CITY OF BEAUMONT, CALIFORNIA

BASIC FINANCIAL STATEMENTS

June 30, 2015

DRAFT

City of Beaumont
Basic Financial Statements
June 30, 2015

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BASIC FINANCIAL STATEMENTS

City of Beaumont
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and Investments	$ 12,381,333	$ 3,132,365	$ 15,513,698
Receivables:			
Accounts	2,447,323	-	2,447,323
Notes and Loans Receivable	249,493	-	249,493
Due from Other Governments	2,014,991	-	2,014,991
Deposits with Others	353,225	-	353,225
Cash and Investments with Fiscal Agent	12,449,659	-	12,449,659
Restricted Cash and Investments	-	725,713	725,713
Capital Assets, Not Being Depreciated	-	502,560	502,560
Capital Assets, Net of Accumulated Depreciation	-	51,537,057	51,537,057
Total Assets	29,896,024	55,897,695	85,793,719
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	3,070,047	156,655	3,226,702
LIABILITIES			
Accounts Payable and Accrued Liabilities	3,864,760	131,311	3,996,071
Deposits Payable	35,628	-	35,628
Due to Agency Fund	32,924	5,069,509	5,102,433
Unearned Revenue	-	725,713	725,713
Noncurrent Liabilities:			
Due Within One Year	790,872	18,060	808,932
Due in More Than One Year	82,131,202	673,744	82,804,946
Total Liabilities	86,855,386	6,618,337	93,473,723
DEFERRED INFLOWS OF RESOURCES			
Pension Related Amounts	3,304,380	182,551	3,486,931
NET POSITION			
Net Investment in Capital Assets	-	52,039,617	52,039,617
Restricted for:			
CFD Projects	22,748,722	-	22,748,722
Capital Projects	8,763,649	-	8,763,649
Street Projects	708,507	-	708,507
Public Safety	422,142	-	422,142
Public-access Television	142,494	-	142,494
Unrestricted	(89,979,209)	(2,786,155)	(92,765,364)
Total Net Position	$ (57,193,695)	$ 49,253,462	$ (7,940,233)

The accompanying notes are an integral part of this statement.

City of Beaumont
Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
General Government	$ 7,309,913	$ 682,760	$ 1,594,421	$ -
Public Safety	13,414,301	492,350	521,719	-
Public Works	1,552,407	49,200	1,152,746	4,313,388
Community Development	1,914,356	2,640,211	158,945	50,715
Community Services	4,880,614	88,075	2,910,137	-
Refuse	4,144,778	5,903,211	-	-
Interest on Long-term Liabilities	2,660,836	-	-	-
Total Governmental Activities	35,877,205	9,855,807	6,337,968	4,364,103
Business-type Activities:				
Sewer	7,986,837	7,784,308	-	-
Transit	2,211,872	236,801	1,847,564	-
Total Business-type Activities	10,198,709	8,021,109	1,847,564	-
Total Primary Government	$ 46,075,914	$ 17,876,916	$ 8,185,532	$ 4,364,103
General Revenues:				
Taxes:				
Property Taxes				
Sales Taxes				
Franchise Taxes				
Utility Users Tax				
Transient Occupancy Taxes				
Other Taxes				
Motor Vehicle in Lieu Taxes (Unrestricted)				
Investment Earnings				
Miscellaneous				
Total General Revenues and Transfers				
Extraordinary Items:				
Write-off of Advance Receivable				
Change in Net Position				
Net Position - Beginning of Year				
Restatement of Net Position				
Net Position - End of Year				

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activites	Business-type Activities	Totals
$ (5,032,732)	$ -	$ (5,032,732)
(12,400,232)	-	(12,400,232)
3,962,927	-	3,962,927
935,515	-	935,515
(1,882,402)	-	(1,882,402)
1,758,433	-	1,758,433
(2,660,836)	-	(2,660,836)
(15,319,327)	-	(15,319,327)
-	(202,529)	(202,529)
-	(127,507)	(127,507)
-	(330,036)	(330,036)
(15,319,327)	(330,036)	(15,649,363)
3,894,320	-	3,894,320
4,209,246	-	4,209,246
944,869	-	944,869
1,373,661	-	1,373,661
224,705	-	224,705
209,124	-	209,124
3,244,340	-	3,244,340
129,837	4,267	134,104
156,283	-	156,283
14,386,385	14,712	14,401,097
(21,500,000)	-	(21,500,000)
(22,432,942)	(315,324)	(22,748,266)
(7,210,105)	50,818,776	43,608,671
(27,550,648)	(1,249,990)	(28,800,638)
$ (57,193,695)	$ 49,253,462	$ (7,940,233)

The accompanying notes are an integral part of this statement.

City of Beaumont
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Capital Projects: Community Facilities Fund	Capital Projects: Capital Improvement Fund
ASSETS			
Cash and Investments	$ -	$ 2,381,495	$ 8,763,649
Cash and Investments with Fiscal Agents	-	12,449,659	-
Due From other Governments	1,978,037	-	-
Accounts Receivable	2,447,323	-	-
Notes and Loans	249,493	-	-
Deposits with Others	353,225	-	-
Advances to Other Funds	-	7,917,568	-
Total Assets	$ 5,028,078	$ 22,748,722	$ 8,763,649
LIABILITIES			
Accounts Payable and Accrued Liabilities	$ 3,864,760	$ -	$ -
Deposits Payable	35,628	-	-
Due to Agency Fund	32,924	-	-
Advances from Other Funds	7,917,568	-	-
Total Liabilities	11,850,880	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	366,129	-	-
Total Deferred Inflows of Resources	366,129	-	-
FUND BALANCES (DEFICITS)			
Nonspendable	249,493	-	-
Restricted	-	22,748,722	8,763,649
Unassigned	(7,438,424)	-	-
Total Fund Balances (Deficits)	(7,188,931)	22,748,722	8,763,649
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	$ 5,028,078	$ 22,748,722	$ 8,763,649

The accompanying notes are an integral part of this statement.

Total Non-major Governmental Funds	Totals
$ 1,236,189	$ 12,381,333
-	12,449,659
36,954	2,014,991
-	2,447,323
-	249,493
-	353,225
-	7,917,568
$ 1,273,143	$ 37,813,592
$ -	$ 3,864,760
-	35,628
-	32,924
-	7,917,568
-	11,850,880
-	366,129
-	366,129
-	249,493
1,273,143	32,785,514
-	(7,438,424)
1,273,143	25,596,583
$ 1,273,143	$ 37,813,592

The accompanying notes are an integral part of this statement.

City of Beaumont
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

Fund Balances of Governmental Funds	$ 25,596,583
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
In governmental funds, other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	366,129
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(1,963,488)
WRCOG TUMF Settlement Judgment	(62,198,626)
AB 1484 Due Diligence Review	(2,575,912)
Payable to Successor Agency	(4,235,674)
Claims Payable	(1,423,587)
Net Pension Liability	(10,524,787)
Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds.	
Deferred Outflows - Pension Related Amounts	3,070,047
Deferred Inflows - Pension Related Amounts	(3,304,380)
Net Position of Governmental Activities	$ (57,193,695)

The accompanying notes are an integral part of this statement.

City of Beaumont
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	General Fund	Capital Projects: Community Facilities Fund	Capital Projects: Capital Improvement Fund
REVENUES			
Taxes and Special Assessments	$ 14,013,655	$ 4,041,857	$ -
Fines and Forfeitures	350,287	-	-
Licenses, Fees, and Permits	1,201,320	-	-
Use of Money and Property	112,915	16,278	-
Intergovernmental Revenues	297,016	-	-
Charges for Services	8,087,267	-	4,313,388
Other Revenues	777,159	-	-
Total Revenues	24,839,619	4,058,135	4,313,388
EXPENDITURES			
Current:			
General Government	4,244,707	724,502	-
Public Safety	13,494,038	-	-
Public Works	164,630	859,510	30,535
Community Development	1,813,824	55,054	-
Community Services	2,910,170	1,970,444	-
Refuse	4,144,778	-	-
Total Expenditures	26,772,147	3,609,510	30,535
Excess (Deficiency) of Revenues Over Expenditures	(1,932,528)	448,625	4,282,853
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
EXTRAORDINARY ITEM			
Write-off of Advance to Former RDA	(21,500,000)	-	-
Net Change in Fund Balances	(23,432,528)	448,625	4,282,853
Fund Balances, Beginning	15,145,116	22,424,871	4,180,796
Prior Period Adjustments	1,098,481	(124,774)	300,000
Fund Balances, Ending	$ (7,188,931)	$ 22,748,722	$ 8,763,649

The accompanying notes are an integral part of this statement.

Total Non-major Governmental Funds	Totals
$ 1,185,376	$ 19,240,888
-	350,287
-	1,201,320
641	129,834
-	297,016
-	12,400,655
202,423	979,582
1,388,440	34,599,582
-	4,969,209
91,211	13,585,249
497,732	1,552,407
45,478	1,914,356
-	4,880,614
-	4,144,778
634,421	31,046,613
754,019	3,552,969
-	-
-	-
-	-
-	(21,500,000)
754,019	(17,947,031)
641,487	42,392,270
(122,363)	1,151,344
$ 1,273,143	$ 25,596,583

The accompanying notes are an integral part of this statement.

City of Beaumont
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	$	(17,947,031)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Certain receivables are offset by unavailable revenue in the governmental funds because they are not available to pay for current period expenditures. This amount represents the amount by which prior year unavaible revenue exceeded current year unavailable revenue.		344,681
The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds (net change):		
Net Pension Liability		2,927,577
WRCOG Legal Settlement Judgment		(2,077,525)
Interest on WRCOG Settlement Judgment		(2,660,836)
Claims Payable		(641,231)
Compensated Absences		153,607
Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds. This is the net change in deferred inflows and outflows related to the net pension liability.		
Deferred Outflows - Pension Related Amounts		772,196
Deferred Inflows - Pension Related Amounts		(3,304,380)
Change in Net Position of Governmental Activities	$	(22,432,942)

The accompanying notes are an integral part of this statement.

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City of Beaumont
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-type Activities - Enterprise Funds		
	Sewer Fund	Transit Fund	Totals
ASSETS			
Current Assets:			
Cash and Investments	$ 2,542,957	$ 589,408	$ 3,132,365
Total Current Assets	2,542,957	589,408	3,132,365
Noncurrent Assets:			
Restricted Cash and Investments	-	725,713	725,713
Capital Assets, Not being depreciated	502,560	-	502,560
Capital Assets, Net of Accumulated Depreciation	50,797,563	739,494	51,537,057
Total Noncurrent Assets	51,300,123	1,465,207	52,765,330
Total Assets	53,843,080	2,054,615	55,897,695
DEFERRED OUTFLOWS OF RESOURCES			
Pension Actuarial Amounts	-	156,655	156,655
Total Deferred Outflows of Resources	-	156,655	156,655
LIABILITIES			
Current Liabilities:			
Accounts Payable & Accrued Liabilities	79,527	51,784	131,311
Due to Agency Fund	5,069,509	-	5,069,509
Unearned Revenue	-	725,713	725,713
Current Portion of Compensated Absences	-	18,060	18,060
Total Current Liabilities	5,149,036	795,557	5,944,593
Noncurrent Liabilities:			
Compensated Absences Payable	-	182,612	182,612
Net Pension Liability	-	491,132	491,132
Total Noncurrent Liabilities	-	673,744	673,744
Total Liabilities	5,149,036	1,469,301	6,618,337
DEFERRED INFLOWS OF RESOURCES			
Pension Actuarial Amounts	-	182,551	182,551
Total Deferred Inflows of Resources	-	182,551	182,551
NET POSITION			
Net Investment in Capital Assets	51,300,123	739,494	52,039,617
Unrestricted	(2,606,079)	(180,076)	(2,786,155)
Total Net Position	$ 48,694,044	$ 559,418	$ 49,253,462

The accompanying notes are an integral part of this statement.

City of Beaumont
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Sewer Fund	Transit Fund	Totals
OPERATING REVENUES			
Charges for Sales and Services	$ 7,698,505	$ 236,771	$ 7,935,276
Other Revenues	85,803	30	85,833
Total Operating Revenue	7,784,308	236,801	8,021,109
OPERATING EXPENSES			
Salaries	-	946,295	946,295
Fringe Benefits	-	428,706	428,706
Administration	800,800	39,929	840,729
Contract Services	3,522,552	23,949	3,546,501
Fuels, Lubricants, and Maintenance	2,700	337,445	340,145
Supplies	119,772	46,380	166,152
Office	292	10,211	10,503
Utilities	592,202	3,600	595,802
Depreciation	2,442,749	375,357	2,818,106
Total Operating Expenses	7,481,067	2,211,872	9,692,939
Operating Income (Loss)	303,241	(1,975,071)	(1,671,830)
NONOPERATING REVENUES (EXPENSES)			
Interest Expense	(505,770)	-	(505,770)
Local Transportation Funds	-	1,847,564	1,847,564
Interest Income	4,267	-	4,267
Total Nonoperating Revenues (Expenses)	(501,503)	1,847,564	1,346,061
Income (Loss) Before Transfers and Capital Contributions	(198,262)	(127,507)	(325,769)
Capital Contributions	-	10,445	10,445
Change in Net Position	(198,262)	(117,062)	(315,324)
Net Position - Beginning of Year	49,714,370	1,104,406	50,818,776
Restatement of Net Position	(822,064)	(427,926)	(1,249,990)
Net Position - End of Year	$ 48,694,044	$ 559,418	$ 49,253,462

The accompanying notes are an integral part of this statement.

City of Beaumont
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds		
	Sewer Fund	Transit Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	$ 7,784,308	$ 236,801	$ 8,021,109
Payments to Suppliers for Goods and Services	(4,223,480)	(417,631)	(4,641,111)
Payments to Employees for Services		(1,417,708)	(1,417,708)
Payments to Other Funds for Services Provided	(800,800)	(30,000)	(830,800)
Net Cash Provided (Used) by Operating Activities	2,760,028	(1,628,538)	1,131,490
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Grants Received	-	2,148,545	2,148,545
Net Cash Provided (Used) by Noncapital Financing Activities	-	2,148,545	2,148,545
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(468,400)	(10,445)	(478,845)
Capital Grants	-	10,445	10,445
Cash Received from Agency Funds	5,069,509	-	5,069,509
Principal Paid on Capital Debt	(8,430,000)	-	(8,430,000)
Interest Paid on Capital Debt	78,840	-	78,840
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,750,051)	-	(3,750,051)
CASH FLOWS FROM INVESTING ACTIVITIES			
Principal Received from Investment in CFD Bonds	226,528	-	226,528
Investment Income Received	4,267	-	4,267
Net Cash Provided (Used) by Investing Activities	230,795	-	230,795
Net Increase (Decrease) in Cash and Cash Equivalents	(759,228)	520,007	(239,221)
Cash and Cash Equivalents - Beginning of the Year, Adjusted	3,302,185	795,114	4,097,299
Cash and Cash Equivalents - End of the Year	$ 2,542,957	$ 1,315,121	$ 3,858,078
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash and Investments	$ 2,542,957	$ 589,408	$ 3,132,365
Restricted Cash and Investments	-	725,713	725,713
Total Cash and Cash Equivalents	$ 2,542,957	$ 1,315,121	$ 3,858,078
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ 303,241	$ (1,975,071)	$ (1,671,830)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	2,442,749	375,357	2,818,106
(Increase) Decrease in Deferred Outflows - Pension Actuarial	-	(37,106)	(37,106)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	14,038	13,883	27,921
Increase (Decrease) in Net Pension Liability	-	(176,051)	(176,051)
Increase (Decrease) in Deferred Inflows - Pension Actuarial	-	182,551	182,551
Increase (Decrease) in Compensated Absences Payable	-	(12,101)	(12,101)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 2,760,028	$ (1,628,538)	$ 1,131,490
NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Amortization of Deferred Amounts on Refunding	$ 79,155	$	$ 79,155

The accompanying notes are an integral part of this statement.

Draft 12-2-16

City of Beaumont
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Agency Funds	Successor Agency Private-purpose Trust Fund
ASSETS		
Cash and Investments	$ 20,490,416	$ -
Cash and Investments with Fiscal Agent	17,333,693	-
Receivable from the City of Beaumont	5,102,433	-
Payable from Agency Fund	10,016	-
Note Receivable	-	21,071
Property Held for Resale	-	21,827
Total Assets	$ 42,936,558	42,898
LIABILITIES		
Accounts Payable	$ -	-
Due to Others	3,421,581	-
Deposits Payable	298,965	-
Due to Agency Fund	10,016	-
Due to Bondholders	39,205,996	-
Total Liabilities	$ 42,936,558	-
NET POSITION		
Net Position (Deficit) Held in Trust for Successor Agency		$ 42,898

The accompanying notes are an integral part of this statement.

City of Beaumont
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2015

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Property Taxes	$ -
Total Additions	-
DEDUCTIONS	
Administration	-
Total Deductions	-
EXTRAORDINARY ITEM	
Write-off of Advance from City	21,500,000
Change in Net Position	21,500,000
Net Position - Beginning of Year	(21,017,460)
Prior Period Adjustment	(439,642)
Net Position - End of Year	$ 42,898

The accompanying notes are an integral part of this statement.

Draft 12-2-16

NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Beaumont
Notes to Financial Statements
June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A) Reporting Entity

The reporting entity, "City of Beaumont", includes the accounts of the City of Beaumont, the Beaumont Financing Authority, the Beaumont Conservation Authority, and the Beaumont Utility Authority.

The City of Beaumont was incorporated on November 18, 1912 under the general laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities.

The Beaumont Financing Authority (BFA) was founded by the execution of a joint exercise of powers agreement dated April 1, 1993, by the City of Beaumont and the Beaumont Redevelopment Agency. The BFA is authorized to issue revenue bonds to be repaid from the proceeds of public obligations and to provide financing and refinancing for public capital improvements of public entities, including the City, the Redevelopment Agency, and the Community Facilities Districts. The City Council of the City of Beaumont serves as the governing board for the BFA and the City has operational responsibility for the BFA.

The Beaumont Utility Authority (BUA) was established on May 15, 2001 by a joint powers agreement between the City of Beaumont and the Beaumont Redevelopment Agency. The BUA was created to provide a legally binding framework for the relationship between the City's utility enterprise fund and the City's general fund, to address possible impacts of Proposition 218, and to provide greater fiscal strength for the City's enterprise fund. The City Council of the City of Beaumont serves as the governing board for the BUA and the City has operational responsibility for the BUA.

The Beaumont Conservation Authority was established on June 1, 2010 by a joint powers agreement between the City of Beaumont and the Beaumont Redevelopment Agency. The purpose of the Authority is to facilitate environmental and conservation matters, including facilitating fulfillment of the long-term open space goals of the City, which include (i) providing residents with open space resources, (ii) accommodating and coordinating the competing demands for open space area, including water, wildlife, plant communities, recreation and historic resources, (iii) simplifying the regulatory permitting process in the City and, (iv) establishing appropriate ownership interests and maintenance responsibilities for open space areas and erosion control in the City. There are currently no financial transactions or balances reported in this Authority.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14 as amended by GASB Statement No. 39 and No. 61. The City of Beaumont is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the City. All of the City's component units have been accounted for as "blended" component units of the City. Despite being legally separate, these entities are so intertwined with the City that they are, in substance, a part of the City's operations. Accordingly, the balances and transactions of these component units are reported within the funds

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

of the City. Transactions for the BFA are reported in the Community Facilities District Collection Agency Fund. Transactions for the BUA are reported in an enterprise fund. The following specific criteria were used in determining that the BFA and the BUA are blended component units.

1. The members of the City Council also act as the governing bodies of the Authorities.

2. The BFA and BUA are managed by employees of the City. A portion of the City's salary and overhead expenses is billed to the Authorities each year.

There are no separate financial statements for the BFA and BUA.

B) 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 nonfiduciary 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 revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given functions 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C) 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 funds and fiduciary funds financial statements, although agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal 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. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the liability is

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, franchise taxes, special assessments, licenses, interest revenue, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the State at fiscal year-end, on behalf of the City, are also recognized as revenue. Fines, permits, and parking meter revenues are not susceptible to accrual because they are not measureable until received in cash. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

The City reports the following major governmental funds:

General Fund

The General Fund is the City's primary operating fund. It is used to account for all financial resources except those required to be accounted for in other funds.

The Community Facilities Capital Projects Fund

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

The Capital Improvement Capital Projects Fund

The Capital Improvement Capital Projects Fund is used to account for the receipt and expenditure of mitigation fees on specified capital projects.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City reports the following major proprietary funds:

The Sewer Enterprise Fund

The Sewer Enterprise fund is used to account for the operation and maintenance of the City's sewer disposal and distribution system.

The Transit Enterprise Fund

The Transit Enterprise Fund is used to account for the operation and maintenance of the City's fixed route and dial-a-ride transit systems.

Additionally, the City reports the following fund type:

Fiduciary Funds – Agency funds are used to account for assets held by the City in a trustee capacity as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds are purely custodial in nature (assets equal liabilities) and, thus, do not involve measurement of results of operations. Trust funds, such as the Successor Agency to the Redevelopment Agency, use the flow of economic resources measurement focus and the accrual basis of accounting.

D) Assets, Liabilities, Deferred Outflows/Inflows of Resources, Net Position or Fund Balances

Cash and Investments

In order to maximize the flexibility of its investment program and to aid in cash budgeting, the City pools the cash of all funds, except for monies deposited with fiscal agents, which are held in accordance with related bond indentures. The Cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

The City's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from SEC-registered securities exchanges or NASDAQ dealers. LAIF determines the fair value of their portfolio quarterly and report a factor to the City; the City applies that factor to convert its share of LAIF from amortized cost to fair value. Changes in fair value are allocated to each participating fund.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be cash on hand, demand deposits, and short-term investments (including restricted assets) with an original maturity of three months or less from the date of acquisition.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/interfund payables (i.e., the current portion of interfund loans) or advances to/from other funds (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as interfund receivables or interfund payables. Any residual balances

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

outstanding between the government activities and the business-type activities are reported in the government-wide financial statements as internal balances.

All trade and tax receivables are shown net of an allowance for uncollectible accounts, if applicable, and estimated refunds due.

Restricted Assets

Certain proceeds of the City's long-term debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

In the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, these bond monies may be invested in accordance with the ordinance, resolutions and indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the City's general investment policy. In no instance have additional types of investments been authorized that are not permitted by the City's general investment policy.

Prepaid Items

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

Land Held for Resale or Exchange

Land purchased for the purpose of resale (or contribution to a redevelopment project) is recorded at the City's or Successors Agency's cost to purchase the property or, upon entering into a contract for sale, the estimated net realizable value, if lower.

Capital Assets

The City has not maintained a complete record of the capital assets used in its governmental activities, including accumulated depreciation and depreciation expense. Due to the lack of records, no opinion has been given on the capital assets, accumulated depreciation, or depreciation expense related to the governmental activities in the government-wide statements.

Capital assets owned by Enterprise Funds are capitalized at historical cost for purchased capital assets or fair value at the date of donation for donated capital assets. Depreciation is charged to operations using the straight-line method, based on the average useful life of the asset. Capital assets are defined by the City as assets with an initial individual cost of $500 or more and an estimated useful life in excess of one year. The estimated useful lives of the capital assets are:

Building and Improvements	30 years
Machinery and Equipment	3 – 5 years
Furniture and Fixtures	3 – 5 years
Vehicles	3 years

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements, as applicable. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

The non-vested sick leave benefits (those that are not payable in the event of employee termination) are considered a contingent liability and are not reflected in the accompanying financial statements.

Postemployment Benefits

The City does not provide postemployment benefits (other than pension benefits) for its employees.

Long-Term Obligations

In the government-wide financial statements, and proprietary funds' financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds' statement of net position. Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the life of the refunding debt or remaining life of the refunded debt. Deferred refunding amounts (losses) are reported as deferred outflows. Amortization of bond premiums or discounts, and deferred amounts on refunding is included in interest expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses.

Fund Equity

In the government-wide and proprietary funds' financial statements, net position is classified in the following categories.

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position

This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Unrestricted Net Position

This category represents the net position of the City that is not externally restricted for any project or other purpose.

Net Position Flow Assumption

Sometimes the City 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 statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the City 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 City'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.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assigned - Amounts that are constrained by the City's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.

Unassigned - This classification includes the residual balance for the government's general fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

Property Taxes

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations – are established by the Assessor of the County of Riverside for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIIIA of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978) properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership.

Tax Levies – are limited to 1% of full value which results in a tax rate of $1.00 per $100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates – are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections – are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls which constitute a lien against a property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on February 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payments.

Tax Levy Apportionments – Due to the nature of the City-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City currently has only one that qualifies for reporting in this category. This item is a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* See Note 8 – Pension Plan for more information.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item, which arises only under the modified accrual basis of accounting, and another, which is a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* which qualify for reporting in this category. Under the modified accrual basis of accounting, the item, *unavailable revenue,* is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grant receivables, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

New Pronouncements

Governmental Accounting Standards Board Statement No. 72

In February of 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application.* This statement was issued to address accounting and financial reporting issues related to fair value measurements. This GASB Statement is required to be implemented in financial statements issued for the periods beginning after June 15, 2015. The City has elected not to early implement this statement and has not determined its effect on the financial statements.

Governmental Accounting Standards Board Statement No. 75

In June of 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This statement was issued to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This GASB Statement is required to be implemented in financial statements issued for the periods beginning after June 15, 2017. The City has elected not to early implement this statement and has not determined its effect on the financial statements.

2) CASH AND INVESTMENTS

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash and Investments	$	16,239,411
Cash and Investments with Fiscal Agent		12,449,659
Statement of Fiduciary Net Position:		
Cash and Investments		20,490,416
Cash and Investments with Fiscal Agent		17,333,693
Total Cash and Investments	$	66,513,179

Cash and Investments as of June 30, 2015 consist of the following:

Cash on Hand	$	4,440
Deposits with Financial Institutions		29,086,968
Investments		37,421,771
Total Cash and Investments	$	66,513,179

Investments Authorized by the California Government Code and the City's Investment Policy

The following table identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Investment Fund (LAIF)	N/A	100%	$50 million
Negotiable Certificates of Deposits	5 years	100%	None
Mutual Funds	N/A	100%	None
Money Market Funds	N/A	100%	None
Guaranteed Investment Contracts	N/A	100%	None
Government Securities Mutual Funds	N/A	20%	None
Community Facilities District Bonds	None	None	None

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provision of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies

2) CASH AND INVESTMENTS - Continued

certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rate. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments and those held by bond trustees to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investment by maturity:

	Remaining Maturity (in Months)			
Investment Type	12 Months or Less	13 to 24 Months	25-60 Months	Fair Value
LAIF	$ 3,893,435	$ -	$ -	$ 3,893,435
Money Market Funds	3,744,984	-	-	3,744,984
Held by Bond Trustees:				
Investment Agreements			780,000	780,000
Money Market Mutual Funds	29,003,352	-	-	29,003,352
Total	$ 36,641,771	$ -	$ 780,000	$ 37,421,771

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City has no investments (including investments held by bond trustee) that are highly sensitive to interest rate fluctuations to a greater degree than already indicated in the information provided above.

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Total Investment	Minimum Legal Rating	Rating as of Year End AAA/AA	A and A-1	Unrated
LAIF	$ 3,893,435	N/A	$ -	$ -	$ 3,893,435
Money Market Funds	3,744,984	N/A	-	-	3,744,984
Held by Bond Trustees:					
Investment Agreements	780,000	N/A	-	-	780,000
Money Market Mutual Funds	29,003,352	N/A	29,003,352	-	-
Total	$ 37,421,771		$ 29,003,352	$ -	$ 8,418,419

Concentration of Credit Risk

At June 30, 2015, the City had no investments in any one issuer that represent 5% or more of total City investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2015, no deposits with financial institutions in excess of federal depository limits were held in uncollateralized accounts.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of

2) CASH AND INVESTMENTS - Continued

that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3) NOTES AND LOANS RECEIVABLE

The City allows short-term leave time loans (not to exceed three years) to employees. As collateral against the loan, an employee must have accrued, vested leave time in their time bank to the extent of the loan. The balance of employee advances totaled $3,697 at June 30, 2015. The employee leave time loans were discontinued effective September 1, 2015.

In January 2012, the City entered into a loan and use agreement with the Beaumont Indoor Shooting Range. The Loan is to assist the shooting range to purchase certain capital assets. In return for the loan, the shooting range agrees to enter into a five year "use agreement" with the City's police department to allow the department use of the facilities on pre-arranged dates over the term of the agreement for a fixed-fee. Additionally, the loan includes a personal loan guarantee and UCC security agreements on the equipment. The balance of the loan totaled $34,563 at June 30, 2015.

The City entered into loan agreement with the City of Calimesa for the design and construction of portions of Cherry Valley Boulevard and Palmer Drive. The City of Calimesa will repay the loans within the next 20 years, plus simple interest annually at the rate paid by the Local Agency Investment Fund (LAIF) on January 1 of each year on the unpaid balance. The balance of the loan totaled $211,233 at June 30, 2015. This balance includes interest of $560, calculated at the LAIF rate of 0.256%.

4) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following represents the interfund balances as of June 30, 2015.

Advances to/Advances from Other Funds

The Advance from Other Funds in the General Fund of $7,917,568 is payable to the Communities Facilities District Capital Projects Fund. The payable in the General Fund is the result of ongoing operational deficits in prior years. It is uncertain at this time if the General Fund will be able to repay the advance to the Communities Facilities District Capital Project Fund in a reasonable period of time.

Due to Agency Fund

The payable to the Agency Fund of $32,924 in the General Fund is the result of current year operations and is expected to be repaid in the next fiscal year.

The payable of $5,069,509 in the Sewer Fund to the Agency Fund is the result of the BFA Community Facilities District Collection Agency Fund advancing monies to the Sewer Fund to repay the 2001 Variable Rate Revenue Sewer Bonds during the year. See Note 11 for additional information.

5) CAPITAL ASSETS

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

Total Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Depreciated				
Land	$ 502,560	$ -	$ -	$ 502,560
Total Capital Assets, Not Being Depreciated	502,560	-	-	502,560
Capital Assets Being Depreciated:				
Land Improvements	21,902	-	-	21,902
Buildings	539,234	-	-	539,234
Furniture and Fixtures	1,180	-	-	1,180
Machinery and Equipment	76,133,859	478,845	-	76,612,704
Vehicles	2,166,499	-	-	2,166,499
Total Capital Assets Being Depreciated	78,862,674	478,845	-	79,341,519
Less Accumulated Depreciation:				
Land Improvements	(21,902)	-	-	(21,902)
Buildings	(235,632)	(42,570)	-	(278,202)
Furniture and Fixtures	(1,180)	-	-	(1,180)
Machinery and Equipment	(23,174,227)	(2,514,324)	-	(25,688,551)
Vehicles	(1,553,415)	(261,212)	-	(1,814,627)
Total Accumulated Depreciation	(24,986,356)	(2,818,106)	-	(27,804,462)
Net Capital Assets Being Depreciated	53,876,318	(2,339,261)	-	51,537,057
Total Business-type Activities Capital Assets, Net	54,378,878	$ (2,339,261)	$ -	$ 52,039,617

Sewer Fund:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Depreciated				
Land	$ 502,560	$ -	$ -	$ 502,560
Total Capital Assets, Not Depreciated	502,560	-	-	502,560
Capital Assets Being Depreciated:				
Land Improvements	21,902	-	-	21,902
Buildings	61,452	-	-	61,452
Furniture and Fixtures	1,180	-	-	1,180
Machinery and Equipment	75,666,679	468,400	-	76,135,079
Vehicles	124,513	-	-	124,513
Total Capital Assets, Depreciated	75,875,726	468,400	-	76,344,126
Less Accumulated Depreciation:				
Land Improvements	(21,902)	-	-	(21,902)
Buildings	(61,452)	-	-	(61,452)
Furniture and Fixtures	(1,180)	-	-	(1,180)
Machinery and Equipment	(22,894,767)	(2,442,749)	-	(25,337,516)
Vehicles	(124,513)	-	-	(124,513)
Total Accumulated Depreciation	(23,103,814)	(2,442,749)	-	(25,546,563)
Net Capital Assets Being Depreciated	52,771,912	(1,974,349)	-	50,797,563
Sewer Fund, Capital Assets, Net	$ 53,274,472	$ (1,974,349)	$ -	$ 51,300,123

5) CAPITAL ASSETS - Continued

Transit Fund:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Buildings	477,782	-	-	477,782
Machinery and Equipment	467,180	10,445	-	477,625
Vehicles	2,041,986	-	-	2,041,986
Total Capital Assets, Depreciated	2,986,948	10,445	-	2,997,393
Less Accumulated Depreciation:				
Buildings	(174,180)	(42,570)	-	(216,750)
Machinery and Equipment	(279,460)	(71,575)	-	(351,035)
Vehicles	(1,428,902)	(261,212)	-	(1,690,114)
Total Accumulated Depreciation	(1,882,542)	(375,357)	-	(2,257,899)
Net Capital Assets Being Depreciated	1,104,406	(364,912)	-	739,494
Transit Fund, Capital Assets, Net	$ 1,104,406	$ (364,912)	$ -	$ 739,494

Depreciation expense was charged to functions/programs of the City's business-type activity as follows:

Sewer	$ 2,442,749
Transit	375,357
Total	$ 2,818,106

6) LONG-TERM LIABILITIES

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2015:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Claims Payable	$ 782,356	$ 1,419,045	$ 777,814	$ 1,423,587	$ -
PERS Side Fund	1,409,802	-	1,409,802	-	-
WRCOG TUMF Judgment	42,994,879	19,203,747 *	-	62,198,626	-
AB 1484 Due Diligence Review	2,575,912	-	-	2,575,912	300,000
Net Pension Liability	-	13,452,364	2,927,577	10,524,787	-
Payable to Successor Agency	-	4,235,674	-	4,235,674	-
Compensated Absences	2,117,095	931,522	1,085,129	1,963,488	490,872
Total	$ 49,880,044	$ 39,242,352	$ 6,200,322	$ 82,922,074	$ 790,872
Business-type Activities:					
2001 Revenue Bonds - Series A	$ 8,430,000	$ -	$ 8,430,000	$ -	$ -
Net Pension Liability	-	667,183	176,051	491,132	-
Compensated Absences	212,773	53,193	65,294	200,672	18,060
Total	$ 8,642,773	$ 720,376	$ 8,671,345	$ 691,804	$ 18,060

6) LONG-TERM LIABILITIES - Continued

* This amount includes a prior period adjustment of $14,056,091 for accrued interest at June 30, 2014, in accordance with the Court ruling.

Claims Payable/Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City, including its component units, uses the General Fund to account for and finance risks for general liability, workers' compensation, and property damage. There were no settlements in excess of insurance coverage in any of the three prior fiscal years. There were no reductions in the City's limits of coverage during the fiscal year ended June 30, 2015. Insurance coverage is discussed below:

General Liability and Property Damage: The City is self-insured to some extent for general liability claims. The City maintains a self-insured retention level of $250,000 for general liability with excess coverage up to $50,000,000, as a participant in the Exclusive Risk Management Authority of California (ERMAC), a Joint Powers Authority. The City is self-insured for $1,000,000 for employment practices liability with excess coverage up to $50,000,000. Property damage is also insured through participation in ERMAC.

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

In December of 2014, excess carriers and the City's excess insurance JPA funded an $18.5 million general liability settlement involving a claim against the City.

Workers' Compensation: The City has entered into an agreement with the Public Agency Self-Insurance System, a Joint Powers Authority (JPA), for workers' compensation coverage pursuant to the California Government Code. The purpose of the JPA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. The City carries workers' compensation insurance in the amount of $10,000,000 in excess of self-insured retention of $300,000.

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

The following is a summary of the changes in claims liabilities for the past two fiscal years:

Year	Beginning of Year Liability	Current Year Claims and Changes In Estimates	Claim Payments For Current and Prior Years	End of Year Liability
2013-2014	$ 799,143	$ 583,526	$ 600,313	$ 782,356
2014-2015	782,356	1,419,045	777,814	1,423,587

WRCOG TUMF ~~Settlement~~ Judgment

The City has been involved in litigation with the Western Riverside Council of Governments (WRCOG) regarding the Transportation Uniform Mitigation Fees (TUMF) to be collected by the City and remitted to WRCOG. In September of 2014, the Superior Court of the State of California, County of Orange (Court), entered judgement against the City in favor of WRCOG. The Court determined that the City of Beaumont failed to remit approximately $43 million in TUMF to WRCOG over a period of several years.

6) LONG-TERM LIABILITIES - Continued

In addition to remitting the $43 million, the Court also ordered the City to pay interest on the above amount at the rate of 7 percent per annum, for the period of October 21, 2009 to September 22, 2014, totaling $14,809,096, with interest accruing in the amount of $8,246 per day thereafter. By separate order dated February 27, 2015, the Court awarded WRCOG attorney fees in the amount of $2,077,525. As indicated above, the City is reporting long-term debt of $62,198,626 at June 30, 2015 as a result of this judgment against the City. The City has appealed the above rulings, which is still pending. Payment dates have not been set for the above amounts, and it is unclear which funds will be used to satisfy the judgment. WRCOG and the City are now engaged in settlement discussions to resolve this matter.

AB 1484 Due Diligence Review

The City has entered into an agreement with the State of California, Department of Finance to pay an outstanding Due Diligence Review amount due. The original amount due was $2,875,912, and a payment of $300,000 was made prior to the 2014-15 fiscal year, leaving a balance of $2,575,912 at June 30, 2015. The agreement calls for annual payments of $300,000 through July 15, 2022, with a final payment of $175,912 due on July 15, 2023. The City will utilize "residual" pass-through payments received by the City's General Fund to pay this debt of the former Redevelopment Agency.

The following represents the future debt service requirements for this liability:

Fiscal Year Ending June 30,	Total Payment
2016	$ 300,000
2017	300,000
2018	300,000
2019	300,000
2020	300,000
2021	300,000
2022	300,000
2023	300,000
2024	175,912
Total	$ 2,575,912

Payable to Successor Agency

In October 2016, the City received correspondence from the California State Controller's Office (SCO) regarding transfers made from the Successor Agency to the City's General Fund of $4,235,674 during the redevelopment agency dissolution process in prior years. The SCO has determined the transfers made in prior fiscal years were unallowable in accordance with state law and the City must repay the Successor Agency of the former redevelopment agency $4,235,674. It is anticipated the General Fund will be responsible for liquidating this liability. A repayment schedule has not been established for this obligation. A receivable in the Successor Agency fund has been established for $4,235,674, however, this is offset with an allowance for doubtful accounts of $4,235,674, due to the uncertainty of the City to be able to repay this in the future.

6) LONG-TERM LIABILITIES - Continued

2001 Variable Rate Revenue Bonds - Series A

On August 1, 2001, the Beaumont Utility Authority issued $9,790,000 of 2001 Variable Rate Revenue Bonds – Series A (Bonds). The Bonds were issued to make an initial lease payment under the lease agreement, to refund the 1996 Revenue Refunding Bonds – Series A, to finance certain improvements to the Wastewater Enterprise, and to pay the expenses of the Authority in connection with the delivery of the Bonds.

In November of 2014, the City utilized various BFA residual funds related to various Local Agency Revenue Bonds (non-commitment debt), to retire outstanding Bonds totaling $8,270,000. Therefore, the Bonds are no longer reported as long-term debt in the Sewer Fund. However, because approximately $5 million in residual amounts from the BFA, as described above, were used to retire the 2001 Revenue Bonds, the City has recorded a liability of $5,069,509 in the Sewer Fund, with a corresponding receivable in the Agency Fund established for the BFA.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation time. The balance of unpaid vacation time which has not matured at June 30, 2015 is recorded as a liability in the statements of net position. The General Fund finances this liability.

7) DEBT WITHOUT GOVERNMENT COMMITMENT

Local Agency Revenue Bonds - 1994

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

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

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 on the Series A Bonds was $4,384,905. The Series B Bonds were refunded by the issuance of 2007 Series A Local Agency Revenue Bonds.

7) DEBT WITHOUT GOVERNMENT COMMITMENT - Continued

Local Agency Revenue Bonds - 2004 Series A

On April 15, 2004, the Beaumont Financing Authority issued $4,735,000 of 2004 Local Agency Revenue Bonds, Series A (the "Authority Bonds") for the purpose of acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds in the amount of $4,003,206. The Community Facilities District Bonds were issued to provide the District with funds to finance public infrastructure relating to respective improvements areas, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable on September 1, 2004 and semiannually thereafter on March 1 and September 1 of each year until maturity or earlier redemption. The Bonds consist $1,220,000 serial bonds maturing annually in amounts between $65,000 and $135,000 from September 1, 2007 through September 1, 2018 with interest rates between 3.0% and 5.5%. Thereafter, $970,000 of 5.625% term bonds are due September 1, 2024, with sinking payments to be made beginning September 1, 2019 and $2,545,000 of 5.75% term bonds are due September 1, 2034, with sinking payments to be made beginning September 1, 2025.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. This bond issue was refunded through an advanced refunding by the issuance of the 2015 Series C Bonds. As of June 30, 2015, $4,169,113 was held in an irrevocable escrow account for payment of the refunded debt at a later date.

Local Agency Revenue Bonds - 2004 Series B

On August 10, 2004, the Beaumont Financing Authority issued $5,980,000 of 2004 Local Agency Revenue Bonds, Series B (the "Authority Bonds") for the purpose of acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds in the amount of $5,138,790. The Community Facilities District Bonds were issued to provide the District with funds to finance public infrastructure relating to respective improvements areas, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2005 until maturity or earlier redemption. The Bonds consist $750,000 serial bonds maturing annually in amounts between $50,000 and $140,000 from September 1, 2007 through September 1, 2014 with interest rates between 3.750% and 5.000%. Thereafter, $300,000 of 5.125% term bonds are due September 1, 2016, with sinking payments to be made beginning September 1, 2015, $1,585,000 of 5.750% term bonds are due September 1, 2024, with sinking payments to be made beginning September 1, 2017, and $3,345,000 of 6.000% term bonds are due September 1, 2034, with sinking payments to be made beginning September 1, 2025.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. This bond issue was refunded through an advanced refunding by the issuance of the 2015 Series D Bonds. As of June 30, 2015, $5,453,218 was held in an irrevocable escrow account for payment of the refunded debt at a later date.

7) DEBT WITHOUT GOVERNMENT COMMITMENT - Continued

Local Agency Revenue Bonds - 2004 Series C

On January 27, 2005, the Beaumont Financing Authority issued $8,685,000 of 2004 Local Agency Revenue Bonds, Series C (the "Authority Bonds") for the purpose of acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds in the amount of $7,627,833. The Community Facilities District Bonds were issued to provide the District with funds to finance public infrastructure relating to respective improvements areas, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2005 until maturity or earlier redemption. The Bonds consist $3,015,000 serial bonds maturing annually in amounts between $60,000 and $295,000 from September 1, 2006 through September 1, 2022 with interest rates between 3.000% and 5.250%. Thereafter, $2,565,000 of 5.500% term bonds are due September 1, 2029, with sinking payments to be made beginning September 1, 2023, $3,105,000 of 5.500% term bonds are due September 1, 2035, with sinking payments to be made beginning September 1, 2030.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $7,655,000.

Local Agency Revenue Bonds - 2004 Series D

On December 9, 2004, the Beaumont Financing Authority issued $22,830,000 of 2004 Local Agency Revenue Bonds, Series D (the "Authority Bonds") for the purpose of acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds in the amount of $20,368,557. The Community Facilities District Bonds were issued to provide the District with funds to finance public infrastructure relating to respective improvements areas, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2005 until maturity or earlier redemption. The Bonds consist $6,610,000 serial bonds maturing annually in amounts between $190,000 and $680,000 from September 1, 2006 through September 1, 2020 with interest rates between 3.000% and 5.200%. Thereafter, $3,105,000 of 5.500% term bonds are due September 1, 2024, with sinking payments to be made beginning September 1, 2021 and $13,115,000 of 5.800% term bonds are due September 1, 2035, with sinking payments to be made beginning September 1, 2025.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. This bond issue was refunded through an advanced refunding by the issuance of the 2015 Series B Bonds. As of June 30, 2015, the outstanding indebtedness on these bonds was $0.

7) DEBT WITHOUT GOVERNMENT COMMITMENT - Continued

Local Agency Revenue Bonds - 2005 Series A

On February 2, 2005, the Beaumont Financing Authority issued $18,325,000 of 2005 Local Agency Revenue Bonds, Series A (the "Authority Bonds") for the purpose of acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds in the amount of $15,680,552 and to refund the Authority's 1994 Series B Bonds. The Community Facilities District Bonds were issued to provide the District with funds to finance public infrastructure relating to respective improvements areas, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2005 until maturity or earlier redemption. The Bonds consist $1,385,000 serial bonds maturing annually in amounts between $115,000 and $290,000 from September 1, 2006 through September 1, 2012 with interest rates between 3.000% and 4.250%. Thereafter, $3,655,000 of 5.000% term bonds are due September 1, 2020, with sinking payments to be made beginning September 1, 2013, $3,280,000 of 5.600% term bonds are due September 1, 2025, with sinking payments to be made beginning September 1, 2021, $4,315,000 of 5.650% term bonds are due September 1, 2030, with sinking payments to be made beginning September 1, 2026, and $5,690,000 of 5.700% term bonds are due September 1, 2035, with sinking payments to be made beginning September 1, 2031.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $16,245,000.

Local Agency Revenue Bonds - 2005 Series B

On June 15, 2005, the Beaumont Financing Authority issued $12,280,000 of 2005 Local Agency Revenue Bonds, Series B (the "Authority Bonds") for the purpose of acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds in the amount of $10,676,013. The Community Facilities District Bonds were issued to provide the District with funds to finance public infrastructure relating to respective improvements areas, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2006 until maturity or earlier redemption. The Bonds consist $2,860,000 serial bonds maturing annually in amounts between $30,000 and $380,000 from September 1, 2007 through September 1, 2022 with interest rates between 3.625% and 5.100%. Thereafter, $3,155,000 of 5.350% term bonds are due September 1, 2028, with sinking payments to be made beginning September 1, 2023, and $6,265,000 of 5.400% term bonds are due September 1, 2035, with sinking payments to be made beginning September 1, 2029.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. This bond issue was refunded through an advanced refunding by the issuance of the 2015 Series A Bonds. As of June 30, 2015, $_____ was held in an irrevocable escrow account for payment of the refunded debt at a later date.

7) DEBT WITHOUT GOVERNMENT COMMITMENT - Continued

Local Agency Revenue Bonds - 2005 Series C

On December 15, 2005, the Beaumont Financing Authority issued $19,155,000 of 2005 Local Agency Revenue Bonds, Series C (the "Authority Bonds") for the purpose of acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds in the amount of $16,805,014. The Community Facilities District Bonds were issued to provide the District with funds to finance public infrastructure relating to respective improvements areas, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2006 until maturity or earlier redemption. The Bonds consist of $390,000 serial bonds maturing annually in amounts between $5,000 and $130,000 from September 1, 2007 through September 1, 2012 with interest rates between 4.000% and 4.500%. Thereafter, $1,990,000 of 5.000% term bonds are due September 1, 2019, with sinking payments to be made beginning September 1, 2013, $6,435,000 of 5.450% term bonds are due September 1, 2020, with sinking payments to be made beginning September 1, 2027, and $10,340,000 of 5.500% term bonds are due September 1, 2024, with sinking payments to be made beginning September 1, 2028.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $18,415,000.

Local Agency Revenue Bonds - 2006 Series A

On June 8, 2006, the Beaumont Financing Authority issued $14,220,000 of 2006 Local Agency Revenue Bonds, Series A (the "Authority Bonds") for the purpose of acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds in the amount of $12,360,041. The Community Facilities District Bonds were issued to provide the District with funds to finance public infrastructure relating to respective improvements areas, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2006 until maturity or earlier redemption. The Bonds consist of $2,830,000 serial bonds maturing annually in amounts between $15,000 and $395,000 from September 1, 2007 through September 1, 2022 with interest rates between 4.125% and 5.250%. Thereafter, $11,390,000 of 5.350% term bonds are due September 1, 2036, with sinking payments to be made beginning September 1, 2023.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $13,600,000.

7) DEBT WITHOUT GOVERNMENT COMMITMENT - Continued

Local Agency Revenue Bonds - 2006 Series B

On November 2, 2006, the Beaumont Financing Authority issued $7,110,000 of 2006 Local Agency Revenue Bonds, Series B (the "Authority Bonds") for the purpose of acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds in the amount of $6,156,294. The Community Facilities District Bonds were issued to provide the District with funds to finance public infrastructure relating to respective improvements areas, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2007 until maturity or earlier redemption. The Bonds consist of $965,000 serial bonds maturing annually in amounts between $15,000 and $150,000 from September 1, 2008 through September 1, 2020 with interest rates between 3.900% and 4.800%. Thereafter, $1,575,000 of 5.000% term bonds are due September 1, 2027, with sinking payments to be made beginning September 1, 2021 and $4,570,000 of 5.050% term bonds are due September 1, 2037, with sinking payments to be made beginning September 1, 2028.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements.

The outstanding indebtedness at June 30, 2015 was $6,825,000.

Local Agency Revenue Bonds - 2007 Series A

On January 18, 2007, the Beaumont Financing Authority issued $21,175,000 of 2007 Local Agency Revenue Bonds, Series A (the "Authority Bonds") for the purpose of refunding the Beaumont Financing Authority 2000 Local Agency Revenue Bonds, Series A, the Beaumont Financing Authority 1994 Local Agency Revenue Bonds, Series A and B, and acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds in the amount of $4,910,884. The Community Facilities District Bonds were issued to provide the District with funds to finance public infrastructure relating to respective improvements areas, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2007 until maturity or earlier redemption. The Bonds consist of $8,860,000 serial bonds maturing annually in amounts between $250,000 and $780,000 from September 1, 2007 through September 1, 2021 with interest rates between 3.500% and 4.250%. Thereafter, $4,425,000 of 4.500% term bonds are due September 1, 2026, with sinking payments to be made beginning September 1, 2022, $6,785,000 of 4.500% term bonds are due September 1, 2032, with sinking payments to be made beginning September 1, 2027 and $1,105,000 of 4.625% term bonds are due September 1, 2037, with sinking payments to be made beginning September 1, 2033.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $19,910,000.

7) DEBT WITHOUT GOVERNMENT COMMITMENT - Continued

Local Agency Revenue Bonds - 2007 Series B

On March 6, 2007, the Beaumont Financing Authority issued $11,615,000 of 2007 Local Agency Revenue Bonds, Series B (the "Authority Bonds") for the purpose of refunding the Beaumont Financing Authority 2002 Local Agency Revenue Bonds, Series A, and acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds in the amount of $110,000. The Community Facilities District Bonds were issued to provide the District with funds to finance public infrastructure relating to respective improvements areas, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2007 until maturity or earlier redemption. The Bonds consist of $4,660,000 serial bonds maturing annually in amounts between $125,000 and $435,000 from September 1, 2007 through September 1, 2020 with interest rates between 3.500% and 4.125%. Thereafter, $2,470,000 of 4.500% term bonds are due September 1, 2025, with sinking payments to be made beginning September 1, 2021, and $4,485,000 of 4.375% term bonds are due September 1, 2032, with sinking payments to be made beginning September 1, 2026.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements.

The outstanding indebtedness at June 30, 2015 was $9,315,000.

Local Agency Revenue Bonds - 2007 Series C and D

On April 26, 2007, the Beaumont Financing Authority issued $22,490,000 of 2007 Local Agency Revenue Bonds, Series C (the "Authority Bonds") and $1,105,000 Local Agency Revenue Bonds, Series D (the "Authority Bonds") for the purpose of refunding the Beaumont Financing Authority 2003 Local Agency Revenue Bonds, Series A and Beaumont Financing Authority 1994 Local Agency Revenue Bonds, Series A, and acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds in the amount of $217,000. The Community Facilities District Bonds were issued to provide the District with funds to finance public infrastructure relating to respective improvements areas, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2007 until maturity or earlier redemption. The 2007 Series C Bonds consist of $6,440,000 serial bonds maturing annually in amounts between $350,000 and $765,000 from September 1, 2007 through September 1, 2019 with interest rates between 4.000% and 4.500%. Thereafter, $2,555,000 of 5.000% term bonds are due September 1, 2022, with sinking payments to be made beginning September 1, 2020, $4,060,000 of 5.000% term bonds are due September 1, 2026, with sinking payments to be made beginning September 1, 2023. $2,370,000 of 4.750% term bonds are due September 1, 2028, with sinking payments to be made beginning September 1, 2027, and $7,065,000 of 4.750% term bonds are due September 1, 2033, with sinking payments to be made beginning September 1, 2029. The 2007 Series D Bonds consist of $1,105,000 of 5.200% term bonds are due September 1, 2012, with sinking payments to be made beginning September 1, 2011.

7) DEBT WITHOUT GOVERNMENT COMMITMENT - Continued

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $21,309,000 for 2007 Series C and D.

Local Agency Revenue Bonds - 2007 Series E

On November 29, 2007, the Beaumont Financing Authority issued $6,520,000 of 2007 Local Agency Revenue Bonds, Series E (the "Authority Bonds") for the purpose of acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds in the amount of $5,621,813. The Community Facilities District Bonds were issued to provide the District with funds to finance public infrastructure relating to respective improvements areas, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2008 until maturity or earlier redemption. The Bonds consist of $615,000 serial bonds maturing annually in amounts between $5,000 and $120,000 from September 1, 2010 through September 1, 2020 with interest rates between 4.750% and 5.300%. Thereafter, $5,905,000 of 6.250% term bonds are due September 1, 2038, with sinking payments to be made beginning September 1, 2021.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $6,410,000.

Local Agency Revenue Bonds - 2008 Series A

On July 24, 2008, the Beaumont Financing Authority issued $4,090,000 of 2008 Local Agency Revenue Bonds, Series A (the "Authority Bonds") for the purpose of acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds in the amount of $3,476,204. The Community Facilities District Bonds were issued to provide the District with funds to finance public infrastructure relating to respective improvements areas, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2009 until maturity or earlier redemption. The Bonds consist of $390,000 serial bonds maturing annually in amounts between $5,000 and $80,000 from September 1, 2011 through September 1, 2020 with interest rates between 4.875% and 6.000%. Thereafter, $3,700,000 of 6.875% term bonds are due September 1, 2036, with sinking payments to be made beginning September 1, 2021.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $4,035,000.

7) DEBT WITHOUT GOVERNMENT COMMITMENT - Continued

Local Agency Revenue Bonds - 2009 Series B

On June 18, 2009, the Beaumont Financing Authority issued $2,640,000 of 2009 Local Agency Revenue Bonds, Series B (the "Authority Bonds") for the purpose of acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds in the amount of $2,229,228. The Community Facilities District Bonds were issued to provide the District with funds to finance public infrastructure relating to respective improvements areas, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2009 until maturity or earlier redemption. The Bonds consist of $235,000 serial bonds maturing annually in amounts between $5,000 and $65,000 from September 1, 2012 through September 1, 2027 with interest rates between 6.500% and 8.700%. Thereafter, $300,000 of 8.500% term bonds due September 1, 2024, with sinking payments to be made beginning September 1, 2017; $225,000 of 8.750% term bonds due September 1, 2030, with sinking payments to be made beginning September 1, 2028, $410,000 of 8.875% term bonds due September 1, 2034, with sinking payments beginning September 1, 2031 and $745,000 of 8.625% term bonds due September 1, 2039, with sinking payments beginning September 1, 2035.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $725,000.

Local Agency Revenue Bonds - 2011 Series A

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

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

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bonds reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $12,145,000.

7) DEBT WITHOUT GOVERNMENT COMMITMENT - Continued

Local Agency Revenue Bonds - 2012 Series A

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

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

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bonds reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $5,650,000.

Local Agency Revenue Bonds - 2012 Series B

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

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2015 until maturity or earlier redemption. The Bonds consist of $1,120,000 serial bonds maturing annually in amounts between $50,000 and $150,000 from September 1, 2015 through September 1, 2026 with interest rates between 3.500% and 5.500%. Thereafter, $2,145,000 of 5.950% term bonds are due September 1, 2035, with sinking payments to be made beginning September 1, 2027.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bonds reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $3,265,000.

7) DEBT WITHOUT GOVERNMENT COMMITMENT - Continued

Local Agency Revenue Bonds - 2012 Series C

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

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

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bonds reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $3,605,000.

Local Agency Revenue Bonds - 2013 Series A

On January 17, 2013, the Beaumont Financing Authority issued $8,810,000 of 2013 Local Agency Revenue Bonds, Series A (the "Authority Bonds") for the purpose of acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds in the amount of $7,865,887. The Community Facilities District Bonds were issued to provide the District with funds to finance public infrastructure related to Improvements area No. 19C, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2013 until maturity or earlier redemption. The Bonds consist of $4,180,000 serial bonds maturing annually in amounts between $55,000 and $420,000 from September 1, 2013 through September 1, 2022 with interest rates between 1.500% and 4.250%. Thereafter, $1,965,000 of 5% term bonds are due September 1, 2027, with sinking payments to be made beginning September 1, 2023, and $2,665,000 of 5% term bonds are due September 1, 2036, with sinking payments to be made beginning September 1, 2028.

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bonds reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $8,280,000.

7) DEBT WITHOUT GOVERNMENT COMMITMENT - Continued

Local Agency Revenue Bonds - 2013 Series B

On April 2, 2013, the Beaumont Financing Authority issued $10,875,000 of 2013 Local Agency Revenue Bonds, Series B (the "Authority Bonds") for the purpose of refunding the Beaumont Financing Authority 2003 Local Agency Revenue Bonds Series B and acquiring the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds in the amount of $130,500.The Community Facilities District Bonds were issued to provide the District with funds to finance public infrastructure related to Improvements area No. 17A, fund interest on the bonds, pay expenses relating to the issuance of the bonds and fund a reserve account.

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

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bonds reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $10,380,000.

Local Agency Revenue Bonds - 2015 Series A

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

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

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bonds reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $11,110,000.

Local Agency Revenue Bonds - 2015 Series B

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

7) **DEBT WITHOUT GOVERNMENT COMMITMENT - Continued**

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

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bonds reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $20,095,000.

Local Agency Revenue Bonds - 2015 Series C

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

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

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bonds reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $5,335,000.

Local Agency Revenue Bonds - 2015 Series D

On May 15, 2015, the Beaumont Financing Authority issued $7,280,000 of 2015 Local Agency Refunding Revenue Bonds, Series D (the "Authority Bonds") for the purpose of refunding the Beaumont Financing Authority 2004 Local Agency Revenue Bonds Series B.

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

Neither the Authority Bonds nor the District Bonds are general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bonds reserves, these bonds have not been reflected as long-term liabilities in the accompanying financial statements. The outstanding indebtedness at June 30, 2015 was $7,280,000.

Total Debt Without Government Commitment

At June 30, 2015, the total outstanding balance of the non-commitment debt was $215,973,905.

8) PENSION PLAN

General Information about the Defined Benefit Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous and Safety Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – The Plans are cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	Safety Police	Miscellaneous PEPRA
Hire date	Prior to January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 60	3% @ 50	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	60	50	62
Monthly benefits, as a % of eligible compensation	Highest single year	Highest single year	3-year average
Required employee contribution rates	8%	9%	6.250%
Required employer contribution rates	16.786%	32.922%	6.250%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety
Contributions - employer	$ 996,243	$ 1,421,157

8) **PENSION PLAN - Continued**

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 4,092,766
Safety	6,923,153
Total Net Pension Liability	$ 11,015,919

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability as of June 30, 2013 and 2014 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2013	0.16967%	0.17891%
Proportion - June 30, 2014	0.16560%	0.18457%
Change - Increase (Decrease)	-0.00407%	0.00566%

8) PENSION PLAN - Continued

For the year ended June 30, 2015, the City recognized pension expense of $1,893,838. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,319,837	$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	906,865	542,287
Net differences between projected and actual earnings on plan investments	-	2,944,644
Total	$ 3,226,702	$ 3,486,931

$2,319,837 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2016	$ (605,955)
2017	(605,955)
2018	(631,996)
2019	(736,161)
2020	-
Thereafter	-

8) PENSION PLAN - Continued

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.50%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.50% (2)
Mortality	(3)

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS' Membership Data for all Funds.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

8) PENSION PLAN - 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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%

(1) An expected inflation of 2.5% used for this period.
(2) An expected inflation of 3.0% used for this period.

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

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

	Miscellaneous	Safety
1% Decrease	6.50%	6.50%
Net Pension Liability	$ 7,242,381	$ 10,950,982
Current Discount Rate	7.50%	7.50%
Net Pension Liability	$ 4,092,766	$ 6,923,153
1% Increase	8.50%	8.50%
Net Pension Liability	$ 1,478,883	$ 3,604,397

8) PENSION PLAN - Continued

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2015, the City reported a payable of $423,477 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015. This amount is included in accounts payable and accrued liabilities.

9) FINANCIAL CONDITION AND MANAGEMENT'S PLANS

The City's Governmental Activities, Business-type Activities, General Fund and Sewer Enterprise Funds have deficit unrestricted net position/fund balances as of June 30, 2015 of $89,979,209, $2,786,155, $7,188,931, and $2,606,079, respectively. The Governmental Activities deficit unrestricted net position increased approximately $51 million, compared to the prior year. The increase is mainly due to the write-off of the uncollectible receivable from the Successor Agency of $21,500,000, recording the Net Pension Liability as a result of the implementation of GASB 68, and recording the interest due to WRCOG based on the court order. The City's Governmental Activities lacks the financial resources required to pay the WRCOG TUMF judgment of $62 million. In addition, the General Fund has a deficit unassigned fund balance of $7,188,931 as of June 30, 2015. The General Fund currently lacks the financial resources required to repay the advances from the Community Facilities District Capital Projects Funds. It is uncertain how these funds will be repaid in the future.

Management's Plans

City management began evaluating the Service, Budget, and Cash solvency issues shortly after the district attorney and FBI served search warrants on City Hall in April 2015. Current City management believes that for years, City budgets had been regularly exceeded without Council approved budget adjustments and that the City's general fund has been in a negative cash and working capital position.

The City Council ordered a review of the City's internal controls by an independent consulting firm which was issued in June 2015. The internal controls of the City were found to be largely ineffective or nonexistent. An audit by the State Controller's Office (SCO) resulted in a November 2015 report of 10 findings of internal control deficiencies that include 75 of 79 internal control elements as inadequate.

Critical members of City senior management had retired or resigned as of June 30, 2015. To address the financial solvency, City Council hired a financial advisor team and Interim Director of Finance. The budget for fiscal year 2015-2016 was developed based on the staffing and operational needs of the City, balanced against conservative revenue projections. This balanced budget approach resulted in approximately $4 million reduction in base-line expenditures. Staffing changes and compensation concessions were negotiated which was budgeted to reduce costs by $1.5M. Other departmental costs were comprehensively reviewed and adjusted by $2.5M. City Council and new City management began the evaluation of all existing staff, policies, procedures, and contracts.

The City restructured departments in order to better manage the City's operational and fiscal activities. Financial Management Policies were developed and adopted, and further refined since the year ended June 30, 2015. The City has expenditure controls whereby all purchases greater than $10,000 must be taken to Council for approval. A formalized Request for Proposal (RFP) and Purchase Order (PO) process have been developed and implemented. Existing vendors and contractors that did not have a valid contract were notified that their services

9) FINANCIAL CONDITION AND MANAGEMENT'S PLANS - Continued

were being terminated and that they could re-bid for the work through the formal process. Since June 2015, the City has negotiated contracts with a Financial Advisor, Bond Counsel, General Legal Counsel, Special District Administrator, Information Technology consultant, and Bond Trustee. Many other service providers were changed due to the formalized PO and RFP processes.

The City formed a Finance and Audit Committee (formerly known as the Standing Financial Committee) which meets on a monthly basis to discuss important financial activities of the City. This Committee provides oversight and compliance with internal control practices and reports directly to the City Council.

To improve transparency, not only to the residents of the City, but also between departments, software solutions were evaluated to simplify current practices and make efficient use of current resources. Changes have been approved that will integrate various department functions and allow data sharing for further oversight and control of revenues and expenditures. The accounting software specifically, will be upgraded and then set up so that funds can be more specifically tracked and reported on a consistent and timely basis.

The City began addressing other public concerns by directing that the Community Facilities District's bond funds be reconciled as well as a reconciliation of the Development Impact Fees (also known as Mitigation fees). The final determination of the general fund deficit balance hinges on the final accounting in these restricted funds. These reconciliations are ongoing, but with the assistance of public finance legal counsel, $5 million in funds have been authorized by the City Council to be transferred into the general fund to narrow the deficit gap. These funds were advanced by the BFA to the Wastewater Enterprise in late 2014 and the advance is being repaid and the funds redirected to the City's general fund as permitted under BFA's indenture, as amended.

The City is negotiating an amended development agreement that can provide another $3M to the general fund, further closing the deficit gap.

The City has enlisted the assistance of the Financial Advisor and another consultant to develop a Work Out Plan to Sustainability. The drafted plan has been presented to Council, but no action has yet been taken, pending the final account reconciliations noted above. The Plan to Sustainability will not only address the financial concerns of the City, but also the City's ability to provide and maintain adequate levels of City services.

Fee studies are being performed for all City provided services. Costs have increased over time for the City, but the offsetting revenues have not been evaluated or adjusted for many years.

10) COMMITMENTS AND CONTINGENCIES

Sewer Advance Payable

Using available resources and an advance from the Community Facilities District Collection Agency Fund (CFD Bond Fund), the Sewer Fund paid off the 2001 Variable Rate Sewer Revenue Bonds during the 2014-15 fiscal year. It is uncertain if the advance ("loan") to the Sewer Fund of $5,069,509 is allowable under the various restrictions in the bond indentures for the Community Facilities District Bonds.

10) COMMITMENTS AND CONTINGENCIES

SEC Investigation

In April 2016, the United States Securities and Exchange Commission (SEC) served subpoenas for documents on the City of Beaumont, the BFA, and the City of Beaumont Community Facilities District No. 93-1 pursuant to a Formal Order of Investigation. The subpoenas follow the City's ongoing investigation relating to the use of bond proceeds, the expenditures of special tax assessments, and continuing disclosure compliance. Additionally, the City has appealed the WRCOG lawsuit and is working towards a settlement. The outcome of these matters can have a significant impact on the City's financial future.

Riverside County District Attorney and FBI Investigation

On April 22, 2015, the Riverside County District Attorney's Office, assisted by the FBI, served search warrants at the Beaumont Civic Center. According to investigators, the warrants were served in conjunction with an investigation into Urban Logic Consultant's business relationship with the City. Urban Logic Consultants is a private company that provided engineering, planning, and economic development services to the City of Beaumont for 20 years. It is unknown at this time what the outcome of the investigations will be or the investigations impact on the City's financial statements, if any.

Claims and Litigation

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

Beaumont-Cherry Valley Recreation and Park District

The City received a claim from the Beaumont-Cherry Valley Recreation and Park District ("The District") seeking approximately $2 million for what they believe is their portion of Park Fees the City has collected. The probability of loss, if any, from this claim has not been determined and therefore, no accrual for this claim has been made in the City's financial statements.

11) EXTRAORDINARY ITEMS

In prior years, the City loaned the former Beaumont Redevelopment Agency $21.5 Million as of the beginning of the fiscal year ended June 30, 2015. On May 17, 2016, the State Department of Finance denied the repayment of the loan to the City in its entirety stating insufficient evidence for the loan. Therefore, in the current year, the $21.5 Million loan receivable in the General Fund is considered uncollectible as of June 30, 2015. The extraordinary item in the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund of $21.5 Million is the result of recording an allowance for doubtful accounts for this receivable. In addition, the extraordinary item in the Statement of Changes in Fiduciary Net Position of $21.5 Million is the result of removing loan payable to the City, based on the State's denial for repayment.

12) FUND BALANCE

The City's governmental fund balances at June 30, 2015, are presented below:

	General Fund	Community Facilities Fund	Capital Improvement Fund	Nonmajor Funds	Totals
Nonspendable:					
Notes and Loans Receivable	$ 249,493	$ -	$ -	$ -	$ 249,493
Restricted for:					
CFD Projects	-	22,748,722	-	-	22,748,722
Capital Projects	-	-	8,763,649	-	8,763,649
Street Projects	-	-	-	708,507	708,507
Public Safety	-	-	-	422,142	422,142
PEG Fees	-	-	-	142,494	142,494
Unassigned	(7,438,424)	-	-	-	(7,438,424)
Total Fund Balances	$ (7,188,931)	$ 22,748,722	$ 8,763,649	$ 1,273,143	$ 25,596,583

13) RESTATEMENTS

Restatements on Government-Wide Financial Statements

Restatements to beginning net position in the government-wide financial statements for fiscal year 2014-15 are summarized below:

	Governmental Activities		Business-type Activities	
	$ (11,154,513)	(1)	$ (547,634)	(1)
	(14,056,091)	(2)	119,708	(9)
	1,409,802	(3)	(331,064)	(10)
	(124,774)	(4)	(491,000)	(11)
	300,000	(5)	-	
	(122,363)	(6)	-	
	491,000	(7)		
	(58,035)	(7)	-	
	(4,235,674)	(8)	-	
Total	$ (27,550,648)		$ (1,249,990)	

(1) The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions,* in fiscal year 2014-15. As a result, beginning net position in the Statement of Activities – Governmental Activities and Business-type Activities were restated by $(11,154,513) and $(547,634), respectively, to reflect the cumulative effect of applying this statement.

(2) The adjustment for $(14,056,091) is to record the accrued interest on the WRCOG Settlement through June 30, 2014, in accordance with the court ruling.

(3) The PERS Side Fund outstanding balance of $1,409,802 was written off and included as part of the Net Pension Liability due to the implementation of GASB 68.

13) RESTATEMENTS - Continued

(4) The City reduced beginning net position by $124,744 to correct the balance of bond investments not properly recorded in prior years.

(5) The City increased beginning net position by $300,000, in relation to the AB 1484 Due Diligence Review debt, for payments made in prior years which were reflected in Governmental Activities but should have been reported in the Successor Agency Private-purpose Trust Fund.

(6) The City reduced beginning net position by $122,363 for gas tax receivables and revenues reported in the prior year which represented revenues for the 2014-15 fiscal year.

(7) The City increased beginning net position by $491,000 for Refuse revenues recorded in the Sewer Fund in the prior year, and reduced beginning net position for other receivables of $58,035.

(8) In City decreased beginning net position by $4,235,674 for transfers to the General Fund from the Successor Agency in prior years that have been determined to be unallowable by the California State Controller's Office.

(9) The City increased business-type activities' beginning net position by $119,708 for prior year unearned revenues in the Transit Fund which are now considered earned due to the implementation of GASB 68.

(10) The City reduced business-type activities' beginning net position by $331,064 to write-off notes receivable due from the Successor Agency Private-purpose Trust Fund to the Sewer Fund.

(11) The City reduced business-type activities' beginning net position by $491,000 for corrections to Refuse revenues reported in the Sewer Fund in the prior year - see (7) above.

Restatements on Fund Financial Statements

Restatements to fund balance/net position made on the fund financial statements for fiscal year 2014-15 are as follows:

The City adjusted $1,098,481 beginning fund balance in the General Fund from the combination of the $491,000 and $(58,035) adjustments described at (7) above, respectively, and to combine the beginning fund balance of $404,078 of the Equipment Replacement Reserve Fund previously reported as a nonmajor capital projects fund in prior years. This fund does not meet the requirements of a capital projects fund in accordance with GASB Statement 54. In addition, an adjustment of $261,438 was made for the loans receivable that were offset with deferred inflows in the prior year but should have been a component of nonspendable fund balance.

The City reduced beginning fund balance in the Community Facilities District Capital Projects Fund by $124,744 as described at (4) above.

The City increased beginning fund balance in the Capital Improvement Capital Projects Fund by $300,000 as described at (5) above.

The City reduced beginning fund balance in the nonmajor Gas Tax Special Revenue Fund by $122,363 as described at (6) above.

The City reduced beginning net position in the Sewer Enterprise Fund by $822,064 as a result of the adjustments described at (10) and (11) above. In addition, the adjustment described at (11) above is also an adjustment to the beginning balance of cash as of the beginning of the year.

The City reduced beginning net position in the Transit Enterprise Fund by $427,926 as a result of the adjustments described at (1) and (9) above.

13) RESTATEMENTS - Continued

Restatements on Fiduciary Fund Financial Statements

The City reduced beginning net position in the Successor Agency Private-purpose Trust Fund by $439,642 to remove capital assets and a promissory note, including accumulated interest payable.

14) SUBSEQUENT EVENTS

In March 2016 the City entered into a contract for the Waste Water treatment plant aeration basins cleaning and maintenance for a cost of $965,000.

In March 2016, software replacement/enhancement contract was awarded to Tyler Technologies for a seven year term. The cost of the replacement and enhancement of the financial portion of the software is $70,900 and the replacement and enhancement of the planning and development portion of the software is $93,000. The ongoing maintenance and subscription costs will be consistent with the costs incurred in previous years.

In October 2016, the City entered into a lease agreement with Ford Motor Credit for the purchase of three additional police vehicles financed over four years for a total of $96,000.

The City adopted a balanced budget for fiscal years ending June 30, 2016 and June 30, 2017.

The Transit department submitted and received approval for its Short Range Transit Plan from Riverside County Transit Commission (RCTC) for fiscal years ending June 30, 2016 and June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

City of Beaumont
Notes to Required Supplementary Information
Year Ended June 30, 2015

Budgetary Control and Accounting

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

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

Excess of Expenditures Over Appropriations

	Appropriations	Expenditures	Excess
General Fund			
General Government	$ 1,850,000	$ 4,244,707	$ (2,394,707)
Community Development	1,000,000	1,813,824	(813,824)
Refuse	2,400,000	4,144,778	(1,744,778)

City of Beaumont
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes and Special Assessments	$ 13,595,000	$ 13,595,000	$ 14,013,655	$ 418,655
Fines and Forfeitures	140,000	140,000	350,287	210,287
Licenses, Fees, and Permits	920,000	920,000	1,201,320	281,320
Use of Money and Property	130,000	130,000	112,915	(17,085)
Intergovernmental Revenues	-	-	297,016	297,016
Charges for Services	5,936,000	5,936,000	8,087,267	2,151,267
Other Revenues	538,000	538,000	777,159	239,159
Total Revenues	21,259,000	21,259,000	24,839,619	3,580,619
EXPENDITURES				
Current:				
General Government	1,850,000	1,850,000	4,244,707	(2,394,707)
Public Safety	14,833,000	14,833,000	13,494,038	1,338,962
Public Works	819,000	819,000	164,630	654,370
Community Development	1,000,000	1,000,000	1,813,824	(813,824)
Community Services	2,970,000	2,970,000	2,910,170	59,830
Refuse	2,400,000	2,400,000	4,144,778	(1,744,778)
Total Expenditures	23,872,000	23,872,000	26,772,147	(2,900,147)
Excess (Deficiency) of Revenues over Expenditures	(2,613,000)	(2,613,000)	(1,932,528)	680,472
OTHER FINANCING SOURCES (USES)				
Transfers In	2,613,000	2,613,000	-	(2,613,000)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	2,613,000	2,613,000	-	(2,613,000)
EXTRAORDINARY ITEM				
Write-off of Advance Receivable	-	-	(21,500,000)	(21,500,000)
Net Change in Fund Balances	-	-	(23,432,528)	(23,432,528)
Fund Balance, Beginning of Year	15,145,116	15,145,116	15,145,116	
Prior Period Adjustments	-	-	1,098,481	1,098,481
Fund Balance, End of Year	$ 15,145,116	$ 15,145,116	$ (7,188,931)	$ (22,334,047)

City of Beaumont
Required Supplementary Information
Year Ended June 30, 2015

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last 10 Years*

		Miscellaneous Risk Pool 2015
Proportion of the Net Pension Liability		0.06577%
Proportionate Share of Net Pension Liability	$	4,092,766
Covered - Employee Payroll	$	6,021,259
Proportionate Share of the Net Pension Liability as a percentage of Payroll		67.97%
Plan's Fiduciary Net Position	$	19,648,764
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.76%

		Safety Risk Pool 2015
Proportion of the Net Pension Liability		0.11126%
Proportionate Share of Net Pension Liability	$	6,923,153
Covered - Employee Payroll	$	5,134,250
Proportionate Share of the Net Pension Liability as a percentage of Payroll		134.84%
Plan's Fiduciary Net Position	$	23,147,043
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		76.98%

*Fiscal year 2015 is the first year of implementation, therefore only one year of information is available.

Notes to the Schedule of the City's Proportionate Share of the Net Pension Liability

Benefit Changes: None

Changes in Assumptions: None

City of Beaumont
Required Supplementary Information
Year Ended June 30, 2015

SCHEDULE OF PLAN CONTRIBUTIONS
Last 10 Years*

	Miscellaneous Pool 2015
Contractually Required Contributions (actuarially determined)	$ 996,243
Contributions in Relation to the Actuarially Determined Contributions	(996,243)
Contribution Deficiency (Excess)	$ -
Covered-Employee Payroll	$ 6,021,259
Contributions as a Percentage of Covered Employee Payroll	16.55%

	Safety Pool 2015
Contractually Required Contributions (actuarially determined)	$ 1,421,157
Contributions in Relation to the Actuarially Determined Contributions	(1,421,157)
Contribution Deficiency (Excess)	$ -
Covered-Employee Payroll	$ 5,134,250
Contributions as a Percentage of Covered Employee Payroll	27.68%

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2013

*Fiscal year 2015 is the first year of implementation, therefore only one year of information is available.

Draft 12-2-16

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

City of Beaumont
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2015

	Special Revenue			
	State Gas Tax Fund	AB 2766 Fund	CDBG Fund	Asset Seizure Fund
ASSETS				
Cash and Investments	$ 532,651	$ 162,549	$ -	$ 168,320
Receivables:				
Due from Other Governments	-	13,307	-	-
Total Assets	$ 532,651	$ 175,856	$ -	$ 168,320
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ -	$ -	$ -	$ -
Deposits	-	-	-	-
Total Liabilities	-	-	-	-
FUND BALANCE (DEFICITS)				
Restricted	532,651	175,856	-	168,320
Total Fund Balances	532,651	175,856	-	168,320
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	$ 532,651	$ 175,856	$ -	$ 168,320

Draft 12-2-16

Special Revenue			
PEG Fund	Cops Funding Fund	State Asset Seizure Fund	Total Non-major Governmental Funds
$ 135,514	$ 9,527	$ 227,628	$ 1,236,189
6,980	16,667	-	36,954
$ 142,494	$ 26,194	$ 227,628	$ 1,273,143
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
142,494	26,194	227,628	1,273,143
142,494	26,194	227,628	1,273,143
$ 142,494	$ 26,194	$ 227,628	$ 1,273,143

City of Beaumont
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2015

	Special Revenue			
	State Gas Tax Fund	AB 2766 Fund	CDBG Fund	Asset Seizure Fund
REVENUES				
Taxes and Special Assessments	$ 1,152,746	$ -	$ -	$ -
Use of Money and Property	-	129	-	175
Intergovernmental Revenues	-	50,715	45,478	-
Total Revenues	1,152,746	50,844	45,478	175
EXPENDITURES				
Current:				
Public Safety	-	-	-	11,151
Public Works	497,732	-	-	-
Community Development	-	-	45,478	-
Total Expenditures	497,732	-	45,478	11,151
Excess (Deficiency) of Revenues Over Expenditures	655,014	50,844	-	(10,976)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	655,014	50,844	-	(10,976)
Fund Balances, Beginning of Year	-	125,012	-	179,296
Prior Period Adjustment	(122,363)	-	-	-
Fund Balances, End of Year	$ 532,651	$ 175,856	$ -	$ 168,320

Draft 12-2-16

	Special Revenue			
	PEG Fund	Cops Funding Fund	State Asset Seizure Fund	Total Non-major Governmental Funds
	$ 32,630	$ -	$ -	$ 1,185,376
	86	24	227	641
	-	106,230	-	202,423
	32,716	106,254	227	1,388,440
	-	80,060	-	91,211
	-	-	-	497,732
	-	-	-	45,478
	-	80,060	-	634,421
	32,716	26,194	227	754,019
	-	-	-	-
	-	-	-	-
	32,716	26,194	227	754,019
	109,778	-	227,401	641,487
	-	-	-	(122,363)
	$ 142,494	$ 26,194	$ 227,628	$ 1,273,143

Draft 12-2-16

City of Beaumont
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Facilities Capital Projects Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes and Special Assessments	$ 21,200,000	$ 4,041,857	$ (17,158,143)
Use of Money and Property	-	16,278	16,278
Total Revenues	21,200,000	4,058,135	(17,141,865)
EXPENDITURES			
Current:			
General Government	725,000	724,502	498
Public Works	16,000,000	859,510	15,140,490
Community Development	55,000	55,054	(54)
Community Services	1,970,000	1,970,444	(444)
Capital Outlay	-	-	-
Total Expenditures	18,750,000	3,609,510	15,140,490
Excess (Deficiency) of Revenues over Expenditures	2,450,000	448,625	(2,001,375)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(1,250,000)	-	1,250,000
Total Other Financing Sources (Uses)	(1,250,000)	-	1,250,000
Net Change in Fund Balances	1,200,000	448,625	(751,375)
Fund Balance, Beginning of Year	22,424,871	22,424,871	-
Prior Period Adjustments	-	(124,774)	(124,774)
Fund Balance, End of Year	$ 23,624,871	$ 22,748,722	$ (876,149)

Draft 12-2-16

City of Beaumont
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Improvement Capital Projects Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	$ 2,000,000	$ 4,313,388	$ 2,313,388
Use of Money and Property	-	-	-
Total Revenues	2,000,000	4,313,388	2,313,388
EXPENDITURES			
Current:			
Public Works	1,300,000	30,535	1,269,465
Capital Outlay	-	-	-
Total Expenditures	1,300,000	30,535	1,269,465
Excess (Deficiency) of Revenues over Expenditures	700,000	4,282,853	3,582,853
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	700,000	4,282,853	3,582,853
Fund Balances, Beginning of Year	4,180,796	4,180,796	-
Prior Period Adjustment	-	300,000	300,000
Fund Balance, End of Year	$ 4,880,796	$ 8,763,649	$ 3,882,853

City of Beaumont
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - State Gas Tax Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes and Special Assessments	$ 978,000	$ 1,152,746	$ 174,746
Use of Money and Property	-	-	-
Total Revenues	978,000	1,152,746	174,746
EXPENDITURES			
Current:			
Community Services	500,000	497,732	2,268
Capital Outlay	-	-	-
Total Expenditures	500,000	497,732	2,268
Excess (Deficiency) of Revenues Over Expenditures	478,000	655,014	177,014
OTHER FINANCING SOURCES (USES)			
Transfers Out	(542,000)	-	542,000
Total Other Financing Sources (Uses)	(542,000)	-	542,000
Net Change in Fund Balances	(64,000)	655,014	719,014
Fund Balance, Beginning of Year	-	-	-
Prior Period Adjustment	-	(122,363)	(122,363)
Fund Balance, End of Year	$ (64,000)	$ 532,651	$ 596,651

Draft 12-2-16

City of Beaumont
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - AB2766 Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	$ -	$ 129	$ 129
Intergovernmental Revenues	50,000	50,715	715
Total Revenues	50,000	50,844	844
EXPENDITURES			
Current:			
Public Safety	150,000	-	150,000
Capital Outlay	-	-	-
Total Expenditures	150,000	-	150,000
Excess (Deficiency) of Revenues Over Expenditures	(100,000)	50,844	150,844
Fund Balance, Beginning of Year	125,012	125,012	-
Fund Balance, End of Year	$ 25,012	$ 175,856	$ 150,844

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City of Beaumont
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CDBG Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	$ -	$ -	$ -
Intergovernmental Revenue	100,000	45,478	(54,522)
Total Revenues	100,000	45,478	(54,522)
EXPENDITURES			
Current:			
Community Development	100,000	45,478	54,522
Capital Outlay	-	-	-
Total Expenditures	100,000	45,478	54,522
Excess (Deficiency) of Revenues over Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	$ -	$ -	$ -

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City of Beaumont
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Asset Seizure Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	$ -	$ 175	$ 175
Intergovernmental Revenue	35,000	-	(35,000)
Total Revenues	35,000	175	(34,825)
EXPENDITURES			
Current:			
Public Safety	-	11,151	(11,151)
Capital Outlay	427,000	-	(427,000)
Total Expenditures	427,000	11,151	415,849
Excess (Deficiency) of Revenues over Expenditures	(392,000)	(10,976)	381,024
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(392,000)	(10,976)	381,024
Fund Balance, Beginning of Year	179,296	179,296	-
Fund Balance, End of Year	$ (212,704)	$ 168,320	$ 381,024

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City of Beaumont
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - PEG Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes and Special Assessments	$ 24,000	$ 32,630	$ 8,630
Use of Money and Property	-	86	86
Total Revenues	24,000	32,716	8,716
EXPENDITURES			
Current:			
Community Development	-	-	-
Capital Outlay	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	24,000	32,716	8,716
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(125,000)	-	125,000
Total Other Financing Sources (Uses)	(125,000)	-	125,000
Net Change in Fund Balances	(101,000)	32,716	133,716
Fund Balance, Beginning of Year	109,778	109,778	-
Fund Balance, End of Year	$ 8,778	$ 142,494	$ 133,716

City of Beaumont
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - COPS Funding Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	$ -	$ 24	$ 24
Intergovernmental Revenue	100,000	106,230	6,230
Total Revenues	100,000	106,254	6,254
EXPENDITURES			
Current:			
Public Safety	-	80,060	(80,060)
Capital Outlay	-	-	-
Total Expenditures	-	80,060	(80,060)
Excess (Deficiency) of Revenues over Expenditures	100,000	26,194	(73,806)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(100,000)	-	100,000
Total Other Financing Sources (Uses)	(100,000)	-	100,000
Net Change in Fund Balances	-	26,194	26,194
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	$	$ 26,194	$ 26,194

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AGENCY FUNDS

City of Beaumont
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

	Community Facilities District Collection Fund	Anthony Martinez Fund	BFA Sales Tax	Evidence Fund
ASSETS				
Cash and Investments	$ 17,089,793	$ 11,966	$ -	$ 12,590
Cash and Investments with Fiscal Agent	17,333,693	-	-	-
Receivable from Agency Fund	-	-	-	10,016
Receivable from City of Beaumont	5,069,509	-	-	-
Total Assets	$ 39,492,995	$ 11,966	$ -	$ 22,606
LIABILITIES				
Due to Others	$ -	$ -	$ -	$ 22,606
Deposits Payable	286,999	11,966	-	-
Due to Agency Fund	-	-	-	-
Due to Bondholders	39,205,996	-	-	-
Total Liabilities	$ 39,492,995	$ 11,966	$ -	$ 22,606

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Beaumont Charitable Foundation	AB 109	Totals
$ -	$ 3,376,067	$ 20,490,416
-	-	17,333,693
-	-	10,016
32,924	-	5,102,433
$ 32,924	$ 3,376,067	$ 42,936,558
$ 22,908	$ 3,376,067	$ 3,421,581
-	-	298,965
10,016	-	10,016
-	-	39,205,996
$ 32,924	$ 3,376,067	$ 42,936,558

City of Beaumont
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2015

	Beginning Balance	Additions	Deletions	Ending Balance
Community Facilities District Collection Fund				
ASSETS				
Cash and Investments	$ 10,207,168	$ 38,415,684	$ 31,533,059	$ 17,089,793
Cash and Investments with Fiscal Agent	22,152,443	3,840,032	8,658,782	17,333,693
Investment in CFD Bonds	216,046,830	-	216,046,830	-
Receivable from City of Beaumont	-	5,069,509	-	5,069,509
Total Assets	$ 248,406,441	$ 47,325,225	$ 256,238,671	$ 39,492,995
LIABILITIES				
Deposits Payable	$ -	$ 286,999	$ -	$ 286,999
Due to Bondholders	248,406,441	67,292,835	276,493,280	39,205,996
Total Liabilities	$ 248,406,441	$ 67,579,834	$ 276,493,280	$ 39,492,995
Anthony Martinez Fund				
ASSETS				
Cash and Investments	$ 11,954	$ 12	$ -	$ 11,966
Total Assets	$ 11,954	$ 12	$ -	$ 11,966
LIABILITIES				
Deposits Payable	$ 11,954	$ 12	$ -	$ 11,966
Total Liabilities	$ 11,954	$ 12	$ -	$ 11,966
BFA Sales Tax				
ASSETS				
Cash and Investments	$ 16,578	$ 123,915	$ 140,493	$ -
Total Assets	$ 16,578	$ 123,915	$ 140,493	$ -
LIABILITIES				
Due to Others	$ 16,578	$ 123,915	$ 140,493	$ -
Total Liabilities	$ 16,578	$ 123,915	$ 140,493	$ -
Evidence Fund				
ASSETS				
Cash and Investments	$ 21,507	$ 1,670	$ 10,587	$ 12,590
Receivable from Agency Fund	-	10,016	-	10,016
Total Assets	$ 21,507	$ 11,686	$ 10,587	$ 22,606
LIABILITIES				
Due to Others	$ 21,507	$ 1,670	$ 571	$ 22,606
Total Liabilities	$ 21,507	$ 1,670	$ 571	$ 22,606

Continued

City of Beaumont
Combining Statement of Changes in Fiduciary Assets and Liabilities - Continued
Agency Funds
Year Ended June 30, 2015

	Beginning Balance	Additions	Deletions	Ending Balance
Beaumont Charitable Foundation				
ASSETS				
Cash and Investments	$ 11,278	$ 24,790	$ 36,068	$ -
Receivable from City of Beaumont	-	32,924	-	32,924
Total Assets	$ 11,278	$ 57,714	$ 36,068	$ 32,924
LIABILITIES				
Due to Others	$ 11,278	$ 92,870	$ 81,240	$ 22,908
Due to Agency Fund	-	10,016	-	10,016
Total Liabilities	$ 11,278	$ 102,886	$ 81,240	$ 32,924
AB 109				
ASSETS				
Cash and Investments	$ 2,196,401	$ 2,573,244	$ 1,393,578	$ 3,376,067
Total Assets	$ 2,196,401	$ 2,573,244	$ 1,393,578	$ 3,376,067
LIABILITIES				
Due to Others	$ 2,196,401	$ 2,573,244	$ 1,393,578	$ 3,376,067
Total Liabilities	$ 2,196,401	$ 2,573,244	$ 1,393,578	$ 3,376,067
Total Agency Funds				
ASSETS				
Cash and Investments	$ 12,464,886	$ 41,139,315	$ 33,113,785	$ 20,490,416
Cash and Investments with Fiscal Agent	22,152,443	3,840,032	8,658,782	17,333,693
Investment in CFD Bonds	216,046,830	-	216,046,830	-
Receivable from Agency Fund	-	10,016	-	10,016
Receivable from City of Beaumont	-	5,102,433	-	5,102,433
Total Assets	$ 250,664,159	$ 50,091,796	$ 257,819,397	$ 42,936,558
LIABILITIES				
Due to Others	$ 2,245,764	$ 2,791,699	$ 1,615,882	$ 3,421,581
Deposits Payable	11,954	287,011	-	298,965
Due to Agency Fund	-	10,016	-	10,016
Due to Bondholders	248,406,441	67,292,835	276,493,280	39,205,996
Total Liabilities	$ 250,664,159	$ 70,381,561	$ 278,109,162	$ 42,936,558