional Complex	226,880,000	1,922,737	
Lamar University	152,665,800	802,831	ExxonMobil Oil	93,402,000	618,921	
Chemtrade Refinery	85,665,000	613,443	Christus St Elizabeth Hospital	80,349,800	580,931	
Mobil Oil Company	76,691,600	490,209	Lamar University	74,704,800	646,209	
Christus St. Elizabeth Hospital	63,918,400	593,639	Chemtrade Refinery	61,325,000	332,645	
Memorial Herman Baptist Hospital	49,366,900	224,159	Lucite International Inc	56,076,500	292,681	
G E Betz Chemical	48,793,500	210,599	G E Betz Chemical	54,716,500	239,082	
Lucite International Inc	43,094,000	260,604	Memorial Herman Baptist Hospital	36,349,200	313,204	
BISD	38,582,500	326,230	BISD	31,490,000	274,777	
Total	1,104,386,700	\$ 7,938,352	Total	1,137,171,800	\$ 8,205,874	

Source: Water Customer Service

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

Table 17

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Animal Care	-	-	-	-	-	-	-	-	-	9
City Attorney	9	9	9	10	10	9	9	9	9	9
City Clerk	3	3	3	3	3	3	3	3	3	3
Convention and Visitors Bureau	9	9	9	9	9	9	9	9	9	9
Event Facilities	57	57	56	58	58	31	27	32	27	27
Executive Office	5	6	4	5	5	5	5	4	4	6
Finance	74	78	75	109	110	110	111	107	104	104
Fire	243	243	242	242	242	242	242	242	243	244
Human Resources	13	13	11	11	12	12	9	9	9	8
Information Technology	62	62	60	60	60	86	83	81	49	51
Parks and Recreation	57	57	49	49	50	56	56	50	57	57
Planning & Community Development	32	31	33	41	36	37	36	35	33	33
Police	305	304	302	299	301	302	301	302	335	325
Public Health	103	101	101	94	94	93	92	91	89	88
Public Works	227	228	167	136	135	133	131	126	124	120
Solid Waste	-	-	60	60	60	60	64	64	64	64
Water Utilities	144	138	193	194	135	147	146	141	137	136
Total	1,343	1,339	1,374	1,380	1,320	1,335	1,324	1,305	1,296	1,293

Source: City of Beaumont Annual Operating Budget

Table 18

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

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police										
Number of Sworn Employees	265	264	262	259	260	260	260	260	260	260
Number of Civilian Employees	34	40	40	40	41	41	41	42	75	65
Number of Calls for Service	163,389	164,949	151,380	154,216	163,177	154,855	147,258	149,972	159,392	152,140
Fire										
Number of Sworn Employees	234	234	234	234	234	234	234	234	234	234
Number of Civilian Employees	9	9	8	8	8	8	8	8	9	10
Number of Fire runs	15,908	16,121	16,312	16,332	15,645	16,194	16,947	18,588	19,938	20,095
EMS										
Number of Employees	45	45	45	48	48	48	48	48	46	46
Number of EMS runs	16,859	16,233	16,134	16,585	16,919	17,754	19,107	19,458	19,492	19,593
Cultural and Recreational										
Parks and Recreation										
Participants in Leisure Service Programs	37,382	44,468	82,204	90,358	98,542	58,447	65,750	124,042	82,183	69,268
Participants in Athletic Programs	21,491	81,058	84,928	46,743	58,724	54,844	39,170	37,892	54,276	63,406
Golf Course										
Number of Paid Rounds Played	28,876	22,068	24,141	20,871	30,611	25,974	24,299	22,501	25,484	24,735
Library										
Volumes in Collection	376,348	366,975	326,187	309,665	295,878	294,454	303,127	309,694	315,331	327,678
Water and Sewer										
Number of Water Connections	42,364	42,389	42,431	42,472	42,411	42,516	42,603	42,652	44,861	51,213
Average Daily Water Consumption (gallons)	25.95 MGD	27.35 MGD	29.42 MGD	27.35 MGD	25.729 MGD	24.807 MGD	22.618 MGD	22.658 MGD	20.666 MGD	22.069 MGD
Maximum Storage Capacity (gallons)	24.4 MG	24.4 MG	24.4 MG	24.4 MGD	24.4 MGD	24.4 MGD	24.4 MGD	24.4 MG	24.4 MG	24.4 MG
Sanitation (residential)										
Refuse Collected (tons)	52,384	48,699	48,192	50,140	46,927	44,464	44,085	41,930	37,417	38,725
Bulky/Brush Pickups (tons)	80,763	66,478	60,031	47,333	52,325	53,688	45,873	44,937	68,631	57,373
Tires (tons)	1,331	2,572	4,546	2,191	3,415	416	441	196	339	291
White Goods (tons)	376	788	290	89	65	2	20	19	11	3
Compost (tons)	24,033	13,636	15,976	12,999	21,525	2,954	4,074	3,200	3,141	2,852

Source: City of Beaumont Annual Operating Budget; City Departments

Table 19

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

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Substations	2	1	2	3	3	3	1	1	-	-
Police Patrol Units	91	100	100	100	100	100	100	117	126	127
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)	726	726	726	726	726	660	660	660	660	660
Streets - Unpaved (miles)	43	43	43	43	43	43	43	43	43	43
Cultural and Recreational										
Parks and Recreation Area:	37	36	36	36	36	36	36	37	37	37
Parks (acres)	2,198	2,145	2,145	2,198	2,198	2,198	2,198	2,198	2,198	2,198
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Water Playgrounds	11	10	10	11	11	11	11	11	11	11
Softball Fields	12	12	12	12	12	12	12	12	12	12
Community Centers	2	2	4	4	4	4	4	4	4	4
Show Mobile	1	1	1	1	1	1	1	1	1	1
Tennis Courts	27	24	24	32	32	35	35	34	34	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)	768	770	770	770	770	770	770	844	760	760
Fire Hydrants	4,036	4,145	4,211	4,292	4,370	4,426	4,481	4,554	4,587	4,607
Sanitary Sewers (miles)	768	770	770	770	770	770	770	770	760	760

Source: City Departments

Table 20

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

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
2009	\$ 10,455,169	\$ 2,175,258	20.81 %	1,274	182	565	12.50 %	\$ 843,179	\$ (1,332,079)	12.74 %	\$ 6,499	\$ 11,952
2010	11,996,595	1,973,291	16.45	1,266	191	587	13.11	834,786	(1,138,505)	9.49	7,917	10,331
2011	15,341,840	2,386,977	15.56	1,238	206	648	14.27	862,478	(1,524,499)	9.94	10,464	11,587
2012	16,215,895	2,825,267	17.42	1,284	216	673	14.40	1,078,477	(1,746,790)	10.77	10,429	13,080
2013	19,073,068	3,669,185	19.24	1,257	221	707	14.95	1,135,183	(2,534,002)	13.29	12,254	16,603
2014	19,658,499	3,721,579	18.93	1,258	227	744	15.29	1,177,051	(2,544,528)	12.94	12,668	16,395
2015	19,739,385	3,982,050	20.17	1,216	223	806	15.50	1,277,948	(2,704,102)	13.70	12,958	17,857
2016	18,180,469	4,068,880	22.38	1,205	226	833	15.79	1,410,452	(2,658,428)	14.62	11,711	18,004
2017	18,956,435	3,791,681	20.00	1,222	233	833	16.01	1,565,108	(2,226,573)	11.75	12,410	16,273
2018	19,486,904	4,729,503	24.27	1,211	229	885	15.90	1,656,842	(3,072,661)	15.77	12,186	20,653
Total	\$ 169,104,259	\$ 33,323,671	19.71					\$ 11,841,504	\$ (21,482,167)	12.70	\$ 109,498	\$ 152,735
Average	\$ 16,910,426	\$ 3,332,367		1,243	215	728	17.33	\$ 1,184,150	\$ (2,148,217)		\$ 10,950	\$ 15,273

Source: City Records, Third Party Administrator Records, Texas Municipal Retirement System (TMRS)

