



City of Beaumont

2023

POPULAR ANNUAL FINANCIAL REPORT

Prepared By:

Lisa Leach, CPA
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 Popular Annual Financial Report (PAFR), for the fiscal year ending June 30, 2023. 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.beumontca.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 "JU".

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.beumontca.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



Julio Martinez
Mayor



Mike Lara



David Fenn
Mayor Pro Tem



Jessica Voigt

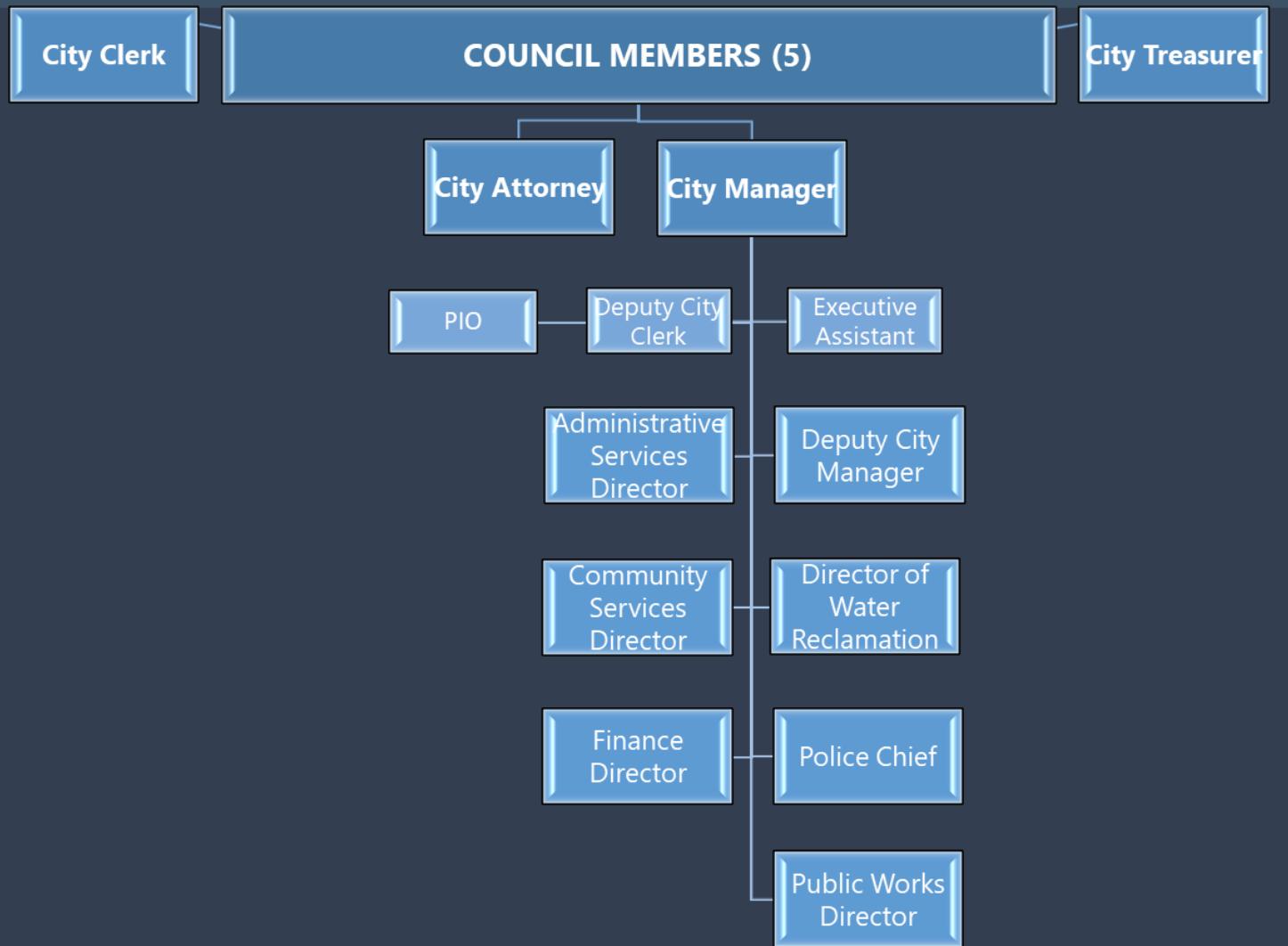
Appointed Officials

Elizabeth Gibbs
City Manager

John Pinkney
City Attorney

Elaine Morgan.....	City Clerk
Nicole Wheelwright.....	Deputy City Clerk
AJ Patel.....	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
Robert Vestal.....	Public Works Director
Doug Story.....	Community Services Director
Thaxton VanBelle.....	General Manager of Utilities

City-Wide Organizational Chart



CITY DEMOGRAPHICS AND KEY STATISTICS

SOURCE: US CENSUS BUREAU



POPULATION

56,987



MEDIAN HOME PRICE

\$535,000



MEDIAN HOUSEHOLD INCOME

\$92,797

Source: Riverside County Recorder



MEDIAN AGE

37



AVERAGE HOUSEHOLD SIZE

3.08

PRINCIPAL EMPLOYERS 2023

Employer	Employees	Rank	% of Total City Employment
Amazon	6,300	1	77.20%
Beaumont Unified School District	1,377	2	16.87%
CJ Foods	630	3	7.72%
Walmart	526	4	6.45%

CITY DEMOGRAPHICS AND KEY STATISTICS

Parks & Recreation



9,579 City
Trees



2,200 Class
Registrations



18 Parks and
playgrounds

Police



54 Sworn
officers

2 K-9 Officers

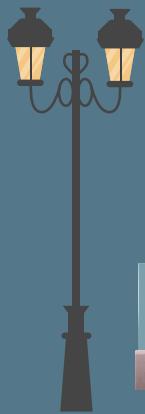


14,512 911 calls
49,545 service calls



Public Works

286 street
lights repaired



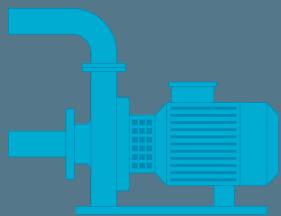
640 lane miles
rehabilitated



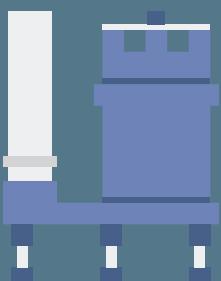
688 lineal feet
sidewalk, curb
and gutter
repairs

Wastewater

31 Sewer lift
pumps



12 Lift
stations



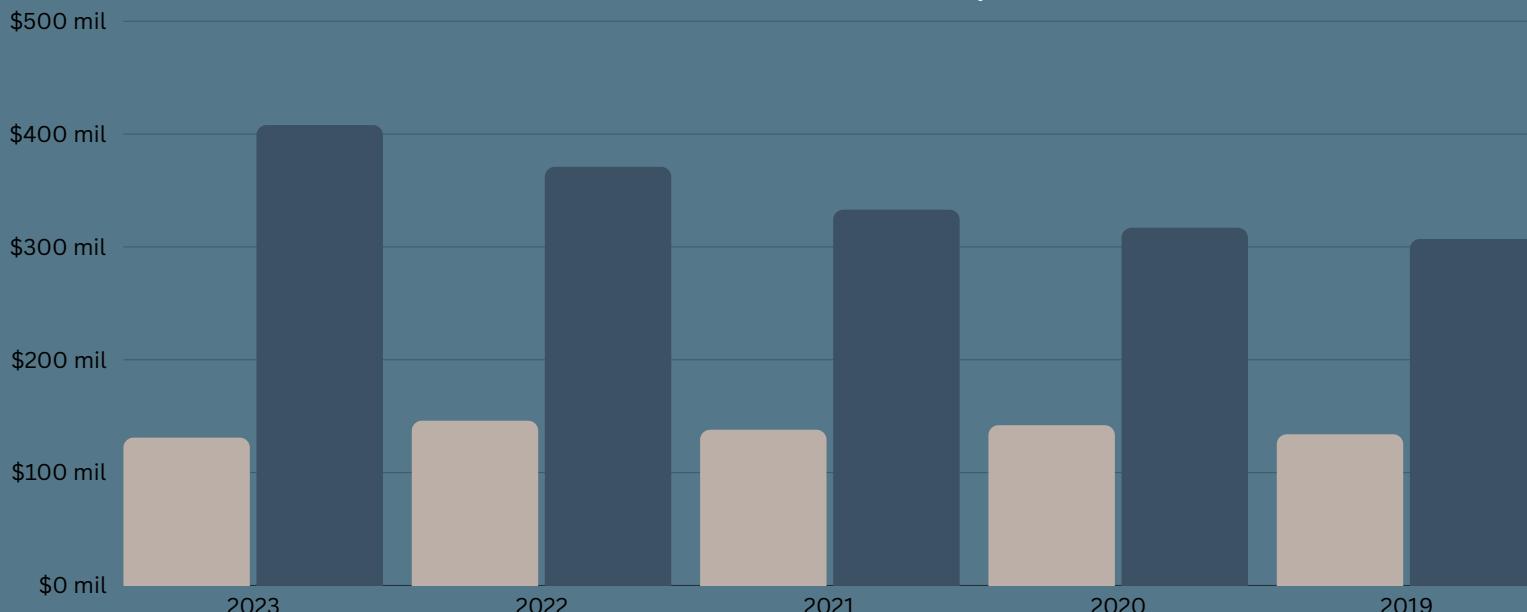
THE CITY'S FINANCIAL POSITION

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, 2023, the Citywide net position improved by \$20.5 million. The assets of the City exceeded its liabilities by \$538.2 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)

	2023	2022	2021	2020	2019
Assets - What We Own	\$772,766	\$751,313	\$716,413	\$708,167	\$698,079
Deferred Outflows	\$13,410	\$6,237	\$5,999	\$5,873	\$6,221
Liabilities - What We Owe	\$245,733	\$231,828	\$251,420	\$253,563	\$262,302
Deferred Inflows	\$2,252	\$8,032	(\$881)	\$278	\$576
Total Net Position	\$538,192	\$517,690	\$471,873	\$460,199	\$441,422

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, 2023. 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, 2023, the City's revenues exceeded expenses by \$45.5 million.

Statement of Activities - Citywide (in thousands)

	2023	2022	2021	2020	2019
Revenues	\$94,341	\$103,415	\$79,975	\$76,877	\$86,397
Expenses	\$73,839	\$57,836	\$67,960	\$58,099	\$64,694
Change in Net Position	\$20,502	\$45,579	\$12,015	\$18,778	\$21,703
Restatement of Net Position	\$0	\$239	(\$343)	\$0	(\$1,527)
Beginning Net Position	\$517,690	\$471,872	\$460,200	\$441,422	\$421,245
Ending Net Position	\$538,192	\$517,690	\$471,872	\$460,200	\$441,422

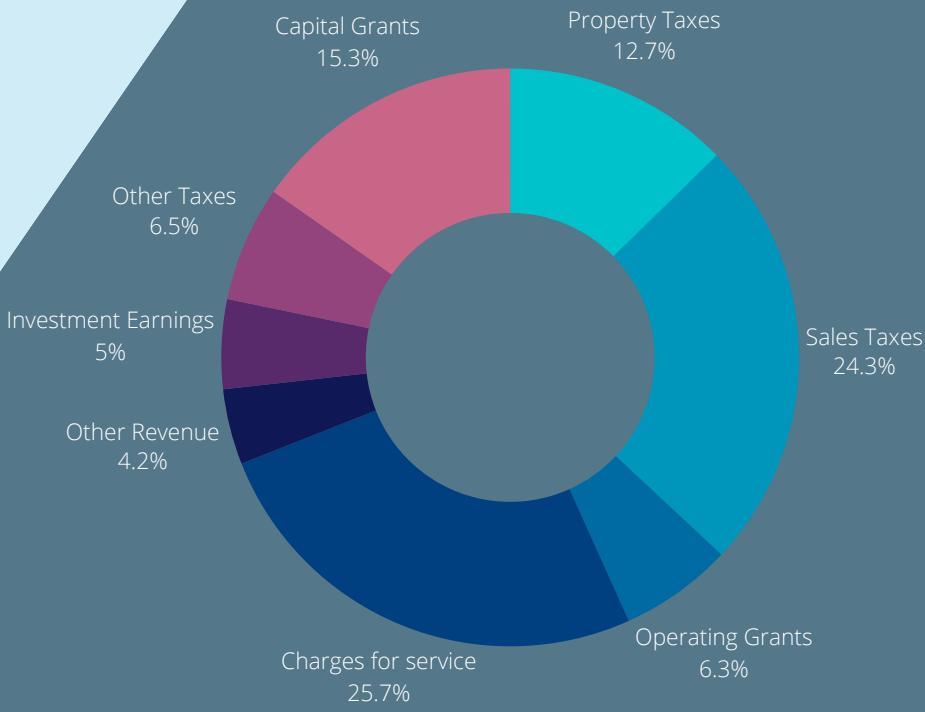
* Restatement noted above was for accounting corrections



Where Money Came From

All Revenue Sources

(Statement of Activities)

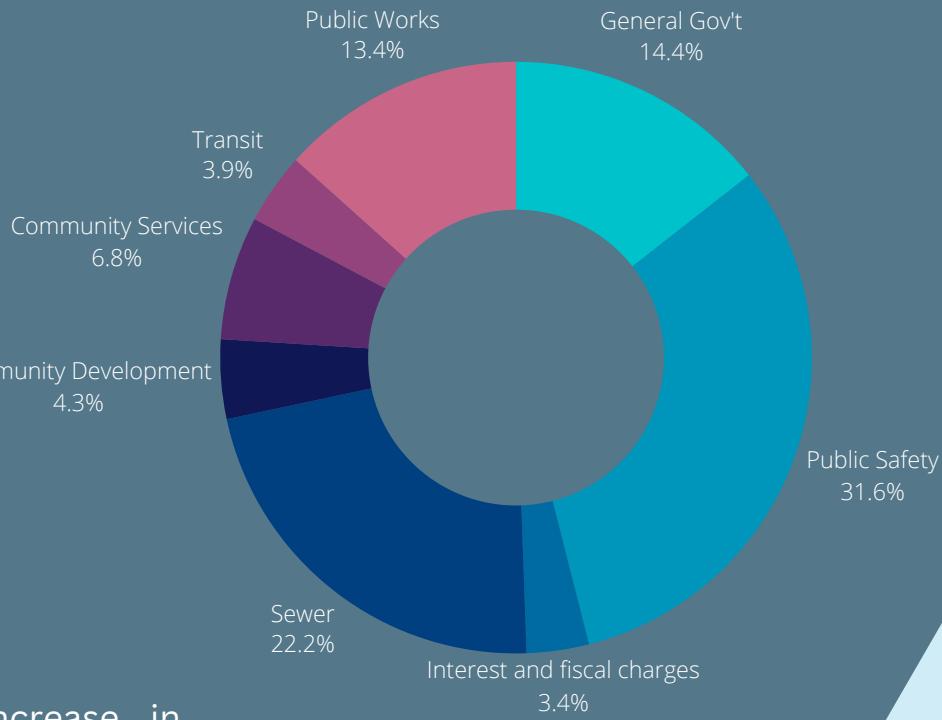


The City's expenses increased by \$16.0 million, with the majority due to the following:

- \$4.0 million increase in public safety, due to increase in personnel and fire service contract with Riverside County.
- \$12.0 million increase due to increase in personnel for General Government and Public Works, plus an increase in depreciation.

The City's revenues decreased by \$9.07 million, with the majority due to the following:

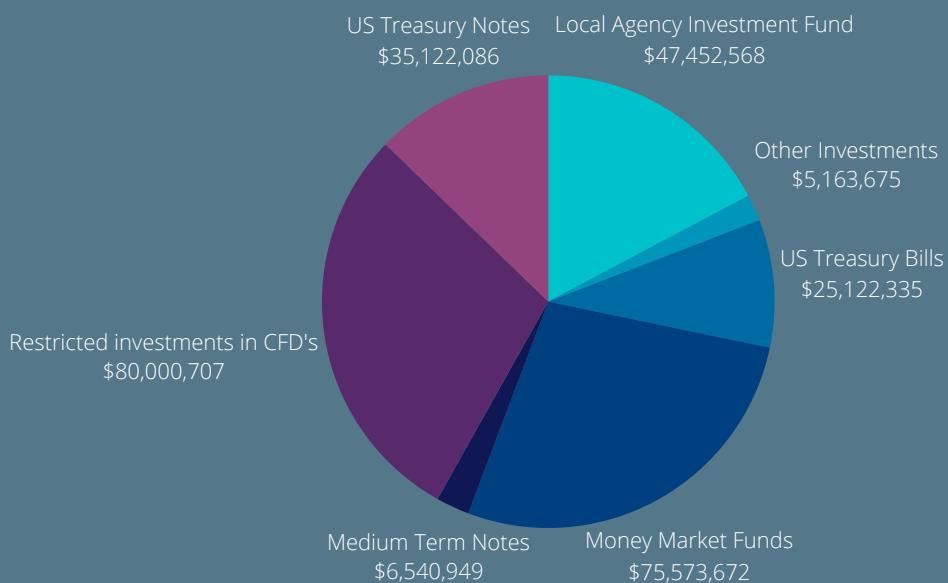
- \$23 million loss on sale of assets due to the disposal of wastewater plant equipment, replaced by the wastewater plant expansion.
- \$5.9 million increase in investment earnings
- \$3 million increase in operating grants
- \$1.6 million increase in sales tax revenue
- \$3.4 million increase in all other revenues.



THE CITY'S ASSETS AND INVESTMENTS

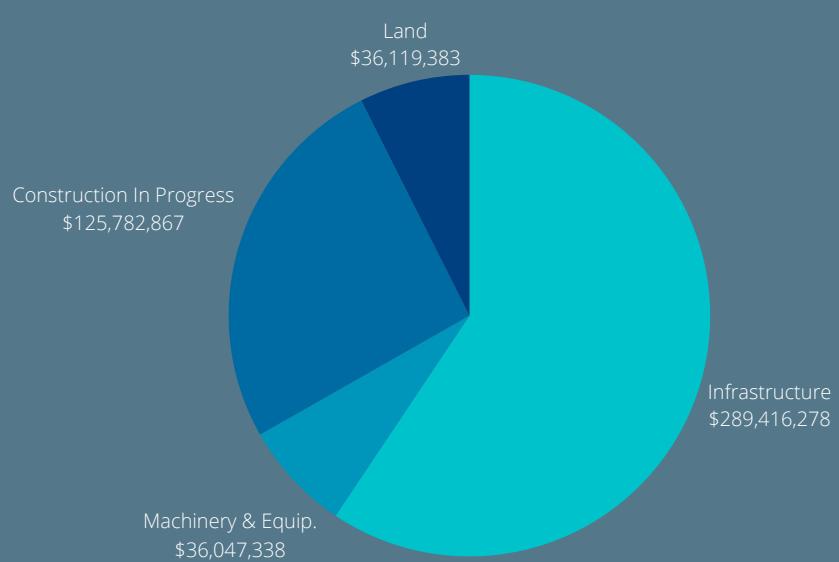
The City revised its investment policy at the end of Fiscal Year 2021 and was certified by the California Municipal Treasurers Association in March 2022. The intent of the policy is to formalize the framework for the investment activities that shall be exercised to ensure the effective and judicious 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, 2023.

INVESTMENT TYPE - \$274,975,992



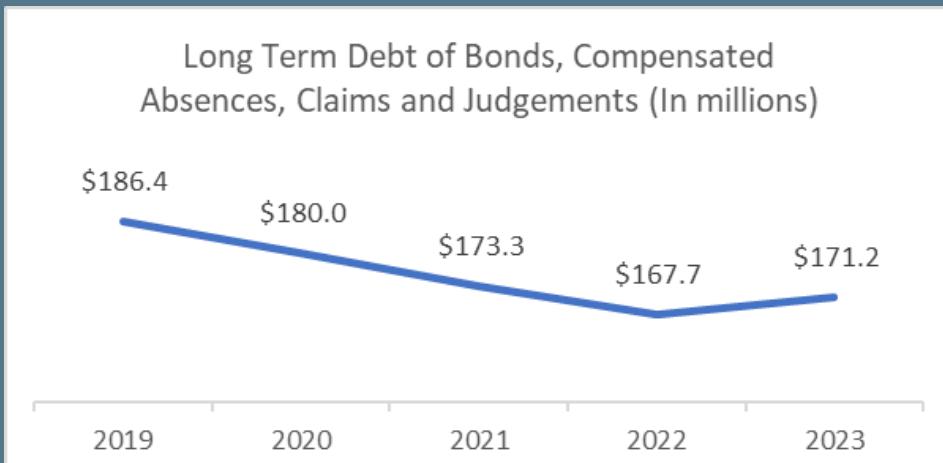
Capital Assets, Net of Depreciation

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 2023, major capital improvements included parks (\$1.0 million), projects for roads (\$6.2 million), vehicles and equipment (\$1.9 million) and sewer infrastructure (\$4.0 million).



WHAT THE CITY OWES

As of June 30, 2023, the City had outstanding long-term debt totaling \$171.2 million. The debt increased by \$3.5 million due to a combination of a decrease of \$5.3 million from the scheduled debt-service payment and an increase of \$8.8 million from CFD 2013-3 Revenue Bonds issued in Fiscal Year 2023. 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 since 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.



COMPENSATED ABSENCES
\$3,943,673

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

CLAIMS AND JUDGEMENTS
\$2,301,856

Actuarial estimates of current and potential insurance claims and settlements.

WASTEWATER REVENUE BONDS
\$82,840,347

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

LOCAL AGENCY REVENUE BONDS
\$80,000,707

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

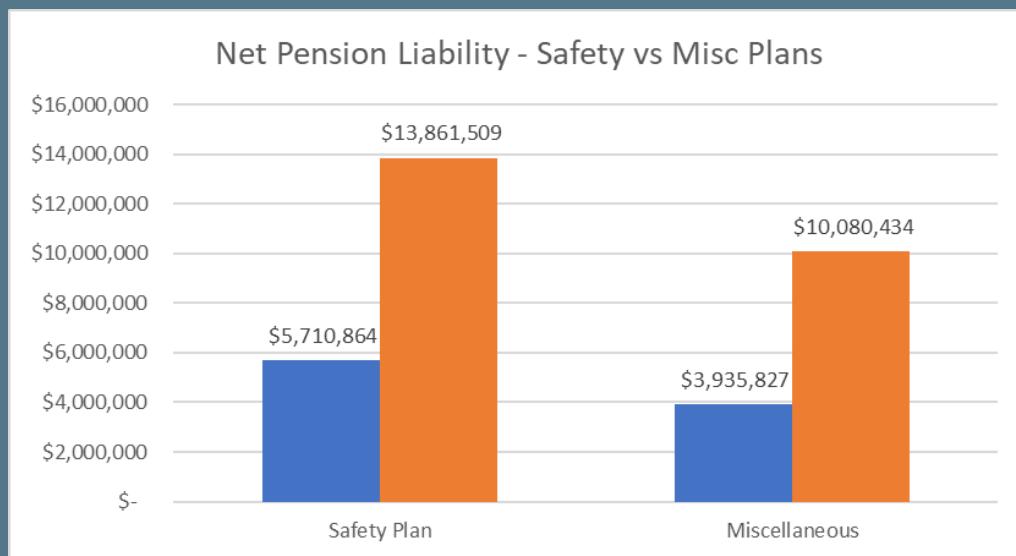
LEASE LIABILITIES
\$760,266

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.

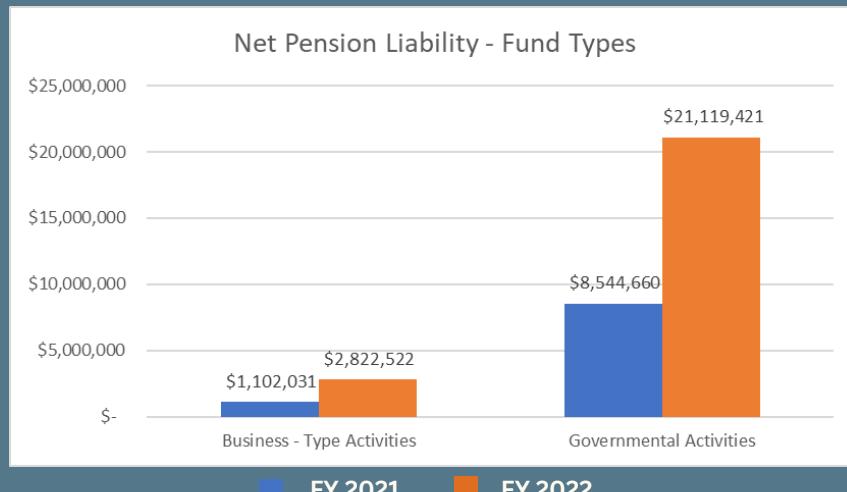
The largest impact on the City's long-term financial stability relates to the increase in pension costs from CalPERS. Per the most recent CalPERS annual valuation report, the funded status (the percentage of assets available to meet the total projected benefits payments) for the Safety and Miscellaneous Plans was 77.49% and 89.57%, respectively. The total net pension liability as of June 30, 2023 totaled \$23.9 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 creating large increases at the end of Fiscal year 2023.

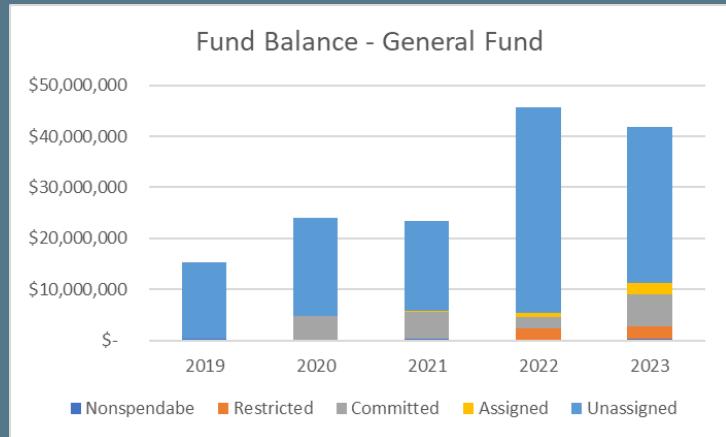
■ FY 2021 ■ FY 2022

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 show below:



CITY 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, 2023 was \$41.8 million, a \$3.8 million decrease from 2022 due to planned spend down of General Fund for projects.



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., Self-Insurance and re-appropriation)	
Assigned - Limitation resulting from intended use (e.g., capital assets)	
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).

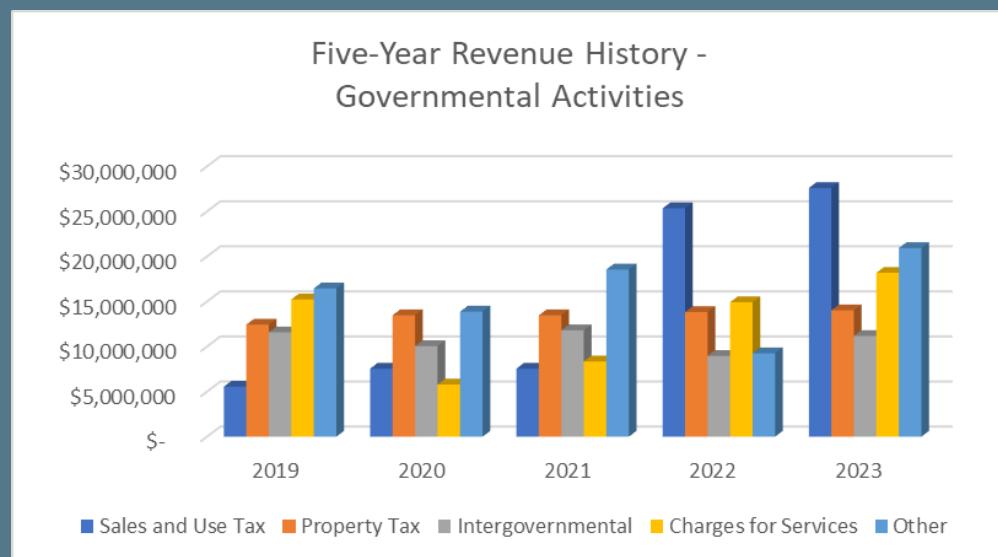
Sales and Use Tax - consumable tax levied at the point of sale.

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 benefit from the goods, services, or privileges provided, or are otherwise directly affected by the service.

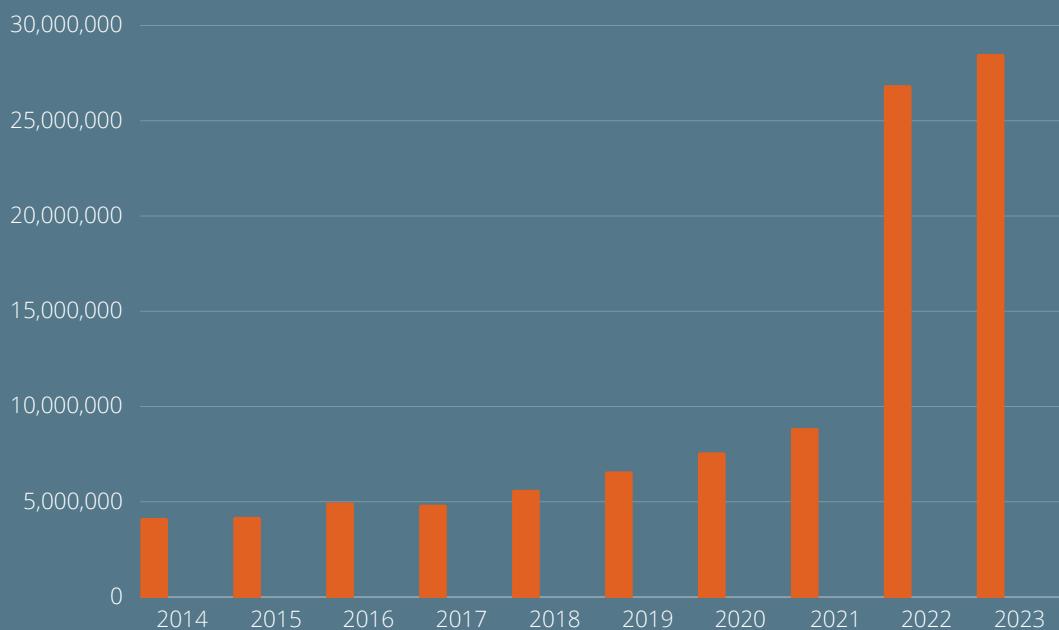
Other - includes transient occupancy tax, utility users tax, franchise fees and investment income.



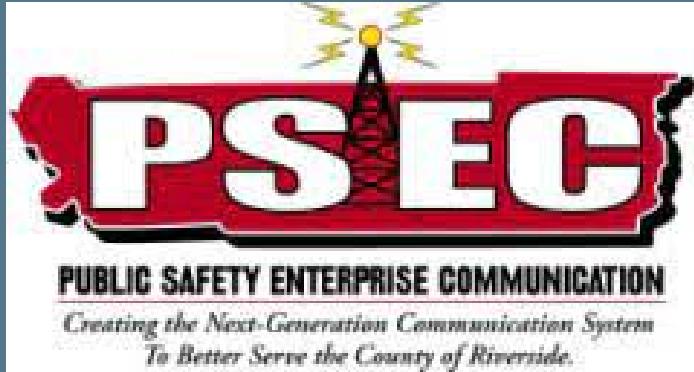
SALES TAX HIGHLIGHTS

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 2023, 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. Fiscal year 2023 saw an increase of \$1.6 million from the previous year, an increase of 6.1%

SALES TAX COLLECTED - 10 YEAR COMPARISON



CITY PROJECTS COMPLETED



In Fiscal Year 2022/2023, Beaumont Police Department successfully completed a comprehensive communications system upgrade. Preparations for this project spanned prior years and culminated in 2023 with the transition of user groups to the countywide Public Safety Enterprise Communications (PSEC) system. With enhanced coverage and functionality this is highly essential communication equipment.



At the end of Fiscal Year 2023, Beaumont Parks and Recreation achieved a significant milestone in elevating the facilities at the Beaumont Sports Park. These upgrades include 160 sprinklers replaced, 150 yards of topsoil added, and the installation of 42 lights. These thoughtful improvements not only reflect the department's dedication to maintaining high-quality recreational spaces while increasing public safety, but directly benefits youth sports by providing optimal conditions for training and competition.

CONTACT US



951-572-3236



finance@beaumontca.gov



www.beaumontca.gov



550 E. 6th Street, Beaumont,
CA 92223

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