



City of Beaumont



2022

POPULAR ANNUAL FINANCIAL REPORT

Prepared By:

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Assistant Finance Director



MESSAGE FROM THE FINANCE DIRECTOR JENNIFER USTATION

To the Citizens of the City of Beaumont:

Welcome to the City of Beaumont's first-ever Popular Annual Financial Report (PAFR), for the fiscal year ending June 30, 2022. Our PAFR provides an overview of the City's financial position in a manner that is easy to understand and provides a brief analysis of where the City's revenues are derived and where those dollars are spent. The information in this report is based on the audited results presented in the City's Annual Comprehensive Financial Report (ACFR).

It is important to note, this PAFR is unaudited and is presented on a non-GAAP basis*. This means the presentation of financial data in this report differs from the GAAP basis presentation in the City's ACFR.

I hope you find this report helpful and encourage you to access the City's website (www.beaumontca.gov) or contact Finance at (951) 572-3236 for more detailed information about the City's finances.

A handwritten signature in black ink, appearing to read 'Jennifer Ustation'. The signature is fluid and cursive.

Jennifer Ustation

*Generally Accepted Accounting Principles (GAAP) is a combination of authoritative standards and the commonly accepted way of recording and reporting accounting information. To review the audited GAAP-based, full disclosure financial statements, please refer to the City's ACFR, which is available on the City's website at www.beaumontca.gov.

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"Beaumont is a vibrant city whose charm is exceeded only by the remarkable people who call it home. While times have changed, the friendliness and hospitality that recall a simpler era have not. In Beaumont, residents enjoy a way of life that includes not only the charming characteristics of a small town but all the amenities of a dynamic suburban environment."

About the City



Beaumont has a rich history and is nestled in the foothills of the San Bernardino National Forest. Originally settled in the mid-1800s as a stop along the Southern Pacific Railroad, people drawn to the beautiful mountain views, crisp air and abundance of apple orchards remained in the area and City of Beaumont was incorporated on November 18, 1912.

Beaumont's continued growth can be attributed to its desirable location and its reputation as an affordable community that offers a high quality of life. Local officials, supported by engaged community members, have worked tirelessly to prepare for a sustainable future and a vibrant community. Exceptional public services that are provided for the community include community-oriented public safety, an excellent school system, and 18 scenic parks and recreation areas, ensuring that Beaumont is a great place to live, work and explore.

Elected and Appointed Officials



Lloyd White
Mayor



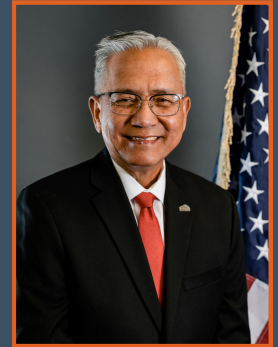
Julio Martinez
Mayor Pro Tem



Mike Lara



David Fenn



Rey Santos

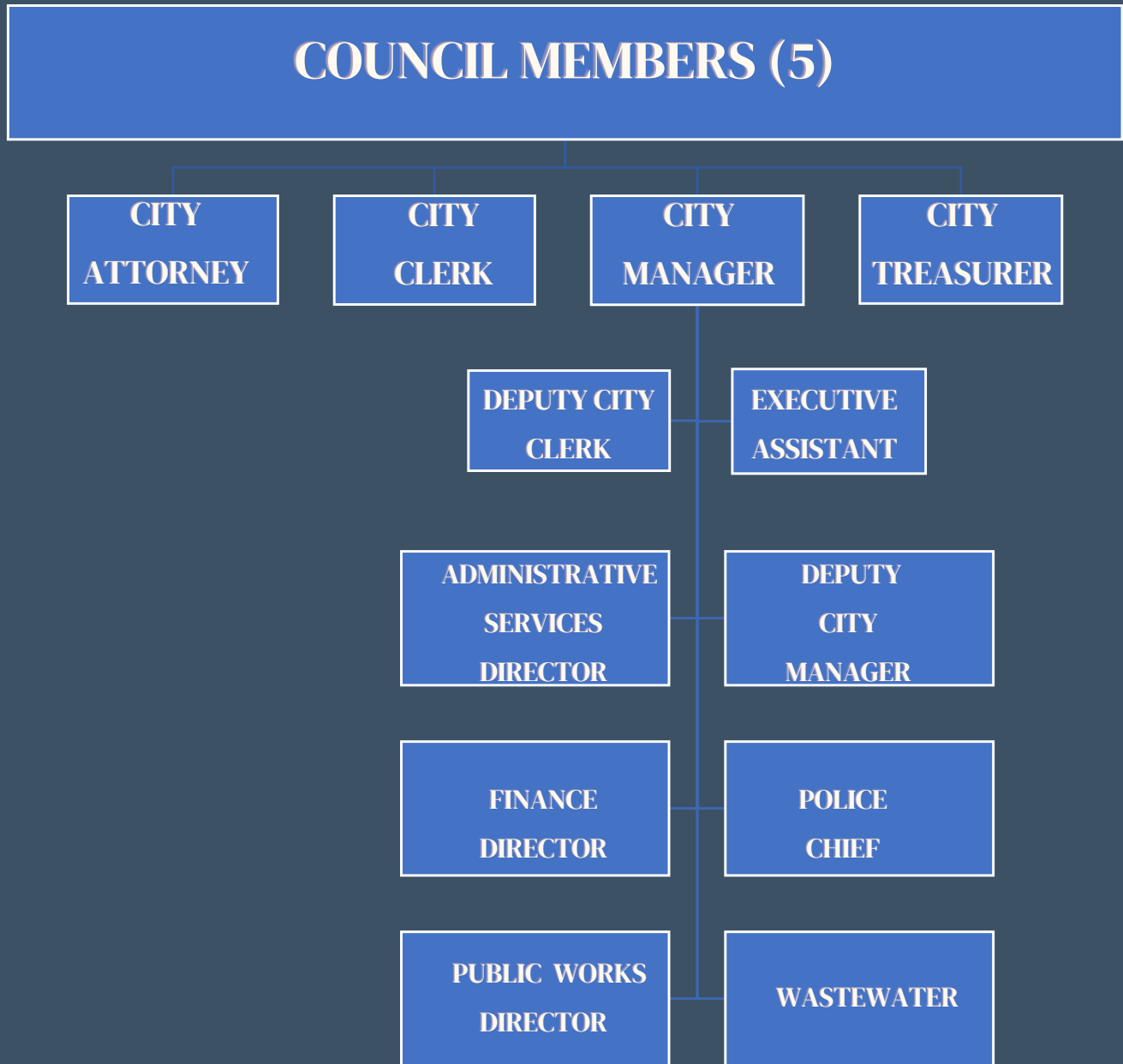
Appointed Officials

Elizabeth Gibbs
Manager

John Pinkney
City Attorney

Steven Mehlman.....City Clerk
Nicole Wheelwright.....Deputy City Clerk
Baron Ginnetti.....City Treasurer
Siomara Giroux.....Executive Assistant
Christina Taylor.....Deputy City Manager
Kari Mendoza.....Administrative Services Director
Sean Thuilliez.....Chief of Police
Jennifer Ustation.....Finance Director
Jeff Hart.....Public Works Director
Doug Story.....Community Services Director

City-Wide Organizational Chart



CITY DEMOGRAPHICS AND KEY STATISTICS

SOURCE: US CENSUS BUREAU



POPULATION

52,686



MEDIAN HOME
VALUE

\$511,500



MEDIAN HOUSEHOLD
INCOME

\$92,797

Source: Riverside County Recorder



MEDIAN AGE

35



AVERAGE HOUSEHOLD SIZE

3.33

PRINCIPAL EMPLOYERS 2022

| Employer | Employees | Rank | % of Total City Employment |
|----------------------------------|-----------|------|----------------------------|
| Amazon | 3,000 | 1 | 36.76% |
| Beaumont Unified School District | 1,467 | 2 | 17.98% |
| CJ Foods | 598 | 3 | 7.33% |
| Walmart | 526 | 4 | 6.45% |

CITY DEMOGRAPHICS AND KEY STATISTICS

Parks & Recreation



18 Parks and playgrounds

8,000 City Trees



325 Class Participants

Police



54 Sworn officers

2 K-9 Officers



10,000 911 calls
46,112 service calls

Public Works



278 street lights repaired



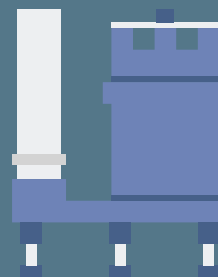
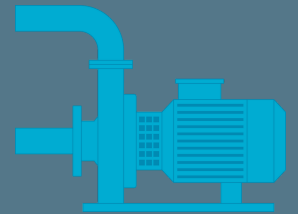
400 lineal feet sidewalk repairs

130.2 lane miles rehabilitated



Wastewater

31 Sewer lift pumps



12 Lift stations

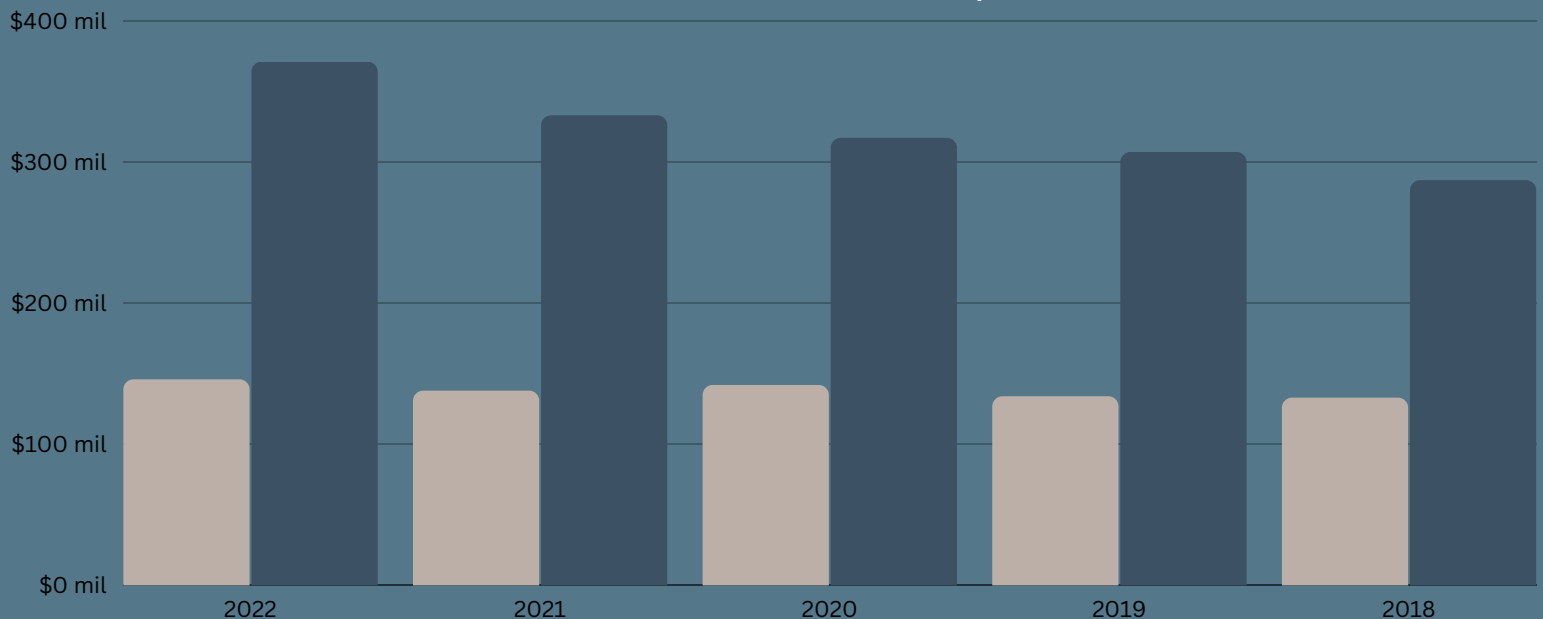
THE CITY'S FINANCIAL POSITION

The Statement of Net Position presents information about the financial position of the City; much like a balance sheet does for a corporation. It represents the difference between all of its assets (what the City owns) and its liabilities (what the City owes) on an accrual basis. It is an indication of the City's financial health at the end of the fiscal year. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. For the fiscal year ended June 30, 2022, the Citywide net position improved by \$45.8 million. The assets of the City exceeded its liabilities by \$517.7 million (net position). The five-year history presented below, indicates positive growth for the City's net position

Statement of Net Position - Citywide (in thousands)

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---------------------------|-----------|-----------|-----------|-----------|-----------|
| Assets - What We Own | \$751,313 | \$716,413 | \$708,167 | \$698,079 | \$568,050 |
| Deferred Outflows | \$6,237 | \$5,999 | \$5,873 | \$6,221 | \$6,673 |
| Liabilities - What We Owe | \$231,828 | \$251,420 | \$253,563 | \$262,302 | \$149,590 |
| Deferred Inflows | \$8,032 | (\$881) | \$278 | \$576 | \$3,887 |
| Total Net Position | \$517,690 | \$471,873 | \$460,199 | \$441,422 | \$421,246 |

Net Position - 5 Year Comparison



STATEMENT OF ACTIVITIES

More formally referred to as the Statement of Activities, the City's income statements reflect all the financial activity for the City during the fiscal year ended June 30, 2022. This statement presents information to illustrate how the City's net position changed during the year as a result of the financial activity (i.e. revenues and expenses). This is a summarized version of the more detailed statement found in the City's complete ACFR. For fiscal year ended June 30, 2022, the City's revenues exceeded expenses by \$45.5 million.

Statement of Activities - Citywide (in thousands)

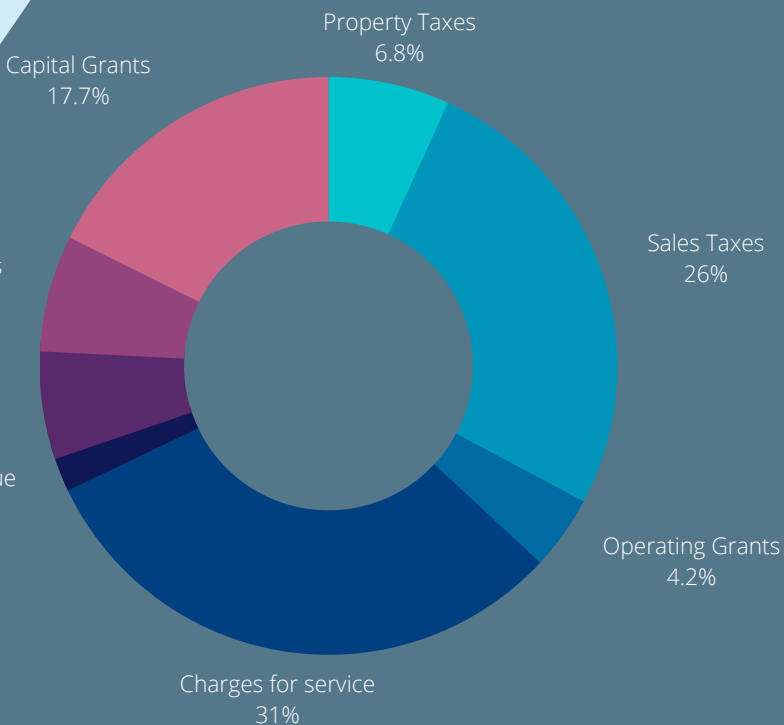
| | 2022 | 2021 | 2020 | 2019 | 2018 |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| Revenues | \$103,415 | \$79,975 | \$76,877 | \$86,397 | \$95,484 |
| Expenses | \$57,836 | \$67,960 | \$58,099 | \$64,694 | \$73,379 |
| Change in Net Position | \$45,579 | \$12,015 | \$18,778 | \$21,703 | \$22,105 |
| Restatement of Net Position | \$239 | (\$343) | \$0 | (\$1,527) | \$0 |
| Beginning Net Position | \$471,872 | \$460,200 | \$441,422 | \$421,245 | \$399,141 |
| Ending Net Position | \$517,690 | \$471,872 | \$460,200 | \$441,422 | \$421,245 |

* Restatement noted above was for accounting corrections

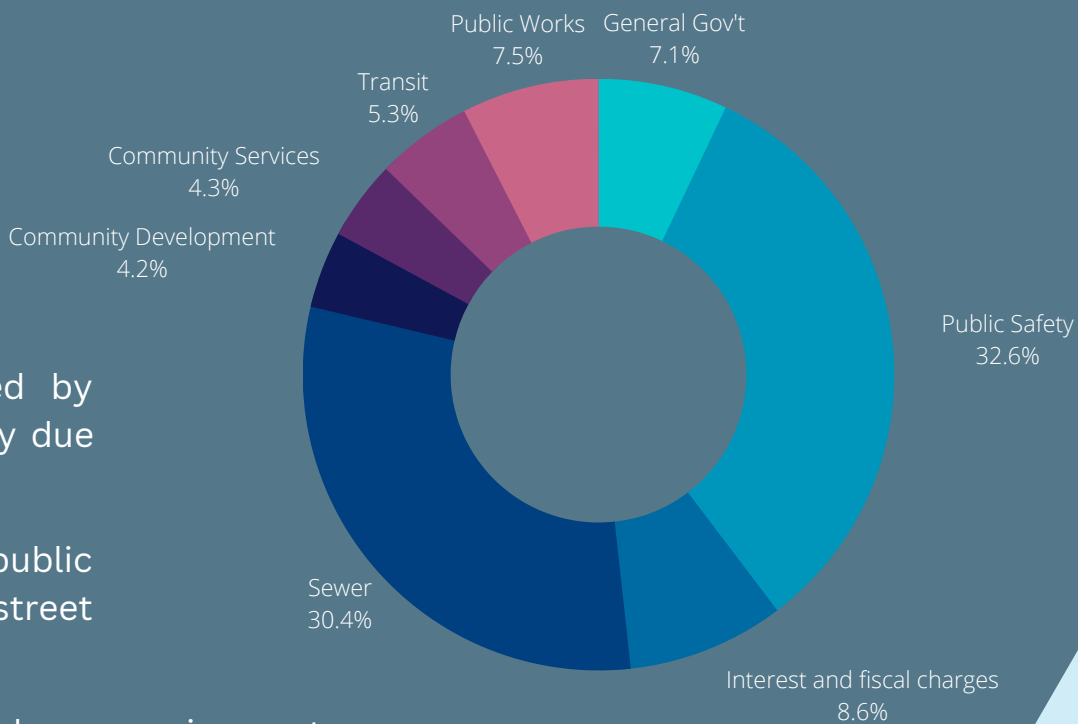


Where Money Came From All Revenue Sources

The City's revenues increased by \$23.44 million, with the majority due to the following:



- \$18 million sales tax increase due to sales tax coming in higher in both point of sale transactions and the County-wide pools share
- \$661,000 increase in property taxes
- \$531,000 increase in vehicle in lieu taxes



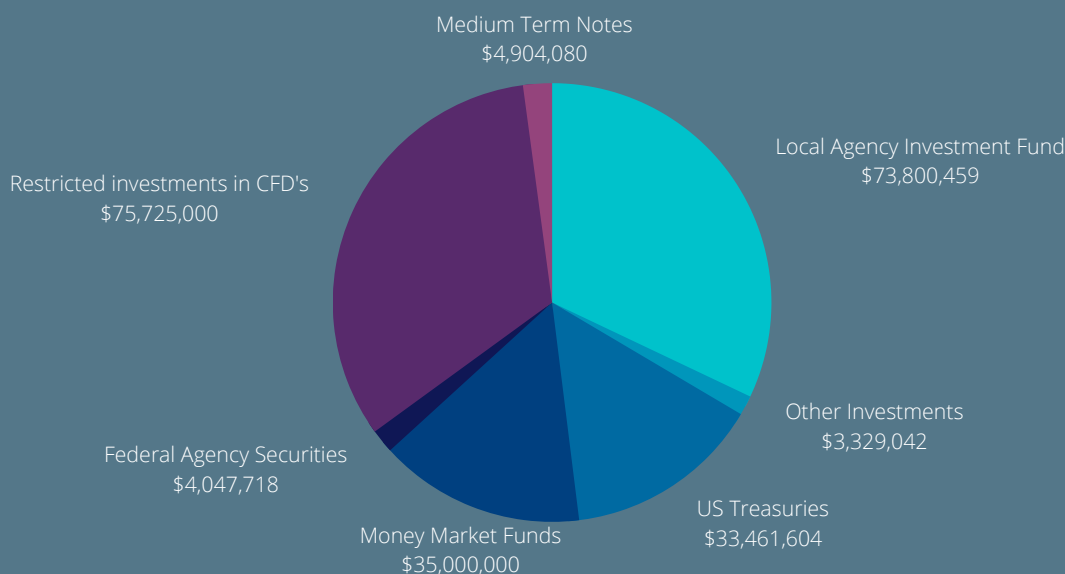
The City's expenses decreased by \$11.19 million, with the majority due to the following:

- \$4.50 million decrease in public works, due to decrease in street projects.
- \$5.81 decrease due to decrease in cost mitigation of Covid-19 such as premium pay for essential workers and grants for businesses and resident support

THE CITY'S ASSETS AND INVESTMENTS

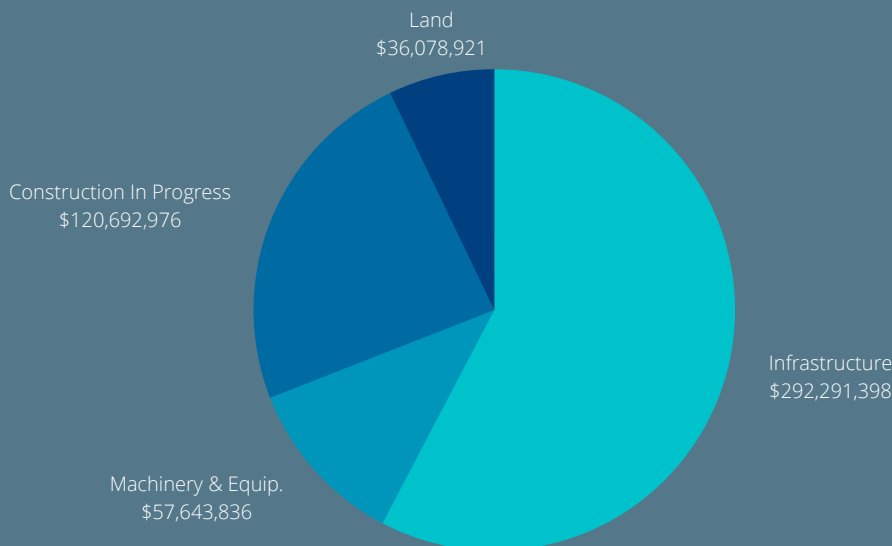
The City revised its investment policy at the end of Fiscal Year 2021 and was certified by the California Municipal Treasurers Association in March 2022. The intent of the policy is to formalize the framework for the investment activities that shall be exercised to ensure the effective and judicious fiscal and investment management of the City's funds. The City's portfolio shall be designed and managed in such a manner as to comply with state and local laws, provide for daily cash flow requirements, ensure consistency with the prioritized objectives of safety, liquidity, and return, and in a manner consistent with prudent investment management and worthy of the public trust. The chart below reflects the types of investments held by the City as of June 30, 2022.

INVESTMENT TYPE - \$230,267,903



Capital Assets, Net of Depreciation

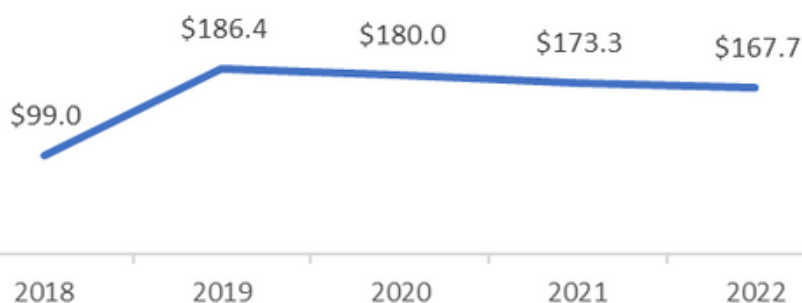
The city develops a five-year Capital Improvement Program (CIP) that projects capital needs with a focus on public safety, street repair and maintenance, machinery and equipment, sewer, parks and general infrastructure. In fiscal year 2022, major capital improvements included parks (\$6.3 million), projects for roads (\$6.0 million), vehicles and equipment (\$1.2 million) and sewer infrastructure (\$8.0 million).



WHAT THE CITY OWES

As of June 30, 2022, the City had outstanding long-term debt totaling \$167.7 million. The debt decreased by \$5.0 million due to scheduled debt-service payments. A five-year history of the long-term debt for governmental and business-type activities shows the City has been reducing debt levels over time after 2019. In fiscal year 2019, the Beaumont Public Improvement Authority issued \$81,105,000 of revenue bonds, to finance the acquisition and construction of certain improvements to the City's Wastewater system.

Long Term Debt of Bonds, Compensated Absences, Claims and Judgements (In millions)



COMPENSATED ABSENCES

\$3,304,795

Assigned liability related to unused employee earned vacation and compensatory leave time.

CLAIMS AND JUDGEMENTS

\$2,290,752

Actuarial estimates of current and potential insurance claims and settlements.

WASTEWATER REVENUE BONDS

\$84,782,363

Bonds issued to finance the acquisition and construction of certain improvements to the City's Wastewater system.

LOCAL AGENCY REVENUE BONDS

\$76,583,778

Bonds issued to purchase District bonds to design or acquire certain public improvements relating to the District.

LEASE LIABILITIES

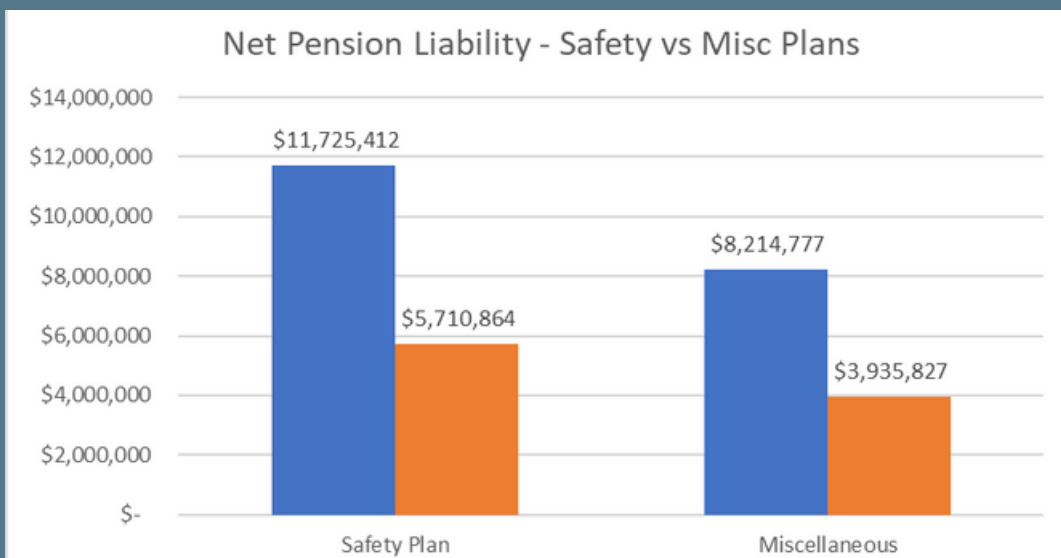
\$760,266

Lease payments for the right to use various equipment and vehicles.

NET PENSION LIABILITY

Substantially all City employees working the equivalent of 1,000 hours per fiscal year are eligible to participate in multiple-employer defined benefits plans administered by California Public Employees Retirement System (CalPERS). The City currently offers two plans: the Safety Plan for public safety employees (i.e., Police employees) and the Miscellaneous Plan for all other city employees.

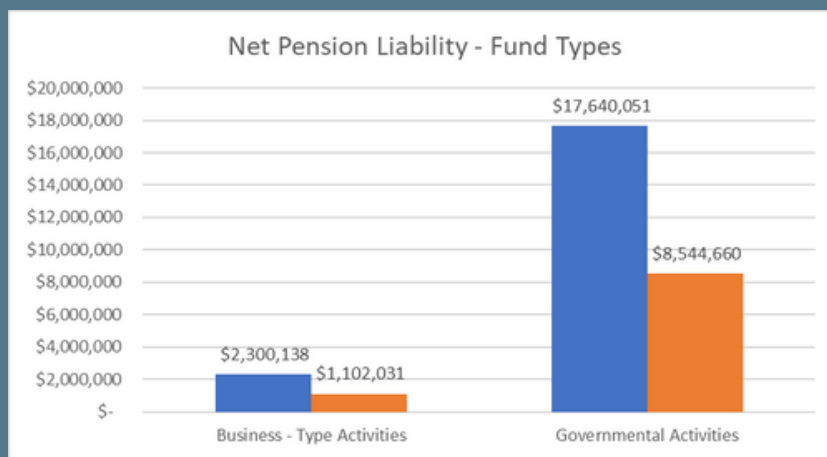
The largest impact on the City's long-term financial stability relates to the increase in pension costs from CalPERS. Between fiscal year 2023 and fiscal year 2027 the City's combined unfunded actuarial liability contribution is projected to increase 60% from \$1.41 million to \$2.26 million. Per the most recent CalPERS annual valuation report, the funded status (the percentage of assets available to meet the total projected benefits payments) for the Safety and Miscellaneous Plans was 89.57% and 75.7%, respectively. The total net pension liability as of June 30, 2022 totaled \$9.6 million. The net pension liability for each plan as of the last two fiscal year end dates is shown below:



Note: Pers investment returns ending June 30, 2021 created a large decrease in net pension liability, due to gains on investments. Pers investment returns ending June 30, 2022 resulted in losses and net pension liability is expected to have large increases at the end of Fiscal year 2023.

FY 2021 FY 2022

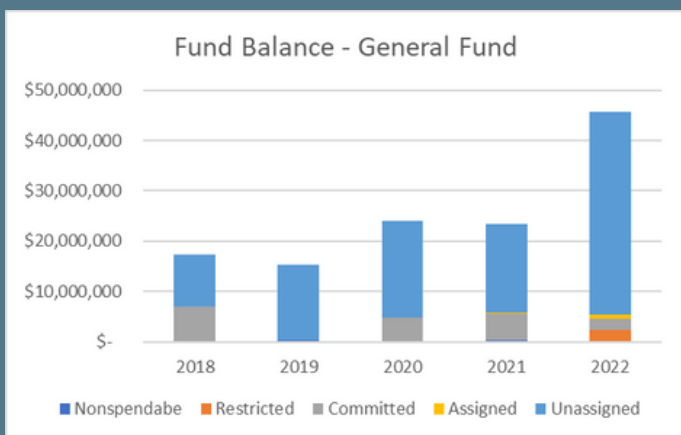
The City further allocates the total net pension liability by fund (i.e., Business-Type funds related to the activities of the Wastewater and Transit funds and Governmental funds related primarily to the City's General Fund activities). The distribution of the net pension liability by fund type is shown below:



FY 2021 FY 2022

GOVERNMENTAL ACTIVITIES: HIGHLIGHTS

The General Fund is the government's primary operating fund and the most discretionary. It accounts for all financial resources of the general government, except those required to be recorded in another fund. A five-year history of the fund balance and its designations is below. The fund balance of the General Fund at June 30, 2022 was \$45.6 million, a \$22.2 million increase from 2021 mostly due to an increase in sales tax.



Fund Balance Components

- Nonspendable** - Inherently non-spendable (e.g, receivables and prepaids items)
- Restricted** - Externally enforceable limitations on use (e.g., Investment in Section 115 Trust)
- Committed** - Self-imposed limitations on use (e.g., capital projects)
- Assigned** - Limitation resulting from intended use (e.g., re-appropriation)
- Unassigned** - Residual net resources (e.g., discretionary)

Functions of the City can be separated into two categories, those primarily supported by taxes and intergovernmental revenues (governmental activities) and those intended to recover all or a significant portion of its costs through user fees and charges (business-type).

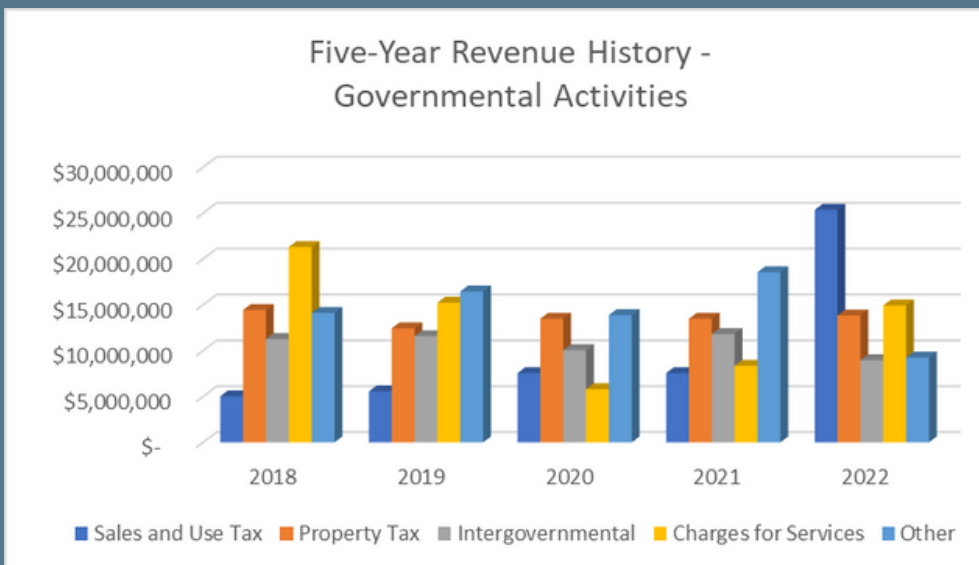
Sales and Use Tax - consumable tax levied at the point of sale.

Property Tax - legally enforceable liens on property as of January 1.

Intergovernmental - motor vehicle in lieu taxes and vehicle license collections.

Charges for Services - revenue from charges to customers, applicants, or others who purchase, use or directly benefits from the goods, services, or privileges provided, or are otherwise directly affected by the service.

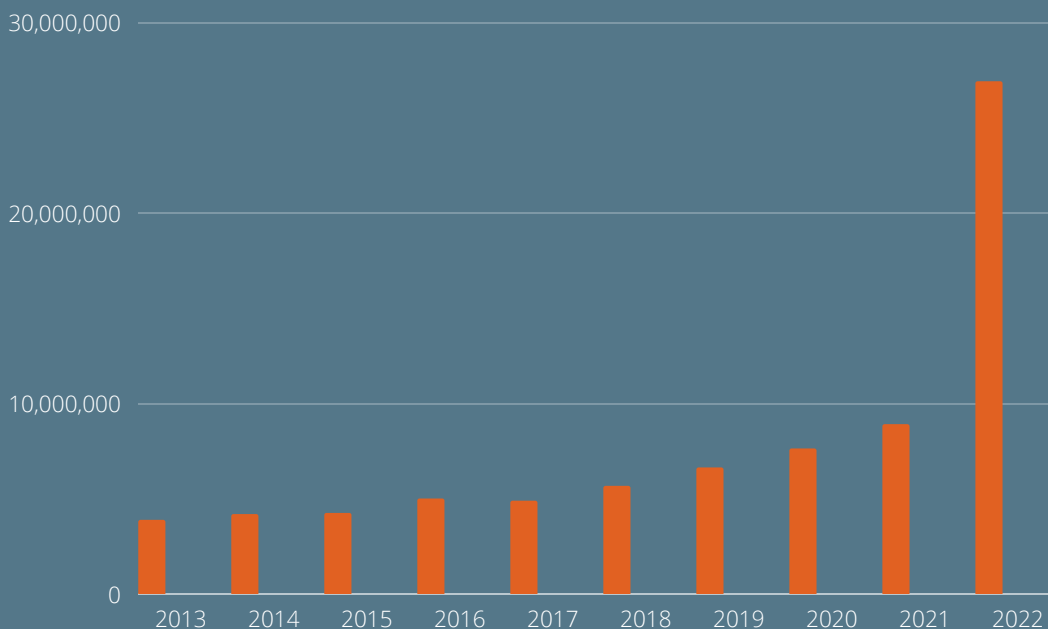
Other - includes transient occupancy tax, utility users tax, franchise fees and investment income.



SALES TAX HIGHLIGHTS

Sales Tax is now the largest revenue source for the General Fund and is levied at the point-of sale. The amount of money collected through sales tax is contingent upon dollars spent on goods and services throughout the year. For Fiscal year 2022, the City of Beaumont's sales tax rate was 7.75%. The sales tax rate is set and imposed at the County level. Fiscal year 2022 saw an increase of \$18 million from the previous year, an increase of 203%. This was due to a reporting change in the commercial/industrial sector.

SALES TAX COLLECTED - 10 YEAR COMPARISON



CITY PROJECTS COMPLETED

In February 2022, the City of Beaumont officially accepted Mickelson Park as a City-owned and maintained amenity. Located off Mickelson Drive in the Fairway Canyon Community, Mickelson Park has quickly become a favorite place for active families. The park features multi-use fields, covered and uncovered picnic space, basketball court, 1/5 mile loop trail, funnel ball court, zipline swings, two (2) age-appropriate play structures and restrooms.



At the end of Fiscal Year 2022, the City completed the renovation of Rangel Park and Valdivia Field. Rangel Park is located in the historic Barrio Railroad District at the intersection of 4th Street and B Street. The renovation included new playground equipment, new restrooms and snack bar, and a renovated baseball field.



Re-pavement projects completed in Fiscal Year 2022 were the Annual Citywide Street Rehabilitation and Maintenance FY20/21 Project (CIP R-03 and R-04) and the 2021 Mid-Year Street Enhancement Project (CIP R-05 and CIP R-06). The projects were funded by SB1, Measure A and the General fund for a total cost of \$5.7 million. These two projects completed asphalt rehabilitation and new pavement for the Stetson and Seneca Springs communities.



CONTACT US



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