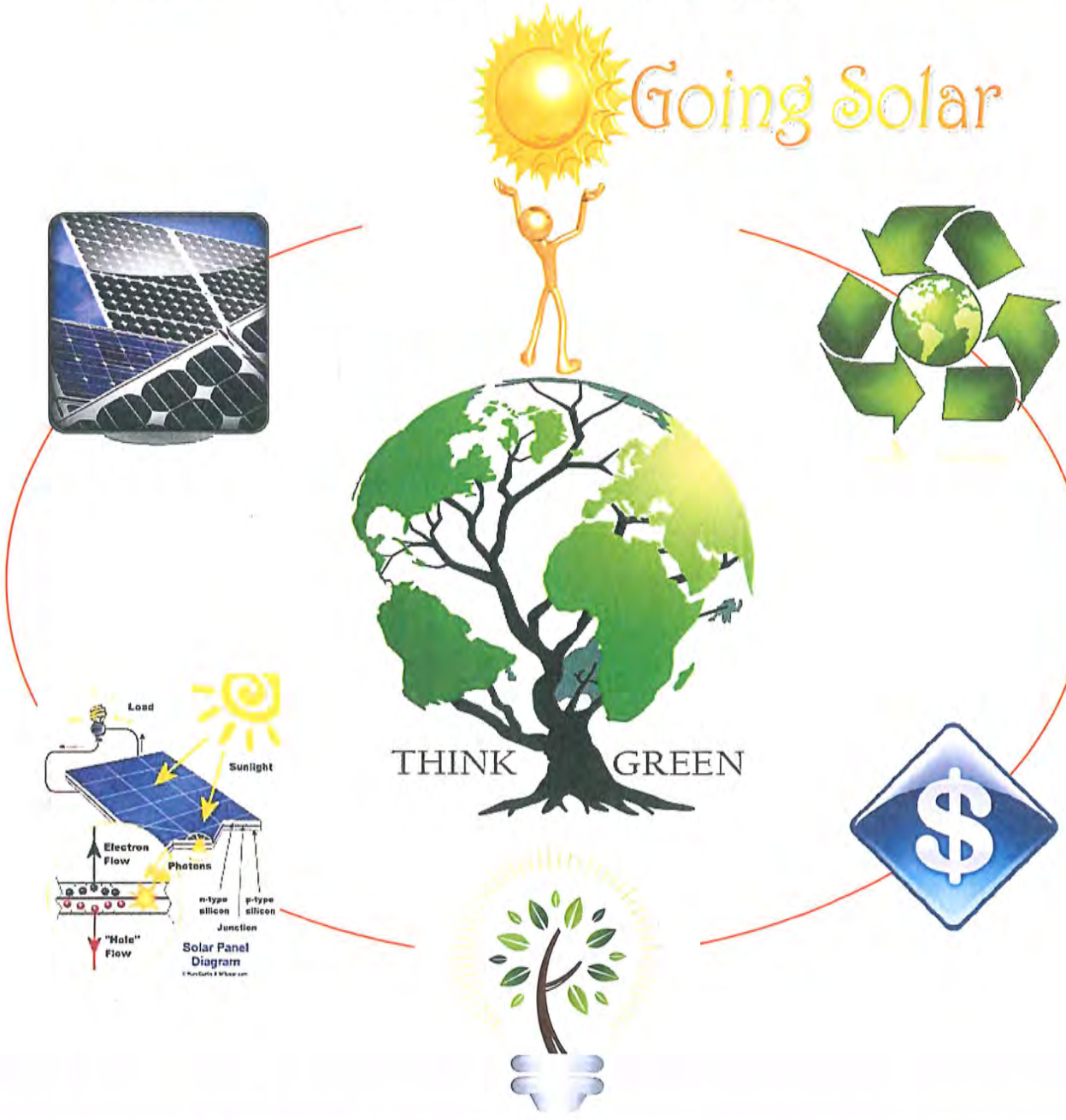
THE CITY OF

BENICIA

CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2011

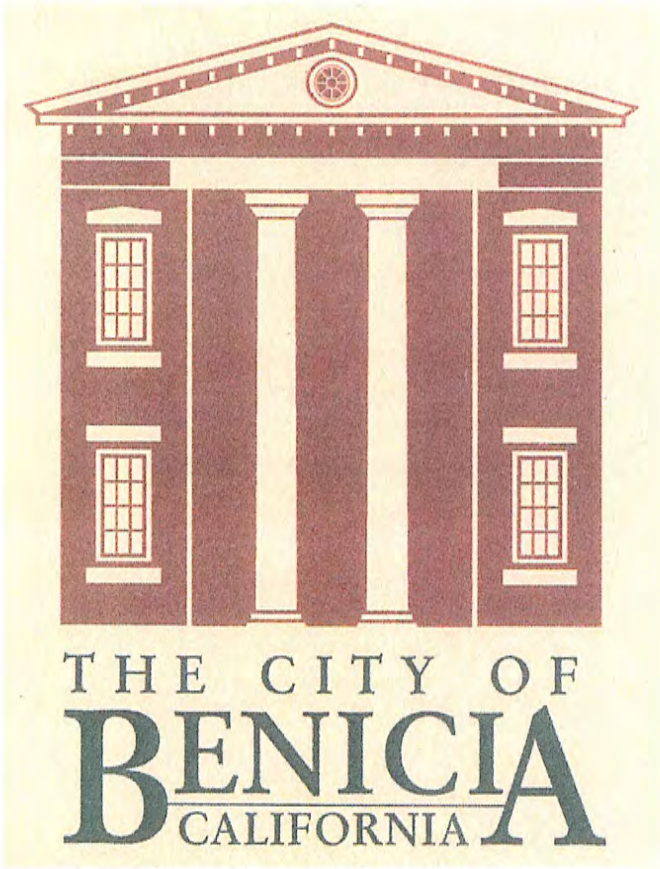
CITY OF BENICIA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011

Prepared by

FINANCE DEPARTMENT


THE CITY OF
BENICIA
CALIFORNIA

CITY OF BENICIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2011

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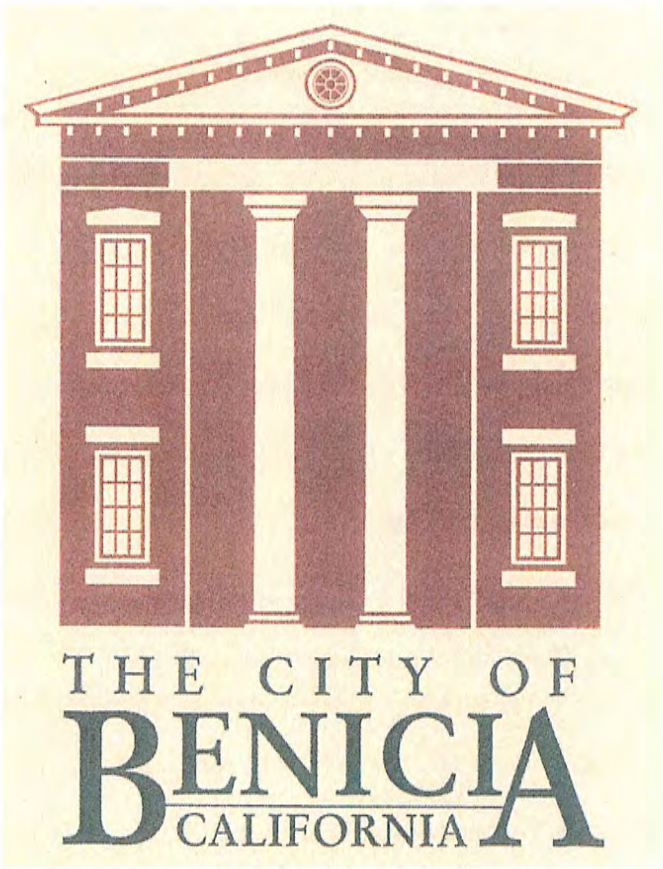
THE CITY OF
BENICIA
CALIFORNIA

CITY HALL • 250 EAST L STREET • BENICIA, CA 94510 • (707) 746-4200 • FAX (707) 747-8120

December 2, 2011

To the Honorable Mayor, Members of the City Council,
and Citizens of the City of Benicia, California:

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the City of Benicia (the City) for the fiscal year ended June 30, 2011. This CAFR has been prepared by the Finance Department in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the data and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in financial position of the City, as measured by the financial activity of its governmental activities, business-type activities, each major fund, and the aggregate remaining fund information. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's basic financial statements have been audited by Maze and Associates, a public accounting firm fully licensed and qualified to perform audits of State and local governments within the State of California. The goal of the independent audit is to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2011, are free of material misstatement. The independent auditor's report is presented at the front of the financial section of this report.

Management's Discussion & Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Benicia, California is located in southern Solano County adjacent to the Carquinez Strait, which is part of the San Francisco Bay. It is a waterfront city, known for it's small town charm, history and high quality of life. Benicia has moderate Mediterranean weather with dry warm summers and moderate winters. It currently occupies 14 square miles and serves a population of 27,118.

The City was incorporated in April 24, 1851, under the laws of the State of California. The City is a general law city administered by a council-manager form of government. It is classified as a general law city because of its reliance upon California state law to define procedural regulations utilized by

ELIZABETH PATTERSON, *Mayor*
Members of the City Council
TOM CAMPBELL, *Vice Mayor* · ALAN M. SCHWARTZMAN · MARK C. HUGHES · CHRISTINA STRAWBRIDGE

BRAD KILGER, *City Manager*
ROBERT LANGSTON, *City Treasurer*
LISA WOLFE, *City Clerk*

Recycled Paper

the City Council. The mayor and four council members are elected to staggered four year terms through a general election process. The City Council, serving as the primary governing body, is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing directors of the various City departments.

The City provides a wide range of municipal services to its citizens including public safety (fire and police), library, parks and recreation, public works, planning and zoning, water and wastewater utilities, economic development, and general administrative services.

The financial reporting entity includes all funds and activities of the City of Benicia. Other governmental agencies that provide services within the City include Solano County, the Benicia Unified School District, the Benicia Housing Authority and the Solano County Transit (SolTrans). Financial information for these agencies is not included in the accompanying financial statements because each is a legally separate entity with operations separate from the City, and the City has no financial interest in their activities.

Management Summary

Benicia benefits from the stability of its leadership and experience. Elizabeth Patterson was elected Mayor in November 2007 and was re-elected on the recent November 2011 election. She has been a Council Member since 2003. Brad Kilger, hired as the City Manager since December 2010, has over 31 years of municipal experience and brings a wealth of skills and knowledge to the City. Before coming to the City, Mr. Kilger served as the City Manager of the City of Ceres from 2006 through 2010. Mr. Kilger leads the Executive Management Team, which includes seven Directors that bring substantial technical expertise and managerial experience to the City of Benicia. With this level of expertise, the City continues its reputation of progressive and business-like management. The City Council and the Executive Management Team stress long-term planning and the ability to turn fiscal challenges into opportunities.

The City has a ten-year financial forecasting model, which has become a guide and educational tool for the City's management staff, Council Members and citizens. The financial model is updated annually to reflect the ever-changing economic environment we live in.

In addition to the financial forecasting model, the City has also developed a strategic plan that directs the City's vision for success, and is updated every budget cycle. The strategic plan identifies strategies and priorities that will best address issues raised by the City's stakeholders, and serves as a framework for the City to provide the community with integrity, excellence, service and inclusiveness of all.

ECONOMIC OUTLOOK AND CONDITION

Benicia's strategic setting on the Carquinez Strait has made it an attractive location as both a place to live and a place for industrial growth. While largely built out, families continue to be attracted to the City of Benicia's quiet tree-lined neighborhoods, good schools, low crime rate and small-town, historic charm.

The table below illustrates the City's General Fund property, sales and utility tax collections for fiscal years 2006 through 2011:

General Fund Tax Collections
2005-06 Through 2010-11

Year	Property	Sales	Utility
2005-06	11,919,854	5,373,118	3,001,316
2006-07	12,881,657	6,285,439	5,056,904
2007-08	13,534,307	6,794,114	4,190,517
2008-09	13,053,648	6,958,722	4,413,428
2009-10	12,468,070	6,490,069	4,938,585
2010-2011	12,162,807	6,150,614	5,027,163

As the table indicates, property taxes decreased $305,263 (2.45%) in fiscal year 2010-11. The decrease is a result of the continued decline in assessed valuation of real estate properties throughout the country. The City is fortunate enough that the decrease is the lowest within the county. Sales tax decreased $339,455 (5.23%) in fiscal year 2010-11. This decrease reflects the effect of the national recession to the City. After years of strong performance by the many businesses in town, the slow economy is finally catching up with us. Utility user tax collections increased $88,578 (1.79%) due to higher revenues generated from Valero and the revamping of the utility users tax for communications.

The City's Industrial Park was a model for other California cities on how to transform an abandoned military base into a viable industrial park and local economic catalyst. The Benicia Industrial Park provides a strong sales tax base for the City, generating over 60% of the City's sales tax revenue. Valero's Northern California Petroleum Refinery is a major activity in the Park. Amports owns the deep-water Port of Benicia and maintains a large distribution center in Benicia, which processes over 150,000 passenger cars and light trucks annually. Other industrial sectors represented in the park include steel and metal fabrication, construction, wine warehousing and distribution and nutritional product research, general manufacturing and petro-chemical industry supplies and service.

The Benicia Industrial Park is the largest industrial park within Solano County and is home to over 600 businesses employing more than 7,000 workers. The types of companies locating in the Industrial Park continue to diversify Benicia's economic base and reflect Benicia's prominence as an industrial center located midway between the Bay Area and Sacramento markets. Access to major Northern California freeways and railways contribute to the success and viability of the Benicia Industrial Park.

Discovery Builders, a major Northern California developer, owns approximately 500 acres adjacent to the Benicia Industrial Park. When approved and developed, the new Benicia Business Park will significantly increase property, sales and utility tax revenue for the City. Consistent with the City's General Plan, the new business park will contain over 2 million square feet of light industrial uses and over 800,000 square feet of commercial space. The planning process has been stalled temporarily due to the regional economic slowdown but is expected to begin again as soon as the regional economy improves.

The following is a list of the top 15 employers in the Industrial Park:

Employer	Employees	Type of Business
Valero Refining Co	516	Petroleum Refining
Dunlop Manufacturing Inc.	248	Manufacture/Distribute Musical Accessories
Cytosport	221	Nutritional Beverage Company
Bio-Rad Laboratories, Inc.	209	Manufacture Hematology Products
Coca-Cola Bottling Co.	162	Soft Drink Delivery
Valley Fine Foods Co., Inc	133	Manufacture frozen foods
The Pepsi Bottling Group	119	Soft Drink Manufacturing
Radiator Express Warehouse, Inc.	106	Distribute Radiators
Benicia Fabrication & Machine	104	Metal Products Manufacturing
Cycle Gear Inc.	103	Warehouse With Some Mail Order Sales
Mistras Group Inc (formerly Conam Inspection)	102	Non-destructive testing service
APS West Coast, Inc.	98	Operate Port of Benicia
PSC Industrial Outsourcing LP	91	Industrial Waste Cleaning/Disposal
Veolia ES Industrial Outsourcing Inc.	82	Industrial Services
Unico Mechanical Corp	77	Repair/Maintenance of Industrial Machinery

FINANCIAL GOALS AND STRATEGIES

The City's financial goals and strategies center on development of stable revenue sources to provide high level services to a growing community in an efficient cost-effective manner. These goals and strategies are:

1. Maintain balanced budgets that incorporate basic services and infrastructure expansion to meet community growth envisioned by the City Council, the City's General Plan and the City's Strategic Plan.
2. Promote development of job and sales tax creating businesses to reduce the standing of the City as a bedroom community by balancing housing with jobs.
3. Promote a balance of affordable housing opportunities.
4. Promote the preservation of open space, the development of cultural amenities, the encouragement of Historical Preservation and Historical Tourism, and adequate transportation.
5. Ensure growth pays its fair share.
6. Promote intergovernmental cooperation to reduce costs and better serve City residents.
7. Increase citizen involvement and City service responsiveness to residents.

There is also a strong focus on sound management of the City's financial resources to allow for the stable delivery of public services and to preserve the City's reputation in financial markets.

Benicia Market Analysis

The Benicia industrial market is diverse, strong and reflects the petro-chemical, steel fabrication and machining, construction, environmental engineering and warehouse/distribution sectors. For the last decade, the Benicia Industrial Park has been an attractive alternative to the Contra Costa market due to more affordable rents, access to affordable housing and a skilled and semi-skilled labor pool. The Benicia Industrial Park remains a stable economic engine for the City. On the eastern part of town, a 50-bedroom hotel was completed in FY 2009-10 and has become an added source of the revenue from the City's transient occupancy tax.

Long-term Financial Planning

The City updates a Capital Improvement Program (CIP) on a biennial basis based upon the "Council Priority List" of future capital and infrastructure needs. The CIP projects for fiscal year 2010-11 totaled $6.2 million. Funding comes from multiple sources, including existing funds, development taxes, and regional, state and federal funds over the next five-year period.

A citywide Strategic Plan has been developed through a series of public meetings, retreats and workshops with the City Council and City Management. The budget serves as the implementation measure for this plan and sets forth five major Strategic Issues as follows:

- Protecting Community Health and Safety
- Protecting and Enhancing the Environment
- Strengthening Economic and Fiscal Conditions
- Preserving and Enhancing Infrastructure
- Maintain and Enhance a High Quality of Life

As the City looks ahead, it is not anticipated that economic conditions will improve significantly during the next several years. Organizational restructuring of programs and services has been implemented. The City will continue to explore ways to reduce costs and improve operational efficiencies while continuing to provide a high level of key public services.

Housing Opportunities

According to the results of the 2010 US Census, Benicia has 11,306 housing units within its jurisdiction. With an updated population of 26,997 persons, Benicia is the fifth largest of the seven cities in Solano County. As it has always done in the past, Benicia is in the process of updating its Housing Element to cover the period between 2007-2014. Housing Element updates are required by the State Department of Housing and Community Development, which sets forth a process by which every region plans for future population growth to ensure that enough housing is available within each city. For Benicia, this means planning for an additional 532 new units through the year 2014. Units that have been built since January 1, 2007 count toward meeting the need. From January 1, 2007 through November 30, 2011, a total of 143 new homes were built within the city. Accordingly, the city needs to show that there is enough residentially zoned land that could accommodate 389 units. Currently, the City's Draft Housing Element shows all vacant and under-utilized land, and is under review by the State. The city expects to adopt the new Housing Element by Spring 2012.

Parks, Open Space, Library, Historical Preservation and Tourism, and Transportation

The City is extremely proud of its award winning, 50-acre community park and 570-acre open space area in the northern part of the City. The City recently completed improvements to the Benicia Community Center. The new Community Center consists of approximately 33,000 square feet and will accommodate after school programs, pre-school programs, teen activities, art programs, senior programs, community meeting space, girl and boy scouts, and much more.

The City's $6 million public library facility, opened in 1993, houses 107,822 items, including DVDs, videos, music CDs, books on CD, newspapers, magazines, novels and nonfiction books, plus an additional 10,705 electronic books and 2,827 downloadable-audio books. The Benicia Public Library provides residents with modern technology, including computers and databases, wireless access, and electronic connections to other public and community college libraries. Over 75 users per hour come to the library for help finding answers to questions, identifying and checking out materials, and attending programs for children, teens, adults, and seniors.

The City of Benicia has a rich historical background as one of the nation's foremost military compounds, multi-faceted seaports and site of the California State Capital in 1854. There are many wonderful buildings from these bygone eras that are full of cherished artifacts and architectural splendor. The City of Benicia has recognized the importance of maintaining these significant historical assets and has empowered both citizen committees and staff to protect these valuable treasures for residents, visitors and future generations.

The City's transit system "Benicia Breeze" was restructured on October 6, 2008, when Route 75 was taken over by the City of Vallejo Transit (Vallejo Transit) as the new Route 78. Benicia Breeze restructured routes, serviced by Vallejo Transit, to accommodate Route 78 that serves Vallejo, Benicia and the Pleasant Hill and Walnut Creek BART Stations. The new service in Benicia entails two flex-routes that operate in the morning and evening peak commute hours; dial-a-ride service open to all riders during non-peak commute hours; supplemental service to Benicia schools on two routes; various shuttle services to Kaiser/Sutter Hospitals; the Sun Valley Mall; Diablo Valley College in Contra Costa County; as well as ADA Para-transit Plus service. Benicia Breeze continues to maintain a taxi scrip program as well as looking to expand its services to qualified passengers. Benicia Breeze uses a fleet of two transit buses and six cutaway buses, all of which are accessible to bicycles and mobility devices. Benicia Breeze averages about 314 passengers per weekday and carries approximately 6,742 passengers per month. The City Councils for both Vallejo and Benicia have agreed upon a Joint Powers Authority agreement that has consolidated the two transit agencies. This consolidation occurred on July 1, 2011. All Benicia Breeze assets, contracts and routes are now being managed by the Solano County Transit (SolTrans) joint powers authority.

Growth Pays Its Own Way

Benicia's fees and taxes on new development are designed to ensure that growth pays its own way, while simultaneously ensuring that the City is not priced out of the development market. The total amount of fees paid for a "typical" new 2,758 square-foot single-family residence is approximately $35,000. The fees vary based on square footage and pay for needed public facilities, such as streets, water and wastewater facilities, parks, library books and public safety needs.

Intergovernmental Cooperation

The City of Benicia works closely with the Benicia Unified School District (BUSD) in numerous ways, including:

- Providing two school resource officers at no cost to the school district
- Funding the school district's crossing guard program
- Funding for various counseling services for at-risk students and student reading programs
- High school baseball use of Fitzgerald Field
- Library assistance to schools ordinarily provided by credentialed school librarians
- Safety improvements, including the installation of a flashing crosswalk for Benicia High School and planning for a future traffic signal
- Maintenance of playing fields and turf areas at three school sites

Benicia and its neighboring city, Vallejo, continue to work together to protect open space adjacent to the Benicia Community Park, which borders both cities. Benicia and Vallejo also cooperate in other matters of mutual interest. For example, the two cities, along with Fairfield, cooperated in the acquisition and maintenance in perpetuity of large tracts of open space located between each of the cities. The cities also cooperate in the management, storage and purchase of water.

Citizen Involvement

Periodically, the City engages the public in key discussions on various citywide projects. Over the past five years, the City has solicited public input on a wide range of projects. In August of 2006, the City held a two-day workshop for gathering public input on a new Downtown Mixed Use Master Plan and the Lower Arsenal Mixed Use Specific Plan. This public outreach program brought out many folks in the community that normally would not participate in such events, thus making the end product all the more successful.

In October 2008, city staff conducted a two-day Housing Expo that was designed to solicit public participation regarding an update of the City's Housing Element. This successful event serves as a basis for a draft Housing Element that will provide a blueprint for where future housing will be built in Benicia during the next 5 to 7 year period. Later that year, the City directly solicited input from citizens to prepare a Historic Context Statement that will help provide a comprehensive background on Benicia's important historic resources.

Since 2009, the City has been organizing successful, well attended Earth Day festivals where community members come together and learn about City programs and participate in educational activities that help foster increased awareness about environmental stewardship.

In June 2010, the City conducted a Prioritization Process via an online survey and a community workshop entitled "Build Your Own City". The process was designed to be strategic in nature and one that would focus on achieving long-term cost savings as opposed to "quick-fix" or one-time cost savings. Both the survey and workshops asked participants to prioritize City programs and services, with the premise that in these challenging fiscal times, public agencies are needing to "reset" and ensure that program and service offerings are sustainable relative to revenues and focused on the priorities of the community. A second workshop followed in July 2010 to solicit feedback from the

community regarding how to balance the City's budget. "Brown bag" meetings with City employees also occurred in August 2010 to solicit suggestions on balancing the budget.

In the Fall of 2011, the City held an economic conference at the new Community Center to review the City's Business Development Action Plan. This plan outlines the City's approach for economic development over the next thirty-six months. Members of the City's various business communities were invited to attend, participate and offer feedback on the proposed plan. Following this conference, the City, for only the second time in its history, held a joint Economic Development Board and City Council meeting, illustrating the importance of this plan and the priority of moving forward with economic development.

In summary, the City manages its ongoing operations and capital improvement programs in an efficient, business-like manner, with a focus on an entrepreneurial approach to problem solving and citizen involvement. Involving our citizens in shaping Benicia's future, preserving Benicia's charm and planning for its orderly progress into the twenty-first century, is of paramount importance.

FINANCIAL INFORMATION

Internal Controls

City management is responsible for establishing and maintaining an internal control structure designed to ensure government assets are protected from loss, theft or misuse and ensure adequate accounting data are compiled for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls

The City maintains budgetary controls. The objective of these budget controls is to ensure compliance with the City Council approved, annual appropriated budget. Activities of the General Fund and Special Revenue Funds, if required, are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Improvement Projects Funds. Budgetary control is maintained at the fund level for administrative and operating expenditures, while capital improvements are maintained at the project budget total. Department directors have control of their own department budgets and if transfers between departments are needed, the City Manager has the authority to approve them. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Governmental and Business-Type Activities and Net Assets

For detailed information and analysis of the governmental and business-type activities and net assets, please see Management's Discussion and Analysis.

General Fund Reserves

The City has adopted a fund balance reserve policy establishing a minimum fund balance equal to 20% of the fund's annual operating revenue budget for the purpose of stabilizing the delivery of City services during periods of operational budget deficits. At a minimum, the reserves include the following: Contingency Reserve of 10% to mitigate the affects of major economic uncertainties, local disasters, and or severe financial hardships resulting from unforeseen changes in revenues and/or expenditures and an Emergency Reserve of 10% to mitigate all unforeseen events not covered in the Contingency Reserve. The General Fund Reserve balance as of June 30, 2011 was 9.8% of the operating revenue budget. The reserves at year-end were under the target amount due mainly to an outstanding receivable which is due in December 2012. It is anticipated that the General Fund reserves will return to the 20% target level by the end of FY12-13.

Gann Limit vs. Appropriations Subject to Limit

Proposition 4, the "Gann Initiative," was passed by California voters in 1978 and is intended to limit government appropriations. The appropriations limit is calculated each year based upon fiscal year 1978-79 appropriations, which are modified by the composite consumer price index and population changes that have occurred in subsequent years. The City's appropriations limit and the estimated appropriations subject to the limit for the fiscal year 2010-11 amounted to $69,533,066 and $29,034,470 respectively. City appropriations subject to the limit have consistently remained far below the appropriation limits and are not expected to deviate from this trend in the foreseeable future.

Cash Management

The City's cash and investments are managed on a pooled basis. The average investment portfolio was $43,025,414. The average yield on investment in 2010-11 was 2.25%, average maturity at year-end was approximately a year and three quarters, and total interest earned was $477,424. Investments consisted primarily of money market funds, U.S. government securities and Local Agency Investment Fund (LAIF) deposits managed by the Treasurer of the State of California. These investments are allowed under an investment policy adopted by the City Council that defines eligible investments and maturities of the City's investment portfolio and requires securities be held by the City or by a qualified safekeeping institution and be registered in the City's name.

Debt Administration

The City has utilized bond financing for many public improvement projects in the past. The City's reputation and creditworthiness has been enhanced by its reliance on the same bond counsel and underwriter for nearly all bond issues brought to market over the past twenty years. These consultants are intimately familiar with City activities and policies and are an invaluable asset in marketing the City to investors.

Additional information on the City's long-term debt can be found in Note 7 to the Basic Financial Statements.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Benicia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 20010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The Finance Department Staff believes this report conforms to the Certificate of Achievement Program requirements and will submit the report to the GFOA to determine its eligibility. The City of Benicia has received this award for the past 19 years and it is our goal to be awarded this Certificate once again. The award demonstrates the City's conformance to the highest level of financial reporting standards, which will likely have a positive influence on the City's financial rating. This will ensure cost savings in the future when the City of Benicia seeks financing for public improvements.

Acknowledgements

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my special appreciation to Assistant Finance Director Abigail M. Urrutia and Accounting Systems Supervisor Alyson Kauzer. I would also like to thank the Mayor, City Council Members and the City Manager for their support in planning and conducting City financial affairs in a responsible and efficient manner.

Respectfully submitted,

William Zenoni
Interim Finance Director

MUNICIPAL OFFICERS
As of June 30, 2011

CITY COUNCIL (Elected)

Elizabeth Patterson, Mayor	November 2011
Tom Campbell, Councilmember	November 2011
Mark Hughes, Councilmember	November 2013
Mike Ioakimedes, Councilmember	November 2011
Alan Schwartzman, Vice Mayor	November 2013

OTHER (Elected)

Lisa Wolfe, City Clerk	November 2011
Teri Davena, City Treasurer	November 2011

PLANNING COMMISSION (Appointed)

Rick Ernst	September 2011
Brad Thomas	September 2011
Rod Sherry	September 2011
Belinda Smith	January 2015
George Oakes, Sr.	January 2015
Donald Dean	January 2013
Lee Syracuse	January 2013

PARKS, RECREATION AND CEMETARY COMMISSION (Appointed)

Sandy Moriaty	July 2013
John McGuire	July 2014
Rufus Bunch	January 2015
Kim Funk	January 2014
Nancy Cockerham	January 2015
Ken Paulk	July 2013
Ernie Gutierrez	January 2015
Sanil Budhdev	September 2015

APPOINTED OFFICIALS

Brad Kilger	City Manager
Heather McLaughlin	City Attorney

DEPARTMENT HEADS

Robert Sousa	Finance
Andrew Bidou	Police
Steve Vucurevich	Fire
Michael Dotson	Parks and Community Services
Anne Cardwell	Administrative Services
Diane Smikahl	Library
Charles Knox	Public Works & Community Development

CITY OF BENICIA

MISSION STATEMENT

To serve and enhance our community with care, commitment and pride.

VISION STATEMENT

Building a great community together by preserving and strengthening:

- Our small town character
- A vibrant economy
- Our history
- A safe and healthy environment

CITY OF BENICIA

ORGANIZATIONAL CHART

JUNE 30, 2011

CITIZENS OF BENICIA

CITY COUNCIL

Elizabeth Patterson, Mayor

CITY CLERK	Alan Schwartzman, Vice Mayor	CITY TREASURER
Lisa Wolfe	Tom Campbell	Teri Davena
	Mark Hughes	
	Mike Ioakimedes	

CITY MANAGER	CITY ATTORNEY
Brad Kilger	Heather McLaughlin

POLICE CHIEF	FIRE CHIEF	FINANCE DIRECTOR	PARKS & COMMUNITY SERVICES DIRECTOR
Andrew Bidou	Steve Vucurevich	Robert Sousa	Mike Dotson

	ADMIN SERVICES DIRECTOR	LIBRARY DIRECTOR	PUBLIC WORKS & COMMUNITY DEVELOPMENT DIRECTOR
	Anne Cardwell	Diane Smikahl	Charles Knox

Location Map

City of Benicia

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Benicia California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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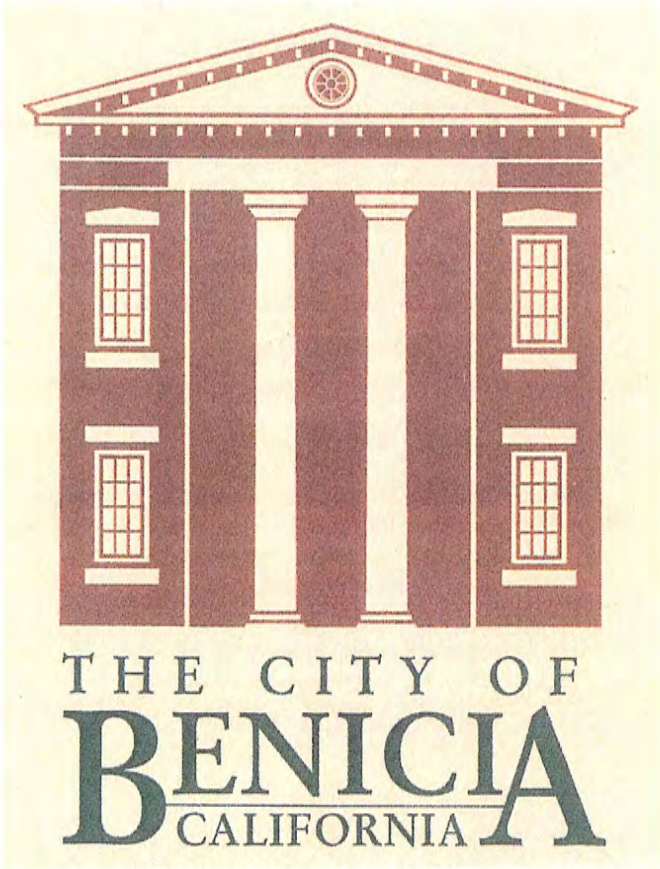
Linda C. Davidson

President

Executive Director


THE CITY OF
BENICIA
CALIFORNIA

MAZE & ASSOCIATES

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 · FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS

To the City Council of
the City of Benicia
Benicia, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Benicia, California, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and generally accepted government audit standards issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Benicia, California, as of June 30, 2011 and the respective changes in the financial position and cash flows, where applicable, thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As of July 1, 2010, the City adopted the provision of Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions.* As discussed in Note 8 to the financial statements, the provisions of this statement affect the classification of fund balances reported in the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2011, on our consideration of the City of Benicia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required as part of the basic financial statements of the City of Benicia, California. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section listed in the Table of Contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly we express no opinion on them.

Maze & Associates

December 2, 2011

This management's discussion and analysis provides readers an overview and analysis of financial activities of the City of Benicia (City) for the fiscal year ended June 30, 2011. Please read this discussion and analysis in conjunction with the accompanying Transmittal Letter, the Basic Financial Statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $221.6 million. Of this amount, $9.8 million may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net assets decreased by $1.2 million due to increase in expenses recognized by the City.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $22.4 million, an increase of $9.6 million in comparison with the prior year. Unexpended proceeds from the issuance of the 2011 Certificates of Participation made up this increase.

- At the end of the current fiscal year, the General Fund fund balance totaled $5.4 million, a decrease of 9.18%, due to a combination of lower revenues recognized and an increase in advances to other funds for completion of the Benicia Community Center.

- The City's total debt increased by $7.0 million as a net result of debt issuance during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which consists of three parts: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The Government-wide Financial Statements provide readers with a broad view of the City's finances, in a manner similar to a private-sector business, using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which liability is incurred.

The Statement of Net Assets reports information about the City as a whole. This statement includes all assets (including infrastructure) as well as all liabilities (including long-term debt) of the City. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating.

In these statements City activities are reported into two categories:

- **Governmental Activities** - Most of the City's basic services are reported in this category, including administration, community development, police, fire, parks and community services, public works, library services, and economic development. Property, sales and utility taxes, user fees, interest income, franchise fees, and state and federal grants are among the revenues that finance these activities.

- **Business-Type Activities** - The City charges a fee to customers to pay for the cost of certain services provided. The City's wastewater, water, marina, and transit operations are reported in this category.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law or by bond covenants. However, the City establishes many other funds to help control and manage money for a particular purpose or to show that the City is meeting legal responsibilities for using certain taxes, grants, or other funds restricted in its use. Fund Financial Statements provide detailed information about the most significant funds, not the City as a whole.

All of the funds of the City can be divided into three categories:

- **Governmental Funds** - Most of the City's basic services are reported in governmental funds, using the current financial resources measurement focus and modified accrual accounting method, where revenues are recognized when measurable and available. Governmental funds are used to account for essentially the same functions reported as "governmental activities" in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Funds Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining the City's ability to finance its programs in the near future.

  To better understand the City's long-term and short-term requirements, it is useful to compare the City's Governmental Fund Statements with the governmental activities in the Government-wide Financial Statements. A reconciliation is provided for both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances to facilitate this comparison.

- **Proprietary Funds** - When the City charges customers for services, either to outside customers or to other City departments, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way in which all activities are reported in the Government-wide Financial Statements, using the accrual basis of accounting. The City's enterprise funds are the same as the "business-type activities" reported in the government-wide financial statements, but provide more detail and additional information, such as cash flows for each enterprise fund. The City uses internal service funds to report activities that provide supplies and services to the City's other programs and activities, such as insurance, general services, building and equipment management and the retirement stability funds. Internal service funds are reported with "governmental activities" in the Government-wide Financial Statements since services provided predominantly benefit governmental rather than business-type functions.

- **Fiduciary Funds** - The City is the trustee, or fiduciary, for certain funds held on behalf of third parties. The City's fiduciary activities are reported in a separate Statements of Fiduciary Net Assets. These activities are excluded from the City's Government-wide Financial Statements because the City cannot use these assets to finance its operations. However, the City is responsible for ensuring that assets reported in these funds are used for their specified purposes.

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in both the Government-wide Financial Statements and Fund Financial Statements. The notes to the financial statements can be found on pages 33-69 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined Net Assets for the year ended June 30, 2011 are summarized below.

Summary of Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 44.8	$ 36.2	$ 27.9	$ 29.8	$ 72.7	$ 66.0
Capital assets	127.4	123.9	104.0	107.3	231.4	231.2
Total Assets	172.2	160.1	131.9	137.1	304.1	297.2
Long-term liabilities outstanding	33.7	23.3	41.4	44.8	75.1	68.1
Other liabilities	6.0	4.7	1.4	1.6	7.4	6.3
Total Liabilities	39.7	28.0	42.8	46.4	82.5	74.4
Net Assets:						
Invested in capital assets, net of related debt	130.0	115.4	63.1	62.8	193.1	178.2
Restricted	18.7	2.5	-	-	18.7	2.5
Unrestricted	(16.2)	14.2	26.0	27.9	9.8	42.1
Total Net Assets	$ 132.5	$ 132.1	$ 89.1	$ 90.7	$ 221.6	$ 222.8

The largest portion of the City's net assets (87.1%) reflects its investments in capital assets, less any related debt used to acquire those assets still outstanding. The City uses these capital assets to provide services to citizens and are not available for future spending.

Restricted net assets represent 8.5% of the total net assets and are subject to external restrictions. The increase of $16.2 million in restricted net assets was mainly due to the issuance of the 2011 Certificates of Participation for energy conservation projects. These monies will be available for future spending but only for specific projects within the City and for debt payments. The balance of unrestricted net assets, which represents 4.4% of the total assets, may be used to meet the City's ongoing obligations to citizens and creditors.

A Statement of Activities and Changes in Net Assets, as of June 30, 2011, is presented below.

Statement of Activities and Changes in Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	$ 2.8	$ 3.8	$ 13.4	$ 13.5	$ 16.2	$ 17.3
Operating grants and contributions	2.3	2.7	0.8	0.8	3.1	3.5
Capital grants and contributions	4.4	0.9	-	-	4.4	0.9
General Revenues:						-
Property taxes	13.0	13.3	-	-	13.0	13.3
Sales taxes	6.9	7.2	-	-	6.9	7.2
Utility users' tax	5.0	4.9	-	-	5.0	4.9
Franchise	1.6	1.3	-	-	1.6	1.3
Other taxes	1.3	1.2	-	-	1.3	1.2
Motor vehicle license fees	1.9	1.9	-	-	1.9	1.9
Investment earnings	0.3	0.4	0.3	0.4	0.6	0.8
Total Revenues	39.5	37.6	14.5	14.7	54.0	52.3
Expenses:						
Administration	3.2	3.4		-	3.2	3.4
Public Safety - Police	8.9	8.9		-	8.9	8.9
Public Safety - Fire	6.9	6.7		-	6.9	6.7
Parks and Community Services	5.7	5.9		-	5.7	5.9
Public Works & Comm Dev	6.1	6.0		-	6.1	6.0
Library	2.6	2.1		-	2.6	2.1
Economic Development	0.6	0.5		-	0.6	0.5
General Government	3.4	2.3		-	3.4	2.3
Interest on long-term debt	1.3	1.7		-	1.3	1.7
Wastewater		-	7.1	7.4	7.1	7.4
Water		-	7.8	7.8	7.8	7.8
Benicia Marina		-	0.6	0.5	0.6	0.5
Transit		-	1.0	1.1	1.0	1.1
Total Expenses	38.7	37.5	16.5	16.8	55.2	54.3
Increase in net assets before transfers	0.8	0.1	(2.0)	(2.1)	(1.2)	(2.0)
Transfers	(0.3)	-	0.3	-	-	-
Increase in net assets	0.5	0.1	(1.7)	(2.1)	(1.2)	(2.0)
Net assets - 7/1/10	132.0	131.9	90.8	92.9	222.8	224.8
Net assets - 6/30/11	$ 132.5	$ 132.0	$ 89.1	$ 90.8	$ 221.6	$ 222.8

Governmental Activities

Total resources available during the year to finance governmental operations were $171.2 million consisting of Net Assets at July 1, 2010, of $132.0 million, program revenues of $9.5 million and general revenues of $29.7 million.

The cost of all governmental activities this year was $38.7 million. The largest governmental programs include Public Safety - both Police and Fire, and Public Works and Community Development. The amount that was paid by those who directly benefited from governmental programs was $2.8 million, while operating and capital grants and contributions paid for $6.7 million of total costs. The City paid for the remaining "public benefit" portion of governmental activities with taxes and investment earnings.

The following table shows the Net Cost of Governmental Activities, which totaled $29.2 million.

Net Cost of Governmental Activities

	Expenses	Program Revenues	Net Revenue (Expense) of Activities
Administration	$ 3,202,068	$ 100,305	$ (3,101,763)
Public Safety - Police	8,896,808	620,404	(8,276,404)
Public Safety - Fire	6,925,232	262,917	(6,662,315)
Parks and Community Services	5,714,379	3,663,541	(2,050,838)
Public Works and Comm Dev	6,113,748	3,025,810	(3,087,938)
Library	2,600,356	270,517	(2,329,839)
Economic Development	609,814	320	(609,494)
General Government	3,386,270	1,527,548	(1,858,722)
Interest expense	1,265,618	-	(1,265,618)
Total	$ 38,714,293	$ 9,471,362	$ (29,242,931)

Business-type Activities

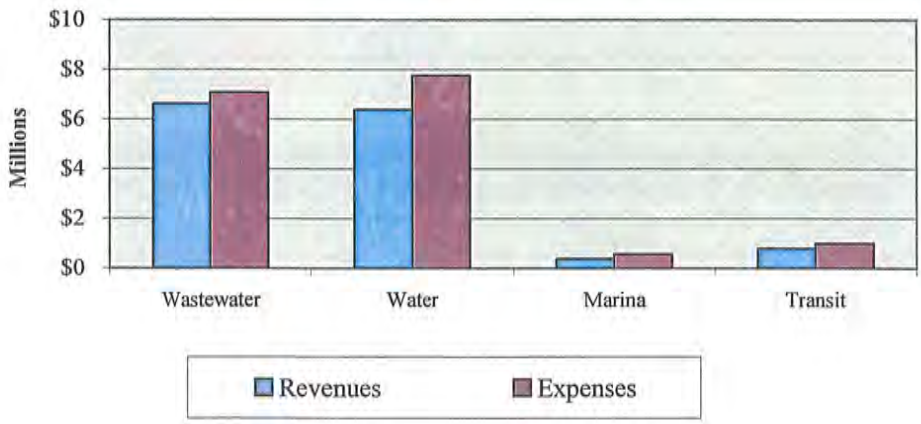
Total resources available during the year to finance Business-Type Activities were $105.0 million consisting of Net Assets at July 1, 2010, of $90.8 million, program revenues of $13.4 million and general revenues of $.8 million.

The cost of all Business-Type activities this year was $16.4 million. As shown in the Statement of Activities and Changes in Net Assets, the amounts paid by users of the systems were $13.4 million, while operating and capital grants and contributions were $.8 million.

Net Cost of Business-Type Activities

	Expenses	Program Revenues	Net Revenue (Expense) of Activities
Wastewater	$ 7,082,311	$ 6,620,605	$ (461,706)
Water	7,753,095	6,379,255	(1,373,840)
Benicia Marina	564,182	382,702	(181,480)
Transit	1,005,375	796,579	(208,796)
Total	$ 16,404,963	$ 14,179,141	$ (2,225,822)

The following chart illustrates the comparison of operating revenues and expenses by business-type activity:



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

In addition to the accrual-basis government-wide statements described above, the City maintains financial records at the fund level for compliance with finance-related legal requirements and for budgetary control. The Fund Financial Statements focus on individual funds of the City, reporting operations in more detail than the Government-wide Financial Statements.

Governmental Funds

The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. The City's governmental funds reported a combined fund balance at June 30, 2011, of $22.4 million, an increase of $9.6 million in comparison with the prior year, due to an issuance of the 2011 Certificates of Participation for Energy Conservation Projects within the City.

As a result of the Fiscal Year 2010-2011 implementation of the Government Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the focus and terminology used for reporting fund balance has substantially been altered. The following are the components of fund balance:

(1) Nonspendable Fund Balance – portion of net resources that can not be spent because of their form (will never convert to cash) or must be maintained intact pursuant to legal or contractual requirements.
(2) Restricted Fund Balance – portion of fund balance that are subject to externally enforceable legal restrictions such as creditors, grantors, contributors or other governments.
(3) Committed Fund Balance – portion of fund balance whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making (City Council) and remains binding unless removed in the same manner.
(4) Assigned Fund Balance – portion of fund balance that reflects a government's intended use of resources.
(5) Unassigned Fund Balance – net resources in excess of what can properly be classified in one of the four categories described above.

General Fund - The General Fund is the chief operating fund of the City. As a measure of the General Fund's ability to deliver City services during periods of operational budget deficits, the City has adopted a fund balance reserve policy that establishes a minimum fund balance equal to 20% of the fund's annual operating revenue budget or actual amounts for the fiscal year. At a minimum, the reserves include: Contingency Reserve of 10% to mitigate the affects of major economic uncertainties, local disasters and or severe financial hardships resulting from unforeseen changes in revenues and/or expenditures; and an Emergency Reserve of 10% to mitigate all unforeseen events not covered in the Contingency Reserve.

At the end of the fiscal year, total fund balance of the General Fund was $5.4 million. $3 million of this fund balance is Committed for Emergency Reserve, which was 9.8% of the actual operating revenue. There are no Unassigned Fund Balance left over at the end of the year for the Contingency Reserve. The reserves were under the target amount at year-end due mainly to an outstanding receivable due in December 2012. At that time, the General Fund reserves will return to the 20% target level.

The General Fund realized general tax and other revenues of $30.7 million during the year to pay for $29.8 million operating expenditures, realizing an excess of revenues over expenditures of $.9 million. Cost cutting measures, such as freezing open positions, delaying major expenditures, and renegotiating employee contracts for concessions were implemented to lessen avoid having a deficiency for the year.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the Government-wide Financial Statements, but in more detail.

Wastewater Fund – The City's wastewater utility fund collected $6.6 million in user fees to maintain the system. The fund has $62.0 million in capital assets, net of accumulated depreciation, financed with $20.6 million of long-term debt. The fund made debt service payments of $2.3 million during the year. Net assets decreased by $.3 million due to lower connection fees and interest income earned for the year.

Water Fund – The City's water utility fund collected $6.4 million in user fees to sustain the system. The system has $38.6 million in capital assets, net of accumulated depreciation, financed with $14.2 million of long-term debt. The fund made $1.7 million in debt service payments for the year. Net assets decreased by $1.3 million due to lower user fees and interest income earned for the year.

Benicia Marina – The City's Marina collected $.3 million in user fees to support its operating and debt service costs. The Marina has $3.1 million in capital assets, net of accumulated depreciation, financed with $3.4 million of long-term debt. Debt service payments for the year were $.3 million. The fund continues to have deficit net assets. The City continues to evaluate options for a long-term operating solution.

Transit – The City's Transit system operates bus, para-transit, taxi service for the citizens of Benicia. The City collected user fees of $.09 million, which was supplemented by an additional $.7 million in federal, state and local grants to support operations. The fund has $0.3 million in capital assets, net of accumulated depreciation, financed by intergovernmental revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council may revise the City budget on more than one occasion. The Approved Budget is adopted by the City Council prior to the July 1 start of the fiscal year ("Original Budget"). The City Council may add appropriations or change revenue estimates during the course of the fiscal year, primarily at midyear budget review. Finally, the revenue and expenditure estimates for the current fiscal year are revised as part of the Approved Budget ("Final Budget").

Fiscal year 2009-10 was the first year of a two-year budget. The original budget for 2009-10 was developed in early 2009. The original budget for the General Fund revenues was $32.9 million, while expenditures were at $31.6 million. The final budget estimates for revenues was $31.0 million, a decrease of $1.9 million, and $30.8 million for expenditures, a decrease of $.8 million. The main components of the decreases are as follows:

- $1.2 million reduction in property taxes due to lower assessed valuation for secured and unsecured properties
- $.6 million decrease in sales and use tax as a result of a slow economic turnaround
- $.3 million reduction in other taxes due to a slow economic recovery
- $1.2 million in salary and benefit reductions for all departments as a result of freezing open positions, and concessions from employee bargaining groups
- $.2 million decrease in contract services and utility costs
- $.6 million increase in transfers out for projects

During the year, revenues fell short of the anticipated budget by $.3 million. The largest revenue variance was the investment earnings. Due to market conditions, with the economy recovering very slowly, interest rates were at an all time low generating lower than expected earnings. Actual expenditures were $1.1 million less than the final budget due to cutbacks on operating expenditures, the hiring freeze and concessions from employee bargaining groups.

CAPITAL ASSETS

The capital assets of the City are those assets, which are used in the performance of the City's functions including infrastructure assets. This investment in capital assets includes land and easements, infrastructure, buildings and improvements, equipment and construction in progress. At June 30, 2011, net capital assets of the governmental activities totaled $127.4 million and the net capital assets of the business-type activities totaled $104.0 million. Depreciation on capital assets is recognized in the Government-wide Financial Statements.

The following table provides a breakdown of the City's capital assets at June 30, 2011:

Capital Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 18.0	$ 18.0	$ 2.6	$ 2.6	$ 20.6	$ 20.6
Buildings & Improvements	22.1	21.9	90.6	90.6	112.7	112.5
Machinery & Equipment	8.4	8.4	10.0	9.8	18.4	18.2
Infrastructure	137.8	133.3	72.7	72.7	210.5	206.0
Construction in Progress	9.1	7.4	3.1	2.3	12.2	9.7
Water Rights		-	5.0	5.0	5.0	5.0
Total Capital Assets	195.4	189.0	184.0	183.0	379.4	372.0
Accumulated Depreciation	(68.0)	(65.1)	(80.0)	(75.7)	(148.0)	(140.8)
Net Assets	$ 127.4	$ 123.9	$ 104.0	$ 107.3	$ 231.4	$ 231.2

This year's major capital asset additions were construction in progress (energy conservation projects, community center); buildings (fire station renovation); machinery and equipment (vehicles); and infrastructure (overcrossing and traffic signals).

Additional information on the City's capital assets can be found in Note 6 on pages 48-50 of this report.

DEBT ADMINISTRATION

The City uses a variety of indebtedness to finance various capital acquisitions. At June 30, 2011, the City's long-term debt outstanding was $75.1 million. Of this total, $33.7 million was in governmental activities and $41.4 was in business-type activities. The City's governmental activities increased by $10.4 million, and business-type activities decreased by $3.4 million as a result of debt maturities during the year.

The percentage of net bonded debt to taxable property valuation, and the amount of bonded debt per capita are useful indicators of the City's debt position. Per capita debt outstanding increased by $406 per capita from $2,365 to $2,771 from the previous fiscal year.

The following is a summary of the City's long-term debt obligations at June 30, 2011:

Long-term Debt
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	$ 5.0	$ 5.6		$ -	$ 5.0	$ 5.6
Pension Obligation Bonds	12.8	13.3		-	12.8	13.3
Certificates of Participation	13.2	-	-	-	13.2	-
Capital Lease	2.7	2.9		-	2.7	2.9
Utility Revenue Bonds		-	8.6	9.5	8.6	9.5
Loans Payable		-	32.8	35.0	32.8	35.0
Total Indebtedness	$ 33.7	$ 21.8	$ 41.4	$ 44.5	$ 75.1	$ 66.3

Additional information on the City's long-term debt can be found in Note 7 on pages 51-58 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

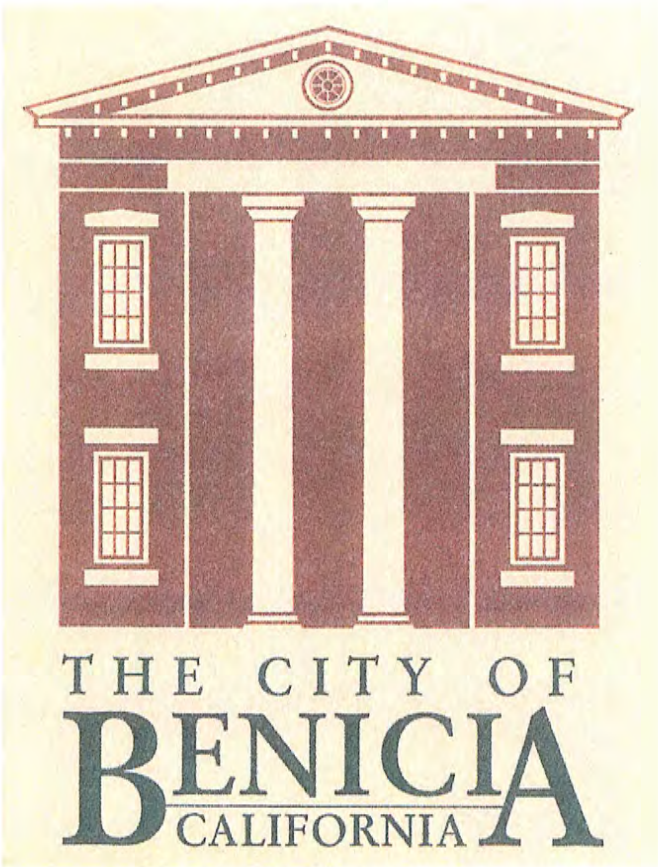
The City prepares biennial budget, which focuses on long-term financial viability and allows decision-makers to better understand the on-going impact of current policy decisions. Through the budget, the Council sets the direction of the City, allocates its resources and establishes its priorities. Due to current economic climate, maintenance of the hiring freeze throughout the budget period, concessions with employee bargaining groups and further cutbacks on operating expenditures have been implemented in developing the budget for fiscal year 2011-12. Furthermore, careful execution of capital spending will be necessary to assure that we do not spend money that may not materialize.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Finance Department at 250 East "L" Street, Benicia, CA 94510, phone (707) 746-4225.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS
AND STATEMENT OF ACTIVITIES


THE CITY OF
BENICIA
CALIFORNIA

CITY OF BENICIA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments available for City operations (Note 3)	$15,586,785	$23,020,862	$38,607,647
Accounts receivable	3,978,024	2,448,173	6,426,197
Interest receivable	4,512	5,112	9,624
Materials, parts and supplies (Note 1H)	14,441	361,585	376,026
Prepaid items (Note 1H)	67,342	81,524	148,866
Internal balances	(298,735)	298,735	
Restricted cash and investments held by fiscal agents (Note 3)	10,687,074		10,687,074
Deferred charges		326,177	326,177
Lease receivable		428,420	428,420
Loans receivable (Note 5)	2,829,990	937,823	3,767,813
Prepaid PERS contribution (Note 10)	11,893,814		11,893,814
Capital assets (Note 6):			
Non-depreciable	27,128,088	5,742,593	32,870,681
Depreciable, net of accumulated depreciation	100,278,301	98,279,755	198,558,056
Total Assets	172,169,636	131,930,759	304,100,395
LIABILITIES			
Accounts payable	1,826,520	429,804	2,256,324
Accrued payroll	104,368		104,368
Customer and performance deposits	706,034	101,355	807,389
Interest payable	265,220	366,079	631,299
Unearned revenue		285,402	285,402
General liability claims (Note 12):			
Due within one year	108,359		108,359
Workers compensation claims (Note 12):			
Due within one year	351,914		351,914
Due in more than one year	398,799		398,799
Accrued compensated absences (Note 1G):			
Due within one year	1,012,466	248,207	1,260,673
Due in more than one year	291,047		291,047
Net OPEB Liability, due in more than one year (Note 11)	915,566		915,566
Long-term debt (Note 7):			
Due within one year	1,988,386	3,210,825	5,199,211
Due in more than one year	31,687,444	38,202,033	69,889,477
Total Liabilities	39,656,123	42,843,705	82,499,828
NET ASSETS (Note 8)			
Invested in capital assets, net of related debt	129,965,244	63,064,298	193,029,542
Restricted for:			
Capital projects	13,444,709		13,444,709
Debt service	1,146,283		1,146,283
Special revenue projects	1,778,153		1,778,153
Landscaping and Lighting	462,700		462,700
Library	666,520		666,520
Open Space	509,421		509,421
Community Services	722,737		722,737
Total Restricted Net Assets	18,730,523		18,730,523
Unrestricted	(16,182,254)	26,022,756	9,840,502
Total Net Assets	$132,513,513	$89,087,054	$221,600,567

See accompanying notes to financial statements

CITY OF BENICIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Administration	$3,202,068	$50,305	$50,000		($3,101,763)		($3,101,763)
Public safety - police	8,896,808	155,331	465,073		(8,276,404)		(8,276,404)
Public safety - fire	6,925,232	44,626	218,291		(6,662,315)		(6,662,315)
Parks and community services	5,714,379	1,181,041	282,500	$2,200,000	(2,050,838)		(2,050,838)
Public works and community development	6,113,748	577,489	1,148,064	1,300,257	(3,087,938)		(3,087,938)
Library	2,600,356	144,819	125,698		(2,329,839)		(2,329,839)
Economic development	609,814	320			(609,494)		(609,494)
General government	3,386,270	667,848	9,700	850,000	(1,858,722)		(1,858,722)
Interest on long-term debt	1,265,618				(1,265,618)		(1,265,618)
Total Governmental Activities	38,714,293	2,821,779	2,299,326	4,350,257	(29,242,931)		(29,242,931)
Business-type Activities:							
Wastewater	7,082,311	6,620,605				($461,706)	(461,706)
Water	7,753,095	6,379,255				(1,373,840)	(1,373,840)
Benicia Marina	564,182	307,916	74,786			(181,480)	(181,480)
Transit	1,005,375	88,486	708,093			(208,796)	(208,796)
Total Business-type Activities	16,404,963	13,396,262	782,879			(2,225,822)	(2,225,822)
Total	$55,119,256	$16,218,041	$3,082,205	$4,350,257	(29,242,931)	(2,225,822)	(31,468,753)
General revenues:							
Taxes:							
Property taxes					12,974,217		12,974,217
Sales taxes					6,854,911		6,854,911
Utility users' tax					5,027,163		5,027,163
Franchise tax					1,570,184		1,570,184
Other taxes					1,362,982		1,362,982
Motor vehicle in-lieu, unrestricted					1,942,991		1,942,991
Investment earnings					269,344	273,576	542,920
Gain from disposal of capital assets					156	2,558	2,714
Transfers, net					(284,486)	284,486	
Total general revenues and transfers					29,717,462	560,620	30,278,082
Change in Net Assets					474,531	(1,665,202)	(1,190,671)
Net Assets-Beginning					132,038,982	90,752,256	222,791,238
Net Assets-Ending					$132,513,513	$89,087,054	$221,600,567

See accompanying notes to financial statements

FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal 2011. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

The General Fund is used for all of the general revenues of the City not specifically levied or collected for other City funds and the related expenditures.

ENERGY CONSERVATION CAPITAL PROJECT FUND

The Energy Conservation Capital Project Fund accounts for the construction of energy conservation projects throughout the City, which includes installation of solar panels at different locations and the retrofit of various lighting systems. Proceeds from issuance of the Certificates of Participation are the source of revenue.

CITY OF BENICIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011

	General	Energy Conservation Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments available for City operations (Note 3)	$2,858,356		$9,669,097	$12,527,453
Accounts receivable	1,302,969		2,675,055	3,978,024
Interest receivable	1,921		1,949	3,870
Due from other funds (Note 4B)	878,346			878,346
Prepaid items (Note 1H)	37,123		1,475	38,598
Restricted cash and investments (Note 3)		$10,687,074		10,687,074
Loans receivable (Note 5)	769,733		2,060,257	2,829,990
Advance to other funds (Note 4C)	2,105,917			2,105,917
Total Assets	$7,954,365	$10,687,074	$14,407,833	$33,049,272
LIABILITIES				
Accounts payable	$466,268		$935,825	$1,402,093
Accrued payroll	104,368			104,368
Customer deposits	1,755		704,279	706,034
Due to other funds (Note 4B)		1,555		1,555
Deferred revenue	769,733		4,437,826	5,207,559
Advances from other funds (Note 4C)	1,212,698		2,000,000	3,212,698
Total Liabilities	2,554,822	1,555	8,077,930	10,634,307
FUND BALANCES				
Fund balance (Note 8):				
Nonspendable	2,143,040		1,475	2,144,515
Restricted	128,430	10,685,519	5,429,411	16,243,360
Committed	2,999,973		2,612,563	5,612,536
Assigned	200,471			200,471
Unassigned	(72,371)		(1,713,546)	(1,785,917)
Total Fund Balances	5,399,543	10,685,519	6,329,903	22,414,965
Total Liabilities and Fund Balances	$7,954,365	$10,687,074	$14,407,833	$33,049,272

See accompanying notes to financial statements

CITY OF BENICIA
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
with the
STATEMENT OF NET ASSETS
JUNE 30, 2011

Total fund balances reported on the Governmental Funds Balance Sheet	$22,414,965
Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:	
CAPITAL ASSETS	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	119,080,053
ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS	
Internal Service Funds are not Governmental Funds. However, they are used by management to charge the costs of certain activities, such as insurance, central services and maintenance to individual Governmental Funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line item in the Statement of Net Assets.	
Cash and investments, available for City Operations	3,059,332
Interest receivable	642
Prepaid items	28,744
Materials, parts and supplies	14,441
Prepaid PERS contributions	11,893,814
Capital assets, net of accumulated depreciation	8,326,336
Accounts payable	(424,427)
Internal balances	(68,745)
Workers' compensation claims	(750,713)
Interest payable	(30,578)
Long-term debt	(13,023,983)
ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES	
Revenues which are deferred on the Fund Balance Sheets, because they are not available currently, are taken into revenue in the Statement of Activities.	5,207,559
LONG-TERM ASSETS AND LIABILITIES	
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:	
Long-term debt	(20,651,847)
Interest payable	(234,642)
Non-current portion of compensated absences	(1,303,513)
OPEB	(915,566)
Claims payable	(108,359)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$132,513,513

See accompanying notes to financial statements

CITY OF BENICIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	General	Energy Conservation Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	$12,162,807		$811,410	$12,974,217
Sales taxes	6,150,614		704,297	6,854,911
Utility users' taxes	5,027,163			5,027,163
Other taxes	2,414,518			2,414,518
Assessments			427,664	427,664
Licenses and permits	315,208			315,208
Fines and forfeitures	99,898			99,898
Use of money and property	570,763		130,501	701,264
Revenue from other agencies	2,240,416		2,960,175	5,200,591
Current service charges	1,222,815		263,176	1,485,991
Community donations			285,900	285,900
Other	471,900		1,175,529	1,647,429
Total Revenues	30,676,102		6,758,652	37,434,754
EXPENDITURES				
Current:				
Administration	3,101,146			3,101,146
Public safety - police	8,252,596		316,403	8,568,999
Public safety - fire	6,555,355			6,555,355
Parks and community services	4,807,911		563,260	5,371,171
Public works and community development	2,469,041		356,557	2,825,598
Library	1,211,576		947,274	2,158,850
Economic development	458,470			458,470
General	2,606,994		34,211	2,641,205
Capital outlay	198,058	$1,818,303	5,064,127	7,080,488
Debt service:				
Principal			807,565	807,565
Interest and fiscal charges	91,960		379,251	471,211
Total Expenditures	29,753,107	1,818,303	8,468,648	40,040,058
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	922,995	(1,818,303)	(1,709,996)	(2,605,304)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	156			156
Proceeds from bonds issuance		13,195,000		13,195,000
Bond issuance cost		(433,765)		(433,765)
Discount on bond		(257,413)		(257,413)
Transfers in (Note 4A)	80,842		2,440,275	2,521,117
Transfers (out) (Note 4A)	(1,549,766)		(1,255,837)	(2,805,603)
Total Other Financing Sources (Uses)	(1,468,768)	12,503,822	1,184,438	12,219,492
NET CHANGE IN FUND BALANCES	(545,773)	10,685,519	(525,558)	9,614,188
BEGINNING FUND BALANCES	5,945,316		6,855,461	12,800,777
ENDING FUND BALANCES	$5,399,543	$10,685,519	$6,329,903	$22,414,965

See accompanying notes to financial statements

CITY OF BENICIA
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$9,614,188
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
The capital outlay expenditures are therefore added back to fund balance	7,080,488
Non-capitalized capital outlay expenditures were reclassified to various governmental activities	(999,795)
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of $531,578 which has already been allocated to serviced funds)	(2,436,704)
LONG-TERM DEBT PROCEEDS AND PAYMENTS	
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.	
Repayment of debt principal is added back to fund balance	807,565
Bond issuance is deducted from the fund balance	(13,195,000)
ACCRUAL OF NON-CURRENT ITEMS	
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 revenue or expenditures in governmental funds (net change):	
Deferred revenue	659,584
Interest payable	(103,229)
Compensated absences	121,957
Net OPEB liability	(314,084)
Claims payable	(78,146)
ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY	
Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities because they service those activities.	
Change in Net Assets - Internal Service Fund	(682,293)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$474,531

See accompanying notes to financial statements

CITY OF BENICIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES:				
Taxes:				
Property	$13,484,515	$12,254,840	$12,162,807	($92,033)
Sales	6,779,430	6,178,310	6,150,614	(27,696)
Utility users'	4,973,940	5,040,445	5,027,163	(13,282)
Other	2,668,150	2,370,230	2,414,518	44,288
Licenses and permits	295,000	302,500	315,208	12,708
Fines and forfeitures	117,000	117,000	99,898	(17,102)
Use of money and property	648,975	796,625	570,763	(225,862)
Revenue from other agencies	2,209,195	2,230,855	2,240,416	9,561
Current service charges	1,422,680	1,355,790	1,222,815	(132,975)
Other	301,155	337,680	471,900	134,220
Total Revenues	32,900,040	30,984,275	30,676,102	(308,173)
EXPENDITURES:				
Current:				
Administration	3,287,915	3,256,300	3,101,146	155,154
Public safety - police	8,609,760	8,366,110	8,252,596	113,514
Public safety - fire	7,200,280	6,713,925	6,555,355	158,570
Parks and community services	5,287,455	4,981,650	4,807,911	173,739
Public works and community development	3,120,425	2,490,770	2,469,041	21,729
Library	1,230,160	1,237,660	1,211,576	26,084
Economic development	614,585	513,265	458,470	54,795
General	1,816,290	2,674,865	2,606,994	67,871
Capital outlay	219,330	312,340	198,058	114,282
Debt service:				
Interest and fiscal charges	260,000	260,000	91,960	168,040
Total Expenditures	31,646,200	30,806,885	29,753,107	1,053,778
EXCESS OF REVENUES OVER EXPENDITURES	1,253,840	177,390	922,995	745,605
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	10,000		156	156
Transfers in (Note 4A)	325,095	311,495	80,842	(230,653)
Transfers (out) (Note 4A)	(1,100,915)	(1,689,050)	(1,549,766)	139,284
Total other financing sources (uses)	(765,820)	(1,377,555)	(1,468,768)	(91,213)
NET CHANGE IN FUND BALANCE	$488,020	($1,200,165)	(545,773)	$654,392
Beginning fund balance			5,945,316	
Ending fund balance			$5,399,543	

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City reported all of its Enterprise Funds as major funds in fiscal 2011.

WASTEWATER

Accounts for the transport, treatment and disposal of wastewater for residents and businesses located within the City.

WATER

Accounts for the purchase, treatment and distribution of water to residents and businesses located within the City.

BENICIA MARINA

Accounts for the operation and management of the City Marina.

TRANSIT

Accounts for the operation and management of the City transit operations.

CITY OF BENICIA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Business-type Activities-Enterprise Funds					Governmental Activities-Internal Service Funds
	Wastewater	Water	Benicia Marina	Transit	Totals	
ASSETS						
Current Assets:						
Cash and investments (Note 3):						
Available for City operations	$11,135,888	$11,884,974			$23,020,862	$3,059,332
Accounts receivable	1,116,212	1,074,801	$206,143	$51,017	2,448,173	
Interest receivable	2,460	2,652			5,112	642
Materials, parts and supplies (Note 1H)	31,193	330,392			361,585	14,441
Prepaid items (Note 1H)		6,524	$75,000		81,524	28,744
Total Current Assets	12,285,753	13,299,343	281,143	51,017	25,917,256	3,103,159
Non-Current Assets:						
Long-Term Assets:						
Prepaid PERS contribution (Note 10)						11,893,814
Deferred charges	157,304	168,873			326,177	
Loans receivable (Note 5)	514,011	423,812			937,823	
Lease receivable			428,420		428,420	
Advances to other funds (Note 4C)	1,212,698				1,212,698	254,160
Total Long-Term Assets	1,884,013	592,685	428,420		2,905,118	12,147,974
Property, Plant and Equipment (Note 6):						
Land	669,710	1,850,388	63,983		2,584,081	
Buildings and improvements	51,036,559	31,597,566	7,933,206	62,105	90,629,436	12,285,790
Machinery and equipment	5,907,420	2,494,431		1,581,601	9,983,452	4,171,367
Infrastructure and water rights	41,342,270	36,371,759			77,714,029	
Construction in progress	1,746,140	1,412,372			3,158,512	80,000
Less: accumulated depreciation	(38,656,943)	(35,152,970)	(4,906,366)	(1,330,883)	(80,047,162)	(8,210,821)
Net Property, Plant and Equipment	62,045,156	38,573,546	3,090,823	312,823	104,022,348	8,326,336
Total Non-Current Assets	63,929,169	39,166,231	3,519,243	312,823	106,927,466	20,474,310
Total Assets	76,214,922	52,465,574	3,800,386	363,840	132,844,722	23,577,469
LIABILITIES						
Current Liabilities:						
Accounts payable	194,514	171,255	8,290	55,745	429,804	424,427
Customer and performance deposits		26,355	75,000		101,355	
Interest payable	181,897	37,848	146,334		366,079	30,578
Due to other funds (Note 4B)			198,986	609,060	808,046	68,745
Unearned revenue	281,590	3,812			285,402	
Workers' compensation claims (Note 12)						351,914
Compensated absences (Note 1G)	118,762	129,445			248,207	
Current portion long-term liabilities (Note 7)	1,807,232	1,239,284	164,309		3,210,825	1,043,243
Total Current Liabilities	2,583,995	1,607,999	592,919	664,805	5,449,718	1,918,907
Long-Term Liabilities						
Workers' compensation claims (Note 12)						398,799
Utility revenue bonds (Note 7)	2,646,129	4,931,630			7,577,759	
Loans payable (Note 7)	17,955,826	9,287,126	3,381,322		30,624,274	
Lease obligation (Note 7)						232,370
Pension obligation bonds (Note 7)						11,748,370
Advances from other funds (Note 4C)				105,917	105,917	254,160
Total Long-Term Liabilities	20,601,955	14,218,756	3,381,322	105,917	38,307,950	12,633,699
Total Liabilities	23,185,950	15,826,755	3,974,241	770,722	43,757,668	14,552,606
NET ASSETS (Note 8)						
Invested in capital assets, net of related debt	39,635,969	23,115,506		312,823	63,064,298	8,326,336
Unrestricted	13,393,003	13,523,313	(173,855)	(719,705)	26,022,756	698,527
Total Net Assets	$53,028,972	$36,638,819	($173,855)	($406,882)	$89,087,054	$9,024,863

See accompanying notes to financial statements

CITY OF BENICIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities-Enterprise Funds					Governmental Activities-Internal Service Funds
	Wastewater	Water	Benicia Marina	Transit	Totals	
OPERATING REVENUES						
Charges for services	$6,493,557	$6,258,147		$86,124	$12,837,828	$3,952,400
Connection fees	124,888	112,312			237,200	
Rentals			$307,916		307,916	
Refunds and rebates	2,160	8,796		2,362	13,318	3,666
Total Operating Revenues	6,620,605	6,379,255	307,916	88,486	13,396,262	3,956,066
OPERATING EXPENSES						
Wages and benefits	2,107,271	2,359,766		94,273	4,561,310	820,875
Materials and supplies	467,314	637,494			1,104,808	175,504
Operations and maintenance	1,730,769	1,932,420	216,195	761,774	4,641,158	293,513
Purchased water		501,462			501,462	
Depreciation	2,196,450	1,791,131	189,612	143,094	4,320,287	531,578
Claims and Insurance						1,700,612
Total Cost of Sales and Operating Expenses	6,501,804	7,222,273	405,807	999,141	15,129,025	3,522,082
Operating Income (Loss)	118,801	(843,018)	(97,891)	(910,655)	(1,732,763)	433,984
NONOPERATING REVENUES (EXPENSES)						
Interest income	169,132	83,770	20,674		273,576	37,546
Interest (expense)	(556,966)	(484,628)	(158,375)	(6,234)	(1,206,203)	(808,830)
Amortization of issuance cost of debt	(23,541)	(46,194)			(69,735)	
Intergovernmental revenue			74,786	708,093	782,879	
Pension obligation amortization						(355,222)
Other						100
Gain from sale of capital assets		2,558			2,558	10,129
Total Nonoperating Revenues (Expenses)	(411,375)	(444,494)	(62,915)	701,859	(216,925)	(1,116,277)
Income (Loss) Before Transfers	(292,574)	(1,287,512)	(160,806)	(208,796)	(1,949,688)	(682,293)
Transfers in (Note 4A)			314,901	50,000	364,901	
Transfers (out) (Note 4A)	(32,165)	(48,250)			(80,415)	
Net Transfers	(32,165)	(48,250)	314,901	50,000	284,486	
Change in Net Assets	(324,739)	(1,335,762)	154,095	(158,796)	(1,665,202)	(682,293)
BEGINNING NET ASSETS (DEFICIT)	53,353,711	37,974,581	(327,950)	(248,086)	90,752,256	9,707,156
ENDING NET ASSETS (DEFICIT)	$53,028,972	$36,638,819	($173,855)	($406,882)	$89,087,054	$9,024,863

See accompanying notes to financial statements

CITY OF BENICIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities-Enterprise Funds					Governmental Activities-Internal Service Funds
	Wastewater	Water	Benicia Marina	Transit	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	$6,551,538	$6,274,725	$382,128	$88,486	$13,296,877	$3,956,066
Payments to suppliers	(2,215,634)	(3,267,064)	(207,955)	(851,291)	(6,541,944)	(231,658)
Payments to employees	(2,113,362)	(2,368,187)		(94,273)	(4,575,822)	(1,420,525)
Claims paid						(797,976)
Cash Flows from (used for) Operating Activities	2,222,542	639,474	174,173	(857,078)	2,179,111	1,505,907
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund receipts			(95,763)	158,215	62,452	(13,537)
Operating grant and contributions			74,786	709,445	784,231	
Transfers in			314,901	50,000	364,901	
Transfers (out)	(32,165)	(48,250)			(80,415)	
Advance from other funds			(164,826)	(49,923)	(214,749)	(30,942)
Advance to other funds	168,040				168,040	30,942
Due to other funds						68,745
Cash Flows from (used for) Noncapital Financing Activities	135,875	(48,250)	129,098	867,737	1,084,460	55,208
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(672,490)	(317,954)		(4,758)	(995,202)	(372,606)
Proceeds from sale of capital assets		2,558			2,558	10,129
Principal payments on long-term debt	(1,785,243)	(1,240,528)	(159,085)		(3,184,856)	(31,848)
Interest paid	(570,958)	(488,594)	(164,860)	(6,234)	(1,230,646)	(23,262)
Cash Flows (used for) Capital and Related Financing Activities	(3,028,691)	(2,044,518)	(323,945)	(10,992)	(5,408,146)	(417,587)
CASH FLOWS FROM INVESTING ACTIVITIES						
Principal paid on non-capital debt						(515,123)
Interest paid on non-capital debt						(788,708)
Interest received	170,324	85,371	20,674		276,369	37,857
Cash Flows from Investing Activities	170,324	85,371	20,674		276,369	(1,265,974)
Net Cash Flows	(499,950)	(1,367,923)		(333)	(1,868,206)	(122,446)
Cash and investments at beginning of period	11,635,838	13,252,897		333	24,889,068	3,181,778
Cash and investments at end of period	$11,135,888	$11,884,974			$23,020,862	$3,059,332
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:						
Operating income (loss)	$118,801	($843,018)	($97,891)	($910,655)	($1,732,763)	$433,984
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation	2,196,450	1,791,131	189,612	143,094	4,320,287	531,578
Change in assets and liabilities:						
Receivables, net	(50,544)	(73,508)	74,212		(49,840)	
Materials, parts and supplies	(300)	(29,495)			(29,795)	(579)
Other assets	18,877	36,678			55,555	(9,434)
Accounts payable and other accrued expenses	(36,128)	(202,871)	8,240	(88,591)	(319,350)	247,372
Accrued compensated absences	(6,091)	(8,421)			(14,512)	
Refundable deposits		840		(926)	(86)	
Unearned revenue	(18,523)	(31,862)			(50,385)	
Workers' compensation claims						302,986
Cash Flows from (used for) Operating Activities	$2,222,542	$639,474	$174,173	($857,078)	$2,179,111	$1,505,907

See accompanying notes to financial statements

FIDUCIARY FUNDS

Trust funds are used to account for assets held by the City as a trustee agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements. The City maintains a Trust Fund for the Affordable Housing Private Purpose Trust.

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements. The City maintains its Agency Funds for its assessment districts.

CITY OF BENICIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011

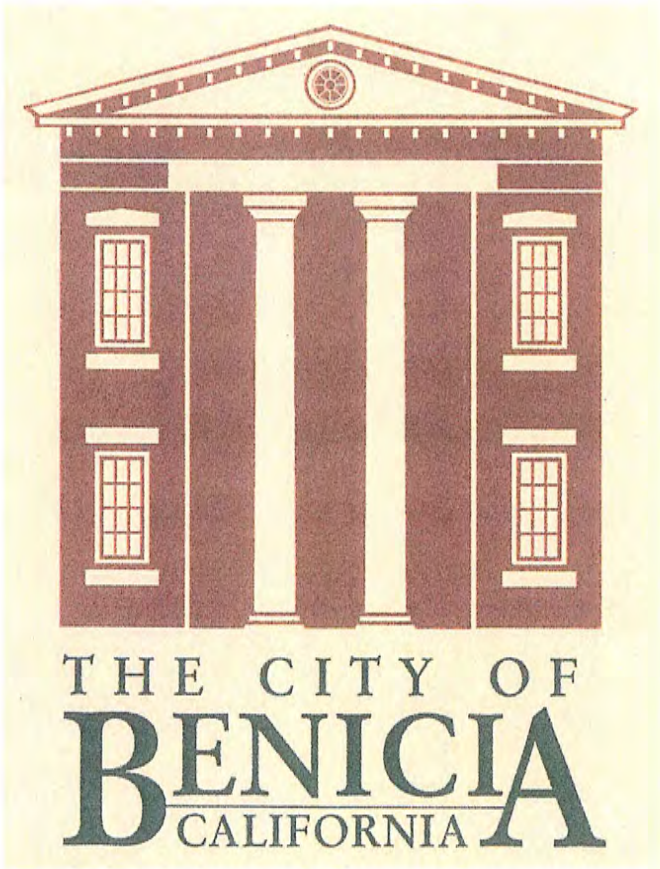
	Affordable Housing Private Purpose Trust Fund	Agency Funds
ASSETS		
Restricted cash and investments (Note 3)	$19,869	$3,292,901
Interest receivable	4	707
Total Assets	19,873	$3,293,608
LIABILITIES		
Due to bondholders		$3,293,608
Total Liabilities		$3,293,608
NET ASSETS		
Held in trust for:		
Other governments	19,873	
Total Net Assets	$19,873	

See accompanying notes to financial statements

CITY OF BENICIA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Affordable Housing Private Purpose Trust Fund
ADDITIONS	
Use of money and property	$321
Total Additions	321
CHANGE IN NET ASSETS	321
NET ASSETS, BEGINNING OF YEAR	19,552
NET ASSETS, END OF YEAR	$19,873

See accompanying notes to financial statements


THE CITY OF
BENICIA
CALIFORNIA

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Benicia was incorporated as a general law city on April 24, 1851. The City operates under the Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, water, wastewater, culture-recreation, public improvements, planning and zoning, transit and general administration.

The financial statements and accounting policies of the City conform with generally accepted accounting principles applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are summarized below:

A. Reporting Entity

The financial statements of the City of Benicia include the financial activities of the City.

B. Basis of Presentation

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government (the City). These statements include the financial activities of the overall City government, except for fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category — *governmental, proprietary*, and *fiduciary* — are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Major Funds

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund – The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit, which are not accounted for in another fund.

Energy Conservation Capital Project Fund – The Energy Conservation Capital Project Fund accounts for the construction of energy conservation projects throughout the City, which includes installation of solar panels at different locations and the retrofit of various lighting systems. Proceeds from issuance of the Certificates of Participation are the source of revenue.

The City reported all of its enterprise funds as major funds in the accompanying financial statements:

Wastewater Fund – Accounts for the transport, treatment and disposal of wastewater for residents and businesses located within the City.

Water Fund – Accounts for the distribution of water to residents and businesses located within the City.

Benicia Marina Fund – Accounts for activities of the City's Marina.

Transit Fund – Accounts for the operation and management of the City transit operations.

The City also reports the following fund types:

Fiduciary Funds – The City maintains two types of Fiduciary Funds - Trust Funds and Agency Funds. The Trust Fund accounts for activities of an individual private trust fund for the benefit of the Affordable Housing. Agency Funds are used to account for assets held by the City as an agent for the Fleetside Industrial Assessment District, East 2nd Street Assessment District, Combined Drake/Gateway Assessment District and McAllister Assessment District. The financial activities of these funds are excluded from the Government-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

The government-wide and proprietary financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred,* regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources.*

Those revenues susceptible to accrual at both the City-wide and Fund level are property, sales and franchise taxes, current service charges, and interest revenue. Fines and licenses and permits are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

The City follows Statements and Interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with Government Accounting Standards Board pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's business-type activities 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 City's enterprise funds and internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service 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.

E. Property Tax Revenues

Solano County assesses properties and bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above.

F. Revenue Recognition For Water and Sewer

Revenues are recognized based on cycle billings rendered to customers. Revenues for services provided but not billed at the end of a fiscal period are accrued at the end of the fiscal year.

G. Compensated Absences

Compensated absences are comprised of unpaid vacation and certain compensated time off, which are accrued as earned. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City's liability for compensated absences is recorded in the Water and Wastewater funds as appropriate. The liability for compensated absences is determined annually. However, such compensated absences payments are not distinguished from regular payroll paid during the fiscal year. Amounts expected to be paid out of current financial resources are recorded as fund liabilities; the long-term portion is recorded in the Statement of Net Assets.

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences activities were as follows for the year ended June 30, 2011:

	Governmental Activities	Business-type Activities	Total
Beginning Balance	$1,425,470	$262,719	$1,688,189
Additions	890,509	197,987	1,088,496
Payments	(1,012,466)	(212,499)	(1,224,965)
Ending Balance	$1,303,513	$248,207	$1,551,720
Current Portion	$1,012,466	$248,207	$1,260,673

H. Materials, parts and Supplies and Prepaid Items

Materials, parts and Supplies and Prepaid Items are held for consumption and are valued at cost using the first-in-first-out (FIFO) basis. The cost is recorded as an expenditure at the time individual items are consumed.

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

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. New Fund

The City created the Energy Conservation Capital Project Fund in fiscal year 2011.

NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING

A. Budgeting Procedures

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed bi-annual operating budget for the next two fiscal years commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. The bi-annual budget is adopted by City Council resolution prior to July 1.

NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING (Continued)

4. Expenditures may not legally exceed budgeted appropriations at the fund level.

5. All budget adjustments and transfers between funds must be approved by the City Council by resolution during the fiscal year. The City Manager and Finance Director are authorized to transfer unencumbered appropriations within a department and between departments.

6. Formal budgetary integration, including the recording of encumbrances, is employed as a management control device during the year in all budgeted funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation.

7. Remaining appropriations lapse at year-end and must be reappropriated in the following year.

8. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except for the Developer Deposits Special Revenue fund, which is not budgeted. The City adopts project budgets for the Capital Project funds except for the Casa de Vilarrasa Fund.

Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations. Budget and actual comparison for the General Fund are presented at the department level except for Administration which is composed of City Council, City Manager, Treasurer, Finance, City Attorney, Human Resources and City Clerk.

NOTE 3 – CASH AND INVESTMENTS

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except cash and investments held by trustees so that it can be invested at the maximum yield consistent with safety and liquidity, while individual funds can make expenditures at any time.

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California law, this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City pools cash from all sources and all funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

NOTE 3 - CASH AND INVESTMENTS (Continued)

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *security instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the City's fiscal agents as required under its debt issues. In order to maximize security, the City employs the Trust Department of a bank as the custodian of all City managed investments, regardless of their form.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

Cash and investments available for City operations	$38,607,647
Restricted cash and investments held by fiscal agents	10,687,074
Total City cash and investments	49,294,721
Cash and investments	
in Fiduciary Funds (separate statement)	
Trust Fund	19,869
Agency Fund	3,292,901
Total cash and investments	$52,607,491

Cash and investments as of June 30, 2011, consist of the following:

Cash on hand	$4,792
Deposits with financial institutions	2,812,252
Investments	49,790,447
Total cash and investments	$52,607,491

Cash and Investments Available for City Operations is used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

NOTE 3 - CASH AND INVESTMENTS (Continued)

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

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Non-Negotiable Certificates of Deposit	5 years	N/A	25%	No Limit
Bankers' Acceptances	180 days	A-1	20%	Lesser of 5% or $3 Million
U.S. Treasury Bills and Notes	5 years	N/A	No Limit	No Limit
U.S. Government Agency Securities	5 years	N/A	No Limit	No Limit
U.S. Government Sponsored Securities	5 years	AAA	No Limit	No Limit
Repurchase Agreements	30 days	A-1	N/A	$1 Million
Commercial Paper	270 days	A-1	25%	Lesser of 10% or $1 Million
State Local Agency Investment Fund	N/A	N/A	N/A	$50 Million per account
Money Market Funds	N/A	AAA	20%	Lesser of 10% or $5 Million

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
Bankers' Acceptances	360 days	A-1
U.S. Treasury Bills and Notes	None	N/A
State General Obligations	None	A
Municipal Obligations	None	Aaa/AAA
U.S. Government Agency Securities	None to 3 years	AAA
U.S. Government Sponsored Securities	None to 3 years	AAA
Federal Housing Administration Debentures	None	N/A
Repurchase Agreements	None to 1 year	A
Commercial Paper	270 days	A-1+
State Local Agency Investment Fund	N/A	N/A
Money Market Fund	N/A	AAm
Defeasance Securities	N/A	N/A
Pre-refunded Municipal Obligations	None	AAA
Investment Agreements	N/A	AA
Unsecured Certificates of Deposit	30 days	A-1
CalTrust	None	N/A

NOTE 3 - CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	36 to 60 Months	Total
U.S. Treasury Notes	$2,438,633	$762,308	$1,171,308		$4,372,249
California Local Agency Investment Fund	10,133,195				10,133,195
Money Market Mutual Funds (U.S. Securities)	677,765				677,765
U.S. Government Agencies	15,819,659	5,010,280	2,028,595	$1,061,630	23,920,164
Held by Trustees:					
Money Market Mutual Funds (U.S. Securities)	10,687,074				10,687,074
Total Investments	$39,756,326	$5,772,588	$3,199,903	$1,061,630	$49,790,447

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, United States Treasury Notes and Bills, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2011, these investments matured in an average of 237 days.

Money market funds are available for withdrawal on demand and at June 30, 2011, matured in an average of 1 day.

The City's investments include Government Mortgage – Backed Securities in the amount of $21,628,251 that are highly sensitive to interest rate fluctuations to a greater degree than already indicated above.

NOTE 3 - CASH AND INVESTMENTS (Continued)

F. Credit Risk

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 a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2011, for all U.S. Treasury Notes, U.S. Government Agencies Securities and Money Market Mutual Funds are as provided by Standard and Poor's investment rating system except as noted. The Local Agency Investment Fund was not rated as of June 30, 2011.

Investment Type	Total
Rated AAA:	
U.S. Government-Sponsored Enterprise Agencies	
Non-callable	$17,060,680
Callable	6,859,484
Rated AAAM:	
Money Market Mutual Funds (U.S. Securities)	10,687,074
Not rated:	
California Local Agency Investment Fund	10,133,195
Money Market Mutual Funds (U.S. Securities)	677,765
Exempt from credit rating disclosure:	
U.S. Treasury Notes	4,372,249
Total Investments	$49,790,447

On August 5, 2011, Standard & Poor's Ratings Services (S&P) lowered its long-term credit rating on the United States of America from AAA to AA+. At the same time, S&P affirmed it's A-1+ short-term rating on the United States of America.

On August 8, 2011, S&P lowered its issuer credit ratings and related issue ratings on ten of twelve Federal Home Loan Banks (FHLBs) and the senior debt issued by the FHLB System from AAA to AA+. S&P also lowered the ratings on the senior debt issued by the Federal Farm Credit Banks (FFCB) from AAA to AA+, and lowered the senior issue ratings on Fannie Mae (FNMA) and Freddie Mac (FHLMC) from AAA to AA+. The A subordinated debt rating and the C rating on the preferred stock of these entities remained unchanged. Finally, S&P affirmed the short-term issue ratings for these entities at A-1+. As of June 30, 2011, the City's investments in these agencies that were subject to the downgrade were as follows: FHLB $3,537,394, FFCB $2,292,283, FNMA $8,387,134 and FHLMC $9,703,723.

G. Concentration of Credit Risk

Included in the table at Note E above are the following significant investments in any one issuer other than U.S. Treasury securities, mutual funds, and external investment pools.

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity-wide			
	Federal Home Loan Bank	US Government agency securities	$3,537,394
	Federal Home Loan Mortgage Corporation	US Government agency securities	9,703,723
	Federal National Mortgage Association	US Government agency securities	8,387,134

NOTE 4 - INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2011 were as follows:

Fund Making Transfer	Fund Receiving Transfers	Amount Transferred	
General Fund	Non-Major Governmental Funds	$1,184,865	**(A)(C)(D)**
	Marina Fund	314,901	**(A)(B)**
	Transit Fund	50,000	**(A)**
Special Revenue Funds:			
Non-Major Governmental Funds	Non-Major Governmental Funds	1,164,050	**(A)(C)**
Capital Projects Funds:			
Non-Major Governmental Funds	General Fund	427	**(F)**
	Non-Major Governmental Funds	91,360	**(C)**
Enterprise Funds:			
Wastewater	General Fund	32,165	**(E)**
Water	General Fund	48,250	**(E)**
		$2,886,018	

(A) Transfer to fund City operations.
(B) To fund negative cash deficit.
(C) Transfer to fund capital improvements.
(D) Transfer to fund debt service payments.
(E) Transfer to fund administrative expenses.
(F) Transfer to close fund.

B. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2011, the following funds have balances due to the General Fund:

Capital Projects Fund:	
Energy Conservation	$1,555
Enterprise Funds:	
Transit	609,060
Benicia Marina	198,986
Internal Service Fund:	
Insurance	68,745
Total	$878,346

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

C. *Advances Between Funds*

During fiscal year 2009, an advance in the amount of $160,321 was made from the General Fund to the Benicia Marina Enterprise Fund to finance expenses related to modifications to the City's storm water system that impacted the Benicia Marina Basin. The advance will accrue interest at the current portfolio earnings rate and is expected to be fully repaid by 2028. The Benicia Marina Enterprise Fund is expected to repay the loan to the General Fund when the outstanding loans due to the Department of Boating and Waterways are paid off. As of June 30, 2011, due to the Benicia Marina Fund's inability to repay the advance, the balance of $164,826 was written off.

During fiscal year 2009, an advance in the amount of $1,627,009 was made from the Wastewater Enterprise Fund to the General Fund to finance property tax settlement payments to Valero Energy Corporation. The advance is being repaid with interest of 4% over seven years starting June 30, 2009. The outstanding balance at June 30, 2011was $1,212,698.

During fiscal year 2008, an advance in the amount of $250,000 was made from the General Fund to the Transit Enterprise Fund to finance the purchase of emissions devices for Benicia Breeze buses. The advance is being repaid with interest of 4% over five years. The outstanding balance was $105,917 as of June 30, 2011.

During fiscal year 2008, an advance in the amount of $343,460 was made from the Insurance Internal Service Fund to the Building and Equipment Management Internal Service Fund to finance the purchase of a fire engine. The advance is being repaid with interest of 4% over ten years. The outstanding balance at June 30, 2011 was $254,160.

During fiscal year 2011, an advance in the amount of $2,000,000 was made from the General Fund to the Community Center Capital Projects Fund to finance the construction of the Community Center Project. The advance is to be repaid equally during fiscal years 2011-12 and 2012-13 and the repayment is made from the Valero Settlement. The outstanding balance as of June 30, 2011 was $2,000,000.

NOTE 5 – LOANS RECEIVABLE

At June 30, 2011, the City had the following housing related loans receivable:

	Governmental Activities	Business-Type Activities	Total
Housing Rehabilitation Loan Program	$334,034		$334,034
Burgess Point,			
Benicia Housing Partners	550,000		550,000
Benicia Housing Authority	340,000	$845,000	1,185,000
Hearthstone Village,			
Affordable Housing Affiliation	192,514	191,572	384,086
Bay Ridge Affordable Housing		756,750	756,750
Casa De Vilarrasa,			
Benicia Housing Authority	1,400,000		1,400,000
Fee Deferrals			
Suraj Investments, LLC	56,078	92,823	148,901
Bruce Blankenhorn	149,878		149,878
Total Loans Receivable	3,022,504	1,886,145	4,908,649
Less: Forgivable Amounts	(192,514)	(948,322)	(1,140,836)
Total	$2,829,990	$937,823	$3,767,813

A. Housing Rehabilitation Loan Program

The City administers a Housing Rehabilitation Loan Program using the Housing and Community Development Act funds. Under this program, residents with incomes below a certain level are eligible to receive low interest loans, secured by deeds of trust, for construction work on their homes. Federal grants are used to fund these loans. Upon approval of loans, the City disburses the funds, and arranges for and collects repayments. As of June 30, 2011, residents owed the City $334,034 in loans offered by this Program.

B. Burgess Point, Benicia Housing Partners

On July 1, 2003, the City authorized a loan to Benicia Housing Partners for an amount of $550,000. The loan bears simple interest at eight percent annually and is secured by a deed of trust. The purpose of the loan was to provide funding for the construction of 56 units of tax credit rental housing. Annual payments are made from residual receipts collected by the developer to the extent such funds are available. Such payments continue until the loan and interest are paid in full or the remaining principal and interest is due in full on the earliest of: 1) the date of any transfer not authorized by the City, 2) the date of any default, or 3) December 31, 2035.

NOTE 5 – LOANS RECEIVABLE (Continued)

C. Burgess Point, Benicia Housing Authority

On July 23, 2003, the City authorized a loan to Benicia Housing Authority for an amount of $1,185,000. The loan bears simple interest at six percent annually and is unsecured. The loan was to provide funding for the purchase of building permits by Benicia Housing Partners. Benicia Housing Authority makes annual payments from funds received from Benicia Housing Partners based upon a loan agreement. Such payments continue until the loan and interest is paid in full or the remaining principal and interest is due in full on the earliest of: 1) the date of any transfer not authorized by the City, 2) the date of any default, or 3) December 31, 2035.

D. Hearthstone Village, Affordable Housing Affiliation

On May 21, 2003, the City authorized loans to the Affordable Housing Affiliation in the amount of $96,000 and $288,086 in deferred fees, totaling $384,086. The purpose of the loan was to assist with the construction of a twelve unit project, Hearthstone Village, which consists of seven single-family houses, one duplex, one triplex and three parking structures. All twelve of these units are to be occupied by low- and very low-income persons or families. The loan payments are deferred and the loan receivable will not be recognized unless, within ten years from date of occupancy, the property ceases to be used in accordance with the terms and conditions set forth in the regulatory agreement. However, the loan is secured by a deed of trust creating a valid lien, not lower than third priority, upon the property.

E. Bay Ridge Affordable Housing

On November 12, 2002, developer fees were deferred in the form of a loan receivable for fifty affordable low-income household units in the Bay Ridge Affordable Housing Project. The Water and Wastewater Connection fees were deferred by a promissory note for $381,750 and $375,000, respectively, for a total deferred amount of $756,750. The note bears simple interest at 5.5% annually. The loans will not be recognized unless there is a failure to comply with the eligibility terms in the loan agreement. The City waived other fees in the amount of $253,250 to assist the low-income housing project. This waiver was a one-time waiver of fees that occurred in 2003.

F. Casa de Vilarrasa, Benicia Housing Authority

On January 6, 2005, the City authorized a loan to Benicia Housing Authority in an amount up to $1.4 million. The loan bears simple interest not to exceed 10% a year and is unsecured. The loan was used to fund the improvements of the Casa de Vilarrasa housing project. The loan will be paid in full on or before April 1, 2016. The City loaned the Authority an additional $119,309 in fiscal 2009-10. In fiscal 2010-11, the City wrote off $344,641 of the loan balance. As of June 30, 2011, the outstanding amount of this loan was $1,400,000.

G. Fee Deferrals

On September 19, 2006, the City authorized a fee deferral payment agreement, secured by a deed of trust, with Suraj Investment Group, LLC to defer developer fees in the amount of $213,328. The fees are deferred in the form of a loan receivable for water, sewer, capital license, and traffic impact fees associated with the commercial project located at 1375 East 5th Street. As of June 30, 2011, the developer had incurred deferred permit fees of $148,901. Repayment of the loan is due in eight annual installments of $26,666 plus interest of 5.125% beginning at the issuance of the building permit.

NOTE 5 – LOANS RECEIVABLE (Continued)

On September 5, 2006, the City authorized a special fee deferral payment agreement, secured by a deed of trust, with Bruce Blankenhorn, to defer developer fees in the amount of $149,878. The fees are deferred in the form of a loan receivable for development impact fees and pro-rata improvement costs of the East N Street residential project located at 660/670 East N Street. Repayment of the loan is due in five equal annual installments of $23,980 subsequent to the issuance of the building permit. Additionally, a down payment of $29,975 is due to the City as a condition preceding the issuance of a certificate of occupancy on the first unit of the East N Street project. The City has billed Blankenhom $23,980 on January 10, 2008, which remained unpaid as of June 30, 2011. In accordance to the loan agreement, the loan is considered to be in material default. The City expects to collect the payment from the resale of the residential project.

NOTE 6 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City defines capital assets as assets with an initial individual cost of more than $25,000 and an estimated useful life in excess of three years with the exception of federally funded acquisitions, which are $5,000 or more. Land and infrastructure are capitalized at an initial individual cost of more than $150,000.

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Computer Software	5 years
Buildings & Improvements	15-50 years
Machinery & Equipment	5-30 years
Treatment Plant, Water & Sewer Pipes	40-60 years
Other Infrastructures	10-85 years
Water Rights	25 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

NOTE 6 – CAPITAL ASSETS (Continued)

A. Capital Asset activity during the fiscal year were as follows:

	Balance June 30, 2010	Additions	Retirements	Transfers	Balance June 30, 2011
Governmental Activities:					
Capital assets, not depreciated:					
Land	$17,989,044				$17,989,044
Construction in Progress	7,409,461	$6,110,652		($4,381,069)	9,139,044
Total capital assets, not depreciated	25,398,505	6,110,652		(4,381,069)	27,128,088
Capital assets, being depreciated:					
Buildings and Improvements	21,901,486	230,083			22,131,569
Machinery and Equipment	8,337,479	112,564	($29,753)		8,420,290
Computer Software	51,426				51,426
Infrastructure	133,308,083			4,381,069	137,689,152
Total cost of depreciable assets	163,598,474	342,647	(29,753)	4,381,069	168,292,437
Less Accumulated Depreciation:					
Buildings and Improvements	(7,079,834)	(651,103)			(7,730,937)
Machinery and Equipment	(5,873,175)	(349,494)	29,753		(6,192,916)
Computer Software		(10,285)			(10,285)
Infrastructure	(52,122,598)	(1,957,400)			(54,079,998)
Total Accumulated Depreciation	(65,075,607)	(2,968,282)	29,753		(68,014,136)
Net Depreciable Assets	98,522,867	(2,625,635)		4,381,069	100,278,301
Governmental Activity Capital Assets, Net	$123,921,372	$3,485,017			$127,406,389
Business-Type Activities:					
Capital assets, not depreciated:					
Land and Improvements	$2,584,081				$2,584,081
Construction in Progress	2,359,512	$799,000			3,158,512
Total capital assets, not depreciated:	4,943,593	799,000			5,742,593
Capital assets, being depreciated:					
Buildings and Improvements	90,624,678	4,758			90,629,436
Machinery and Equipment	9,799,987	191,444	($7,979)		9,983,452
Infrastructure	72,714,029				72,714,029
Water Rights	5,000,000				5,000,000
Total cost of depreciable assets	178,138,694	196,202	(7,979)		178,326,917
Less Accumulated Depreciation:					
Buildings and Improvements	(34,633,925)	(2,257,562)			(36,891,487)
Machinery and Equipment	(4,457,413)	(506,124)	7,979		(4,955,558)
Infrastructure	(36,443,516)	(1,356,601)			(37,800,117)
Water Rights	(200,000)	(200,000)			(400,000)
Total Accumulated Depreciation	(75,734,854)	(4,320,287)	7,979		(80,047,162)
Net Depreciable Assets	102,403,840	(4,124,085)			98,279,755
Business-type Activity Capital Assets, Net	$107,347,433	($3,325,085)			$104,022,348

NOTE 6 – CAPITAL ASSETS (Continued)

B. Project Commitments

At June 30, 2011, the City had outstanding commitments with contractors for the following projects:

Project	Commitment
Energy Projects (Solar Panels)	$9,300,500
Community Center	309,569
Benicia High School Traffic Signal	36,010
Regional Bus Stop	320,987
Fire Station Improvement	8,227
Wastewater Effluent Project	57,268
	$10,032,561

C. Capital Asset Contributions

Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

D. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or programs are as follows:

Governmental Activities:	
Administration	$157
Public safety - police	53,601
Public safety - fire	12,476
Parks and community services	389,238
Public works	1,918,690
Library	7,555
General government	54,987
Internal service funds	531,578
Total Governmental Activities	$2,968,282
Business-type Activities:	
Wastewater	$2,196,450
Water	1,791,131
Benicia Marina	189,612
Transit	143,094
Total Business-Type Activities	$4,320,287

NOTE 7 – LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt.

The City's debt issues and transactions are summarized below and discussed in detail thereafter.

A. Current Year Transactions and Balances

	Balance at July 1, 2010	Additions/ Accretion	Deletions	Balance at June 30, 2011	Due Within One Year
GOVERNMENTAL ACTIVITY DEBT					
1997 General Obligation Wastewater Bonds, Series A	$2,665,000		$275,000	$2,390,000	$290,000
1997 General Obligation Wastewater Bonds, Series B	2,925,000		260,000	2,665,000	275,000
2006 Pension Obligation Bonds					
Series A-1 (Current Interest Bonds)	6,360,000		735,000	5,625,000	
Series A-2 (Capital Appreciation Bonds)	6,913,493	$409,877	190,000	7,133,370	1,010,000
2011 Certificates of Participation Energy Conservation Projects		13,195,000		13,195,000	95,000
Casa de Vilarrasa- Capital Lease	1,237,145		59,299	1,177,846	61,997
Fire Engine Capital Lease	297,461		31,848	265,613	33,243
Police and Marina Area Storm Drain Improvements Capital Lease	1,437,267		213,266	1,224,001	223,146
Total Governmental Activity Debt	$21,835,366	$13,604,877	$1,764,413	$33,675,830	$1,988,386

NOTE 7 – LONG-TERM DEBT (Continued)

	Balance July 1, 2010	Deletions	Balance June 30, 2011	Due Within One Year
BUSINESS-TYPE ACTIVITY DEBT				
2002 Water Revenue Refunding Bonds	$6,370,000	$700,000	$5,670,000	$730,000
2005 Wastewater Refunding Revenue Bonds	3,245,000	275,000	2,970,000	285,000
Less unamortized original issue discount	(54,897)	7,656	(47,241)	
Total utility bonds payable net of discount	9,560,103	982,656	8,592,759	1,015,000
State of California Marina Loans	3,704,715	159,084	3,545,631	164,309
State Revolving Loan Fund- WWTP	11,953,911	992,250	10,961,661	1,010,141
State Revolving Loan Fund- I & I	9,015,513	499,116	8,516,397	512,092
State Revolving Loan Fund- Water Treatment Plant	10,293,736	497,326	9,796,410	509,283
Total Business-type Activity Debt	$44,527,978	$3,130,432	$41,412,858	$3,210,825

B. 1997 General Obligation Wastewater Bonds, Series A and B

In 1997, the City's voters approved issuance of up to $30 million in general obligation debt to improve the City's wastewater treatment plant. The 1997 General Obligation Sewer Wastewater Bonds totaling $10 million were issued in August 1997 (Series A) and May 1998 (Series B). Principal payments are payable annually on August 1 and interest payments are paid semi-annually on February 1 and August 1.

C. 2006 Pension Obligation Bonds

On June 15, 2006, the California Statewide Communities Development Authority issued the 2006 Series A-1 Current Interest Bonds and Series A-2 Capital Appreciation Bonds in the amounts of $27,985,000 and $34,828,647, of which $7,430,000 and $6,542,596 were the City's portion. The bond proceeds were used to prepay the unfunded liability of the Miscellaneous and Safety pension plans through the California Public Employees' Retirement System. As of June 30, 2011, the City's prepaid pension obligation amounted to $11,893,814.

The Series A-1 Current Interest Bonds bear interest rates of 5.69%-5.93%. Principal payments are due annually through 2036. Interest payments are payable semi-annually on June 1 and December 1.

The Series A-2 Capital Appreciation Bonds unaccreted discount totaled $4,196,632 at June 30, 2011. The Bonds do not pay periodic interest. Interest on the Bonds will accrete in value at the rates of 5.67% to 6.12%. Repayments of the accreted principal commenced on June 1, 2008.

NOTE 7 - LONG TERM DEBT (Continued)

D. 2011 Certificates of Participation Energy Conservation Projects

On April 7, 2011, the City issued Certificates of Participation – 2011 Energy Conservation Projects in the amount of $13,195,000. The proceeds of the Certificates will be used to finance various energy conservation projects throughout the City, purchase a reserve fund surety bond in lieu of cash funding a reserve fund for the Certificates, fund capitalized interest with respect to the Certificates through October 15, 2011 and pay delivery costs incurred in conjunction with the execution, delivery and sale of the Certificates.

Pursuant to a lease agreement, dated as of April 1, 2011, the City leased its City Hall building and a community facility known as the Clocktower Fortress to the Corporation. The Corporation then leased the properties back to the City. The Certificates are payable solely from and secured by certain lease agreements to be made by the City to the Corporation pursuant to this lease agreement.

The Certificates bear interest at 1.6% - 6.0% and are due semi-annually on April 15 and October 15. Principal payments are due annually on April 15 through 2036.

E. Casa de Vilarrasa - Capital Lease

In March 2005, the City entered into a Capital Lease for $1.4 million, at 4.5% interest, to finance the purchase and rehabilitation of the Casa de Vilarrasa forty-unit senior housing complex. Semi-annual payments are due on September 1 and March 1 each year. The first four payments are interest only and are financed from the lease proceeds. The loan principal is to be amortized over 20 years. However, it is anticipated the loan will be repaid in 2014. Ownership of the housing complex will be reverted to the City at the end of the lease. Since the lease is in essence a financing arrangement, the cost of the above project and the amount of the lease have been included in the City's financial statements.

F. Fire Engine – Capital Lease

In April 2008, the City entered into a Capital Lease for $365,000, at 3.92% interest, to finance the purchase of a fire engine. Semi-annual payments are due on September 30 and March 31 each year. Ownership of the vehicle will be reverted to the City at the end of the lease.

G. Police Building and Marina Area Storm Drain Improvements - Capital Lease

In May 2006, the City entered into a Capital Lease for $2.2 million, at 4.58% interest, to finance the improvements to the Police Building and the portion of the storm drain system located in the Marina Area. Semi-annual payments are due on December 22 and June 22 each year. Ownership of the improvements will be reverted to the City at the end of the lease. Since the lease is in essence a financing arrangement, the cost of the improvements and the amount of the lease have been included in the City's financial statements.

NOTE 7 - LONG TERM DEBT (Continued)

H. 2002 Water Revenue Refunding Bonds

In September 2002, the City issued Water Revenue Refunding Bonds in the amount of $10,805,000. The proceeds were used to defease the 1991 Water System Refunding Project Certificates of Participation, prepay the City's 1997 Community Drought Relief Promissory Note, purchase a reserve fund surety bond and pay the costs of issuing the bonds. The Water Revenue Refunding Bonds are secured by a pledge of the available net revenues of the City's Water System and are subject to the prior lien of the 1967 Bonds. Interest rates range from 1.25% to 4.40%. Principal payments are payable annually on November 1 and interest payments semi-annually on May 1 and November 1.

The pledge of future available net revenues of the Water Fund ends upon repayment of the $6,527,595 in remaining debt service on the bonds which is scheduled to occur in fiscal year 2018. As disclosed in the official statement, available net revenues are expected to provide coverage over debt service of 1.20 over the life of the bonds. For fiscal year 2011, gross Water Fund Revenues including operating revenues and non-operating interest earnings totaled $6,463,025 and operating costs, not including depreciation or amortization, totaled $5,431,140. Net Revenues available for debt service totaled $1,031,885 which represented coverage of 1.10% of debt service payment of $938,986. As a result, Standard and Poor's downgraded the City's rating on the 2002 Water Refunding Bonds from AA to A+. The City is currently conducting a rate study to increase water rates to provide coverage over debt service payments.

I. 2005 Wastewater Refunding Revenue Bonds

In September 2005, the City issued the 2005 Wastewater Refunding Revenue Bonds in the amount of $4,260,000. The proceeds were used to partially finance the refunding of the 1993 Refunding Wastewater Revenue Bonds in the outstanding principal amount of $4,435,000. The 2005 Revenue Bonds are payable solely from and secured by a pledge of the net revenues derived from the sewer operation. Principal payments are payable annually on December 1 and interest payments semi-annually on May 1 and November 1.

The pledge of future net revenues of the Wastewater Fund ends upon repayment of the $3,521,498 in remaining debt service on the bonds which is scheduled to occur in fiscal year 2020. As disclosed in the official statement, available net revenues are expected to provide coverage over debt service of 1.20 over the life of the bonds. For fiscal year 2011, Wastewater Fund Revenues including operating revenues and non-operating investment income totaled $6,789,737 and operating costs, not including depreciation or amortization totaled $4,305,355. Net Revenues available for debt service totaled $2,484,382 which represented coverage of 6.36% of debt service payment of $390,564.

J. State of California Marina Loans

From 1976 through 1984, the State of California loaned the City a total of $6,046,730 for various construction projects for the City's marina. Interest and principal are payable annually on August 1 through 2027. Debt service is payable from marina revenues.

NOTE 7 - LONG TERM DEBT (Continued)

K. State Revolving Loan Fund - Wastewater Treatment Plant (WWTP)

In 1998, the City negotiated a State Revolving Fund Loan with the State Water Resources Control Board to finance the remainder of the wastewater treatment plant improvements. The loan is a long-term liability of the Wastewater Enterprise Fund, which borrowed the maximum available of $20,129,576. While the loan bears no stated interest, the City is required to pay an amount termed Local/State Match in addition to the principal amount of the loan. The City has imputed an interest rate of 1.8% to provide for the payment of this match. Payments are due annually in December through 2020.

L. State Revolving Loan Fund - Inflow & Infiltration (I & I)

In 2003, the City entered into a State Revolving Loan Fund loan agreement with the State Water Resources Control Board to finance the $12 million inflow and infiltration project at a rate of 2.6%. The loan is a long-term liability of the Wastewater Enterprise Fund, which borrowed the maximum available of $11,296,658. Payments are due annually on April 10 through 2025.

M. State Revolving Loan Fund - Water Treatment Plant

In 2004, the City entered into a State Revolving Fund loan agreement with the State Department of Water Resources to assist financing the Water Treatment Plant Improvement Project, which will enable the City to meet safe drinking water standards set by the State. The loan is a long-term liability of the Water Enterprise Fund, bearing interest of 2.39%. Principal and interest are payable semi-annually on January 1 and July 1 of each year, commencing January 1, 2008. The maximum amount the City can borrow is $13,600,000; however, the City only borrowed $11,716,747. As of June 30, 2011, the outstanding principal amount was $9,796,410.

NOTE 7 - LONG TERM DEBT (Continued)

N. Debt Service Requirements

Annual debt service requirements are shown below for all long-term debt:

Governmental Activities: General Obligation Bonds

Year ending June 30	Principal	Interest
2012	$565,000	$232,243
2013	595,000	204,511
2014	630,000	175,076
2015	665,000	143,798
2016	700,000	110,585
2017-2021	1,900,000	123,591
Total	$5,055,000	$989,804

Governmental Activities: Certificates of Participation

Year ending June 30	Principal	Interest
2012	$95,000	$695,458
2013	400,000	701,753
2014	425,000	692,753
2015	465,000	681,065
2016	535,000	666,418
2017-2021	995,000	3,171,505
2022-2226	1,950,000	2,838,642
2027-2031	2,360,000	2,252,513
2032-2036	5,970,000	1,149,000
Total	$13,195,000	$12,849,107

NOTE 7 - LONG TERM DEBT (Continued)

Governmental Activities: Pension Obligation Bonds

Year ending June 30	Principal (A)	Interest
2012	$1,010,000	$332,415
2013	1,060,000	332,415
2014	1,105,000	332,415
2015	1,155,001	332,415
2016	1,210,000	332,415
2017-2021	2,650,000	1,148,335
2022-2026	2,155,001	1,088,155
2027-2031	2,760,000	1,088,155
2032-2036	3,850,000	716,938
Total	$16,955,002	$5,703,658

(A) Includes unaccreted discount totaling $4,196,632

Governmental Activities: Capital Leases

Year ending June 30	Principal	Interest
2012	$318,386	$117,001
2013	333,002	102,387
2014	348,286	87,099
2015	364,273	71,111
2016	380,994	54,390
2017-2021	508,303	152,043
2022-2026	414,216	43,029
Total	$2,667,460	$627,060

Enterprise Activities: Revenue Bonds

Year ending June 30	Principal	Interest
2012	$1,015,000	$320,729
2013	1,040,000	284,335
2014	1,080,000	245,265
2015	1,125,000	203,130
2016	1,170,000	157,551
2017-2021	3,210,000	198,083
Total	$8,640,000	$1,409,093

NOTE 7 - LONG TERM DEBT (Continued)

Enterprise Activities: Revolving Loans

Year ending June 30	Principal	Interest
2012	$2,195,825	$815,825
2013	2,246,990	764,804
2014	2,286,814	712,486
2015	2,340,048	659,400
2016	2,394,638	604,965
2017-2021	12,842,047	2,158,438
2022-2026	7,438,762	755,241
2027-2031	1,074,975	19,641
Total	$32,820,099	$6,490,800

O. Special Assessment Debt Without City Commitment

At June 30, 2011, the outstanding principal amount of bonded debt issued by special assessment districts in the City was as follows:

McAllister	$10,025,000
East Second Street	2,070,000
Combined Drake/Gateway	249,000
Fleetside Industrial Refunding	1,525,000

The City has no legal or moral responsibility with respect to the payment of this debt and has therefore not recorded it as a liability. However, the City is responsible for the construction of the improvements financed by the Districts; therefore, the related Capital Projects Funds are reflected in the City's financial statements. The City is also responsible, as the Districts' agent, for recording the Districts' cash receipts, disbursements and balances, which are reported as Agency fund transactions in the financial statements.

NOTE 8 – NET ASSETS AND FUND BALANCES

A. Net Assets

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions. These captions apply only to Net Assets, which is determined only for proprietary funds and at the Government-wide level, and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects and debt service requirements.

Unrestricted describes the portion of Net Assets which is not restricted to use.

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions,* which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; Nonspendable, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2011, are stated below:

Fund Balance Classifications	General Fund	Energy Conservation Capital Projects Fund	Other Governmental Funds	Total
Nonspendables:				
Items not in spendable form:				
Prepaid expenses	$37,123		$1,475	$38,598
Long-term interfund receivables	2,105,917			2,105,917
Total Nonspendable Fund Balances	2,143,040		1,475	2,144,515
Restricted for:				
Debt Service			1,146,283	1,146,283
St. Catherine's Wood	114,251			114,251
Cable	14,179			14,179
Special Revenue			4,138,056	4,138,056
Capital Projects		$10,685,519	145,072	10,830,591
Total Restricted Fund Balances	128,430	10,685,519	5,429,411	16,243,360
Committed to:				
Capital Projects			2,612,563	2,612,563
Emergency Reserves	2,999,973			2,999,973
Total Committed Fund Balances	2,999,973		2,612,563	5,612,536
Assigned to:				
Human Services	16,309			16,309
Arts and Cultural Comm	3,809			3,809
City Operations	180,353			180,353
Total Assigned Fund Balances	200,471			200,471
Unassigned:				
General Fund	(72,371)			(72,371)
Capital Projects			(1,713,546)	(1,713,546)
Total Unassigned Fund Balances	(72,371)		(1,713,546)	(1,785,917)
Total Fund Balances	$5,399,543	$10,685,519	$6,329,903	$22,414,965

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

C. *Minimum Fund Balance Policies*

The City's Budget and Fiscal Policy requires the City to strive to maintain a goal of 20% of annual adopted operating budget revenues in the General Fund's and Enterprise Fund's cash reserves. If the City falls below 20% thresholds in the General Fund and Enterprise Funds, the City is required to present a plan for replenishing reserves in a reasonable time to Council. The ability of the City to maintain 20% cash reserves in the General Fund and Enterprise funds depends upon the timing of infrastructure projects.

D. *Fund Equity Deficits*

The Community Center Capital Projects Fund had a deficit fund balance of $1,373,546 at June 30, 2011. Community donations are expected to offset the deficit in fiscal year 2012.

The Benicia Marina Enterprise Fund had a deficit fund balance of $173,855 at June 30, 2011. Future rental revenues and sales of properties are expected to offset this deficit in fiscal year 2012.

The Transit Enterprise Fund had a deficit fund balance of $406,882 at June 30, 2011. As discussed in Note 18, the transit operation was transferred to Solano County Transit (SolTrans) in fiscal 2011-12.

The Insurance Internal Service Fund had deficit net assets of $897,741 at June 30, 2011. Service rate increases are expected to offset this deficit in fiscal year 2012.

NOTE 9 – DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them. Distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

NOTE 10 - PENSION PLAN

CALPERS Safety and Miscellaneous Employees Plans

The City participates in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding for city's contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS. The Plans' provisions and benefits in effect at June 30, 2011, are summarized as follows:

NOTE 10 - PENSION PLAN (Continued)

	Safety	Miscellaneous
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	55
Monthly benefits, as a % of annual salary	3%	1.426%-2.418%
Required employee contribution rates	9%	8%
Required employer contribution rates	20.880%	11.132%

The City's labor contracts require the City to pay employee contributions in excess of 1%.

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City uses actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the last three fiscal years were as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Safety Plan			
June 30, 2009	$1,483,256	100%	$0
June 30, 2010	1,499,580	100%	0
June 30, 2011	1,478,387	100%	0
Miscellaneous Plan			
June 30, 2009	$1,482,387	100%	$0
June 30, 2010	1,261,011	100%	0
June 30, 2011	1,248,955	100%	0

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.00%. Annual salary increases are assumed to vary by duration of service and annual retirement benefit increases are assumed to be 3.25%. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2011 was 22 years for the miscellaneous plan and 16 years for the safety plan.

The City prepaid its pension contributions with proceeds from the 2006 Pension Obligation Bonds (See Note 7). These prepaid contributions are reflected in the accompanying financial statements as Prepaid PERS Contribution which amounted to $11,893,814 at June 30, 2011. During fiscal 2010-11, the amortization of the prepayment decreased the actuarially required contributions by $30,879 to arrive at the Annual Pension Costs of $3,082,565.

NOTE 10 - PENSION PLAN (Continued)

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The Miscellaneous Plan's actuarial value (which differs from market value) and funding progress over the past three years is set forth below at their actuarial valuation date of June 30:

Miscellaneous Plan:

Valuation Date	Actuarial Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2007	$52,482,247	$51,555,288	$926,959	98.2%	$10,965,084	8.5%
2008	58,162,825	56,260,430	1,902,395	96.7%	11,597,948	16.4%
2009	67,420,920	60,224,044	7,196,876	89.3%	12,413,592	58.0%

As required by State law, effective July 1, 2005, the City's Safety Plan was terminated, and the Safety employees in the plan were required by CALPERS to join a State-wide pool. One of the conditions of entry was for the City to adjust and true-up any unfunded liabilities or overfunded assets in the former Plan, either by paying cash or by increasing or decreasing its future contribution rates through a Side Fund offered by CALPERS. The Safety Plan was under-funded at June 30, 2004. The amount of this under-funding is accounted for separately and is to be used by CALPERS to reduce future City contributions to the Plan over the next 7 years.

The latest available actuarial values of the above State-wide pools (which differs from market value) and funding progress were set forth as follow. The information presented below relates to the State-wide pools as a whole, of which the City is one of the participating employers.

The City's actuarially required contributions for the past three years were as follows:

Safety Plan:

Valuation Date	Actuarial Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2007	$7,986,055,176	$6,826,599,459	$1,159,455,717	85.5%	$831,607,658	139.4%
2008	8,700,467,733	7,464,927,716	1,235,540,017	85.8%	914,840,596	135.1%
2009	9,721,675,347	8,027,158,724	1,694,516,623	82.6%	973,814,168	174.0%

The actuarial value and funding progress of the State-wide pool, and the information regarding audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

The City of Benicia contracts with Kaiser, Health Net, Ameritas Dental & Vision and United Healthcare to provide medical, dental, and vision benefits to both active and retired employees. The City pays no direct financial contribution towards retiree health benefits; however, due to the fact that retirees and active employees are insured in the same pool it indirectly subsidizes their premiums through payments for current employees.

B. Eligibility

Employees (and their spouses) are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 5 years of service and are eligible for a PERS pension. Retirees younger than age 65 are required to contribute the full amount of the monthly medical insurance premiums that are in effect for active employees. Retirees who are age 65 or older are required to contribute the full amount of the monthly premium rates in effect for Medicare Supplement insurance.

C. City's Funding Policy

The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). The City has not established a trust that is administered by the City for the purpose of holding assets accumulated for plan benefits.

D. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC),* an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	$513,426
Interest on net OPEB obligation	27,067
Adjustment to annual required contribution	(26,284)
Annual OPEB cost (expense)	514,209
Contributions made (including premiums paid)	(200,125)
Increase in net OPEB obligation	314,084
Net OPEB obligation - beginning of year	601,482
Net OPEB obligation - end of year	$915,566

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	$448,137	34%	$297,978
6/30/2010	480,642	37%	303,504
6/30/2011	514,209	39%	915,566

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.50 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.5 percent initially, reduced by decrements of 0.3% per year to an ultimate rate of 5.5 percent after the year 2019. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years. The valuation is based on a closed 30 year amortization period. It is assumed the City's payroll will increase 3.25% per year.

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

The schedule of funding progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the July 1, 2008, actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b)-(a)/(c)
6/30/09	$ -	$4,401,160	$4,401,160	0.00%	$19,529,818	23%

NOTE 12 - HEALTH, GENERAL LIABILITY AND WORKERS' COMPENSATION COVERAGE

A. Coverages

City employees are covered under a medical and prescriptions policy with Kaiser and Healthnet. The City provides group dental and vision coverage to employees through programs that are administered by a service agent. The City pays all dental and vision claims.

The City is a member of the Association of Bay Area Governments (ABAG), which provides general liability coverage of $5,000,000 above the City's deductible of $25,000 per occurrence, and property damage insurance up to $1,000,000,000. ABAG is governed by a board consisting of representatives from member municipalities. The board controls the operations of ABAG, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. During the fiscal year ended June 30, 2011, the City contributed $714,056 for current year coverage.

Audited financial statements may be obtained from ABAG Services, P.O. Box 2050, Oakland, CA 94604-2050.

The Local Agency Workers' Compensation Excess Insurance Joint Powers Authority (LAWCX) covers workers' compensation up to statutory limits. The City has a deductible or uninsured liability of up to $350,000 per claim. During the fiscal year ended June 30, 2011, the City contributed $121,589 for current year coverage.

LAWCX's financial statements may be obtained from Bickmore & Associates, 6371 Auburn Boulevard, Citrus Heights, CA 95621.

NOTE 12 - HEALTH, GENERAL LIABILITY AND WORKERS' COMPENSATION COVERAGE (Continued)

B. Liability for Uninsured Claims

The City's liability for uninsured claims, including estimated claims incurred but not reported, was estimated by management based on prior years claims experience and was computed as follows as of June 30:

	2011			
	Workers' Compensation	General Liability	Total	2010
Beginning balance	$447,727	$30,212	$477,939	$651,912
Liability for current year claims and change in prior year claims estimate	1,006,440	609,092	1,615,532	529,001
Claims paid in fiscal year	(703,454)	(530,946)	(1,234,400)	(702,974)
Ending balance	$750,713	$108,358	$859,071	$477,939
Claim liabilities due within a year	$351,914	$108,358	$460,272	$229,183

For the years ended June 30, 2011, 2010, and 2009, the amount of settlements did not exceed insurance coverage.

NOTE 13 – JOINT POWERS AUTHORITIES

The City participates in joint ventures discussed below through separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each joint venture is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective joint venture, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these joint ventures are not the City's responsibility and the City does not have an equity interest in the assets of each joint venture except upon dissolution of the joint venture.

A. Solano Water Authority

Solano Water Authority was established to coordinate water procurement and use among the Cities and County of Solano.

Members share the Water Authority's expenses equally and each member has one representative on the commission that governs the Water Authority.

Audited financial statements may be obtained from the Solano Water Authority at 508 Elmira Road, Vacaville, California, 95687.

NOTE 13 – JOINT POWERS AUTHORITIES (Continued)

B. Solano Transportation Authority

Solano Transportation Authority (STA) was established to develop regional strategies and meet regional transit and paratransit needs and to cooperatively address Solano County transportation issues.

The City's payments to STA are in accordance with a formula under which each member entity pays a proportionate share of expenditures based on the entity's population.

Audited financial statements may be obtained from STA at One Harbor Center, Suite 130, Suisun City, California, 94585.

NOTE 14 – OPERATING LEASE

The City has signed a lease agreement with the Benicia Unified School District (BUSD), commencing April 1, 2007 and ending on March 31, 2047, to lease the Mills School building and grounds located at 380 L Street, Benicia, for City use as a Community Center. This agreement can be renewed for two (2) additional ten (10) year term.

The annual rent for said property shall be One Hundred Twenty Thousand Dollars ($120,000), payable in equal monthly payments of Ten Thousand Dollars ($10,000). Beginning in 2011, the monthly rent is adjusted annually for each succeeding years using the Consumer Price Index for all Urban Consumers (CPI-U) San Francisco – Oakland – San Jose Metropolitan Area as published for June 2011 (or the nearest preceding month if not published for that month).

Under the agreement, the City will pay for all water, gas, light, heat, power, telephone, security service, garbage pick-up, sewage fees and all other services supplied on the premises. The City may, at its sole cost and expense, construct any improvements including buildings, roadways, sidewalks, fences, playgrounds, parking areas, utilities, signs, monuments and landscaping which City deems necessary to the operations of its business. In addition, the City will maintain the existing premises and BUSD, shall have no maintenance or repair obligations with respect to the premises being leased.

NOTE 15 – OTHER COMMITMENTS AND CONTINGENT LIABILITIES

The City participates in several Federal and State grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act of 1984 as amended in 1996, and applicable State requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The City is a defendant in a number of lawsuits that have arisen in the normal course of business, the outcome of which cannot be predicted with certainty. In the opinion of the City Attorney, these actions when finally adjudicated will not have a material adverse effect on the financial position of the City.

NOTE 16 – VALERO REFINING COMPANY SETTLEMENT AGREEMENT COMMITMENT

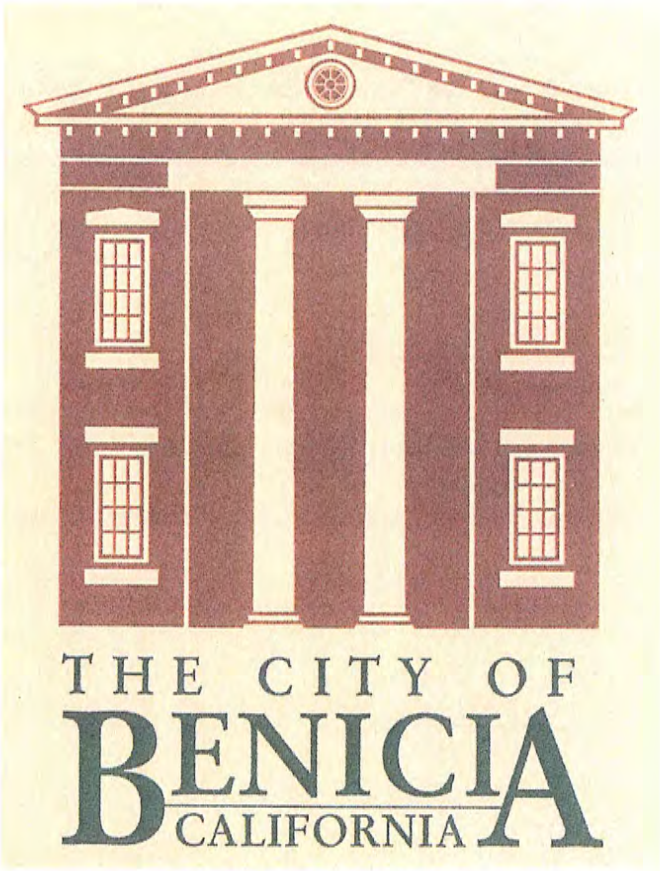
In April 2003, the City approved the Use Permit for the Valero Improvement Project (VIP). This was amended in June 2003 by Valero Refining Company (Valero) Settlement Agreement. In July 2008, the Good Neighbor Steering Committee and Valero entered into an agreement and the Planning Commission then incorporated the terms of the agreement into the conditions of approval for the Amended Valero Improvement Projects Agreement. Valero has committed $14 million to fund various City-wide projects. The commitment does not meet the criteria to be recorded as revenue until eligible project expenditures are incurred. As of June 30, 2011, Valero has paid the City $2,172,000 of this commitment.

NOTE 17 - MARINA

The City of Benicia contracts with the Benicia Harbor Corporation to conduct annual dredging in the Benicia Marina common areas. In fiscal 2009-10, they failed to initiate and complete their dredging commitment and have claimed that it was due, in part, to the City's inability to acquire a California Dredging Permit in a timely manner. At June 30, 2011, the amount under review was $189,519. City staff has met with Benicia Harbor Corporation owners and anticipate a favorable outcome by March 2012.

NOTE 18 – TRANSFER OF TRANSIT SERVICES

The City Councils of both Vallejo and Benicia entered into a Joint Powers Authority Agreement that has consolidated the City's transit system "Benicia Breeze" and the City of Vallejo Transit (Vallejo Transit). This consolidation occurred in July 1, 2011. All Benicia Breeze assets, contracts and routes are now being managed by the Solano County Transit (Sol Trans). Actual transfer of capital assets will occur during FY 2011-12.


THE CITY OF
BENICIA
CALIFORNIA

SUPPLEMENTARY INFORMATION

CITY OF BENICIA
ENERGY CONSERVATION CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
EXPENDITURES:				
Capital outlay		$12,160,000	$1,818,303	$10,341,697
Total Expenditures		12,160,000	1,818,303	10,341,697
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(12,160,000)	(1,818,303)	(10,341,697)
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issuance		13,195,000	13,195,000	
Bond issuance cost		(433,770)	(433,765)	5
Discount on Bond		(601,230)	(257,413)	343,817
Total other financing sources (uses)		12,160,000	12,503,822	343,822
NET CHANGE IN FUND BALANCE			10,685,519	$10,685,519
Beginning fund balance				
Ending fund balance			$10,685,519	

SPECIAL REVENUE FUNDS

GAS TAX

Accounts for monies received and expended from state gas tax allocation to cities.

LANDSCAPING AND LIGHTING DISTRICTS: RESIDENTIAL, FLEETSIDE, COLUMBUS PARKWAY, EAST 2ND STREET, AND GOODYEAR ROAD

Accounts for monies received from property owners and allocated for the maintenance of landscaping of paths in walkways and lighting of streetlights within the bounds of the specified districts.

COMMUNITY DEVELOPMENT BLOCK GRANT

Accounts for moneys received and expended by the City as a participant in the Federal Community Development Block Grant program.

COMMUNITY SERVICES PROGRAM

Accounts for moneys received from developers, grants, and cemetery fees for expenditures to maintain childcare facilities in the City and the City Cemetery.

LIBRARY BOOK

Accounts for fees collected from developers for the purchase of books for the main library.

LIBRARY PROGRAMS

Accounts for donations and grant funds intended to promote literacy in the City.

LIBRARY MEASURE B

Accounts for funds from Solano County Measure B sales tax to be used for enhancement of library services.

SOUTHERN PACIFIC DEPOT

Accounts for community donations and rent receipts expended for the Southern Pacific Depot.

POLICE AND FIRE SAFETY GRANTS

Accounts for various public safety grant revenues and their expenditures.

HUMAN SERVICES

Accounts for citizen donations to assist residents within the City.

DEVELOPER DEPOSITS

Accounts for developer deposits, fees and related expenditures incurred for specific projects.

TOURTELOT MITIGATION

Accounts for the cost of maintaining open space in the project area. Sources of revenue include fees paid by the developer and investment earnings.

MISCELLANEOUS GRANTS

Accounts for the BCDC grant used for the removal of four derelict barges from the Bay, and the BAAQMD grant used for a climate action plan to reduce greenhouse gas emissions within the City.

VALERO GNSC

Accounts for the Valero settlement monies required for environmental impact to be used for water conservation.

DEBT SERVICE FUNDS

1997 WASTEWATER GENERAL OBLIGATION BOND

Accounts for property tax levies for the payment of voter-approved debt principal and interest of the 1997 Wastewater General Obligation Bonds.

CASA DE VILARRASA

Accounts for the payment of debt principal and interest of the Casa De Vilarrasa Capital Lease. Sources of revenue include debt proceeds, investments earnings, and residual receipts from the project and General Fund advances.

CAPITAL PROJECTS FUNDS

TRAFFIC MITIGATION

Accounts for installation of new traffic signals and modification of streets for standardization of intersections. Sources of revenue include investment earnings, State grants, development fees and interfund transfers.

STREET PROJECTS

Accounts for the construction of public improvements. Sources of revenue include local, state and federal funds.

CAPITAL LICENSE

Accounts for the construction of various capital projects throughout the City. Sources of revenue include investment earnings and capital license fees.

PARK DEDICATION

Accounts for construction and capital improvements of the City's parks, trails and open space lands. Sources of revenue include investment earnings, Parkland dedication fees, local and state grants.

LIBRARY BASEMENT PROJECT

Accounts for costs of remodeling the basement of the Library and to provide expanded services for customers and staff.

STORM DRAIN IMPROVEMENTS

Accounts for costs of replacing storm drains throughout the City.

COMMUNITY CENTER

Accounts for expenditures for the construction of the Benicia Community Center. Sources of funding include proceeds from the sale of City owned land, donations, and Valero settlement monies.

COMMUNITY DONATIONS

Accounts for community donations for specific capital projects and the use of these revenues.

POLICE PUBLIC SAFETY BUILDING

Accounts for funding and renovation of the Police Department Building. Primary sources of revenue are fund transfers provided by the General Fund, debt proceeds and investment earnings.

McALLISTER ASSESSMENT DISTRICT

The McAllister Assessment District Capital Projects Fund accounts for the construction of public improvements benefiting the property within the bounds of the Assessment District, which is located north of Rose Drive and to the west of East Second Street. Source revenues include investment earnings and proceeds from bonds.

INTERMODAL TRANSPORTATION CENTER

Accounts for funding and construction of a proposed intermodal transportation center. Sources of revenue will come from transfers provided by the General Fund debt proceeds, investment earnings and grant funding.

CASA DE VILARRASA

Accounts for the capital improvements and rehabilitation of the project. Sources of revenue include investment earnings and proceeds from bonds.

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	Gas Tax	Residential Landscaping and Lighting	Fleetside Landscaping and Lighting	Columbus Parkway Landscaping and Lighting
ASSETS				
Cash and investments available for City operations	$636,003	$114,361	$170,281	$103,856
Accounts receivable				
Interest receivable	115	29	38	23
Loans receivable				
Prepaid items				
Total Assets	$636,118	$114,390	$170,319	$103,879
LIABILITIES				
Accounts payable	$42,098	$3,183	$587	$226
Customer deposits				
Deferred revenue				
Advance from other funds				
Total Liabilities	42,098	3,183	587	226
FUND EQUITY				
Fund balances				
Nonspendable				
Restricted	594,020	111,207	169,732	103,653
Committed				
Unassigned				
Total Fund Balances	594,020	111,207	169,732	103,653
Total Liabilities and Fund Balances	$636,118	$114,390	$170,319	$103,879

SPECIAL REVENUE FUNDS

East 2nd Street Landscaping and Lighting	Goodyear Road Landscaping and Lighting	Community Development Block Grant	Community Services Program	Library Book	Library Programs	Library Measure B	Southern Pacific Depot
$36,939	$43,032	$425,090	$297,526	$2,257	$203,578	$356,844	$138,810
						108,679	
8	9	57	64		54	82	30
		334,033		11,365			
					1,475		
$36,947	$43,041	$759,180	$297,590	$13,622	$205,107	$465,605	$138,840
$1,730	$150				$6,164	$285	
		$334,033		$11,365			
1,730	150	334,033		11,365	6,164	285	
					1,475		
35,217	42,891	425,147	$297,590	2,257	197,468	465,320	$138,840
35,217	42,891	425,147	297,590	2,257	198,943	465,320	138,840
$36,947	$43,041	$759,180	$297,590	$13,622	$205,107	$465,605	$138,840

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	Police and Fire Safety Grants	Human Services	Developer Deposits	Tourtelot Mitigation
ASSETS				
Cash and investments available for City operations	$270,227	$151,455	$675,334	$509,265
Accounts receivable	91,807			
Interest receivable	68	34	55	156
Loans receivable				
Prepaid items				
Total Assets	$362,102	$151,489	$675,389	$509,421
LIABILITIES				
Accounts payable	$44,766		$14,774	
Customer deposits	43,664		660,615	
Deferred revenue				
Advance from other funds				
Total Liabilities	88,430		675,389	
FUND EQUITY				
Fund balances				
Nonspendable				
Restricted	273,672	$151,489		$509,421
Committed				
Unassigned				
Total Fund Balances (Deficit)	273,672	151,489		509,421
Total Liabilities and Fund Balances	$362,102	$151,489	$675,389	$509,421

SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS			
Miscellaneous Grants	Valero GNSC	1997 Wastewater General Obligation Bond	Casa De Vilarrasa	Traffic Mitigation	Street Projects	Capital License	Park Dedication
	$620,088	$1,146,039		$1,247,337	$49,996	$149,101	$77,573
	2,002,000				472,569		
	314	244		207	76	35	106
				60,915		56,994	196,950
	$2,622,402	$1,146,283		$1,308,459	$522,641	$206,130	$274,629
	$2,270			$4,688		$12,218	
	2,000,000			60,915	$377,569	56,994	$196,950
	2,002,270			65,603	377,569	69,212	196,950
	620,132	$1,146,283			145,072		
				1,242,856		136,918	77,679
	620,132	1,146,283		1,242,856	145,072	136,918	77,679
	$2,622,402	$1,146,283		$1,308,459	$522,641	$206,130	$274,629

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	CAPITAL PROJECTS FUNDS			
	Library Basement Project	Storm Drain Improvements	Community Center	Community Donations
ASSETS				
Cash and investments available for City operations	$315,319	$51,859	$680,269	$5,563
Accounts receivable				
Interest receivable	69			1
Loans receivable				
Prepaid items				
Total Assets	$315,388	$51,859	$680,269	$5,564
LIABILITIES				
Accounts payable		$51,859	$393,815	
Customer deposits				
Deferred revenue				
Advance from other funds			2,000,000	
Total Liabilities		51,859	2,393,815	
FUND EQUITY				
Fund balances				
Nonspendable				
Restricted				
Committed	$315,388			$5,564
Unassigned			(1,713,546)	
Total Fund Balances	315,388		(1,713,546)	5,564
Total Liabilities and Fund Balances	$315,388	$51,859	$680,269	$5,564

CAPITAL PROJECTS FUNDS				
Police Public Safety Building	McAllister Assessment District	Intermodal Transportation Center	Casa De Vilarrasa	Total Non-major Governmental Funds
	$346,295	$844,800		$9,669,097
				2,675,055
	75			1,949
			$1,400,000	2,060,257
				1,475
	$346,370	$844,800	$1,400,000	$14,407,833
	$310,494	$46,518		$935,825
				704,279
			$1,400,000	4,437,826
				2,000,000
	310,494	46,518	1,400,000	8,077,930
				1,475
				5,429,411
	35,876	798,282		2,612,563
				(1,713,546)
	35,876	798,282		6,329,903
	$346,370	$844,800	$1,400,000	$14,407,833

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	Gas Tax	Residential Landscaping and Lighting	Fleetside Landscaping and Lighting	Columbus Parkway Landscaping and Lighting
REVENUES				
Property taxes				
Sales tax				
Assessments		$299,886	$79,977	$15,800
Use of money and property	$5,401	958	2,620	1,635
Revenue from other agencies	667,216			
Current service charges				
Community donations				
Other	4,488			
Total Revenues	677,105	300,844	82,597	17,435
EXPENDITURES				
Current:				
Administration				
Public safety				
Parks and community services		322,846	84,424	14,225
Public works and community development	297,518			
Library				
General government				
Capital outlay	84,693			
Debt service:				
Principal repayment				
Interest and fiscal charges				
Total Expenditures	382,211	322,846	84,424	14,225
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	294,894	(22,002)	(1,827)	3,210
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)				
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	294,894	(22,002)	(1,827)	3,210
BEGINNING FUND BALANCES (DEFICITS)	299,126	133,209	171,559	100,443
ENDING FUND BALANCES (DEFICITS)	$594,020	$111,207	$169,732	$103,653

SPECIAL REVENUE FUNDS

East 2nd Street Landscaping and Lighting	Goodyear Road Landscaping and Lighting	Community Development Block Grant	Community Services Program	Library Book	Library Programs	Library Measure B	Southern Pacific Depot
						$704,297	
$28,001	$4,000						
487	697	$19,161	$4,173	$21	$4,809	5,925	$4,791
					55,315		
			63,924	2,585	70,605		
					79,626		
			600				
28,488	4,697	19,161	68,697	2,606	210,355	710,222	4,791
27,639	4,407		2,112				
					216,709	730,565	
			279		4,725	1,943	
27,639	4,407		2,391		221,434	732,508	
849	290	19,161	66,306	2,606	(11,079)	(22,286)	4,791
					52,905	100,000	
					(100,000)		
					(47,095)	100,000	
849	290	19,161	66,306	2,606	(58,174)	77,714	4,791
34,368	42,601	405,986	231,284	(349)	257,117	387,606	134,049
$35,217	$42,891	$425,147	$297,590	$2,257	$198,943	$465,320	$138,840

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	Police and Fire Safety Grants	Human Services	Developer Deposits	Tourtelot Mitigation
REVENUES				
Property taxes				
Sales tax				
Assessments				
Use of money and property	$4,753	$2,559		$11,781
Revenue from other agencies	474,386			
Current service charges				
Community donations	473	1,801		
Other				
Total Revenues	479,612	4,360		11,781
EXPENDITURES				
Current:				
Administration				
Public safety	316,403			
Parks and community services				
Public works and community development				5,863
Library				
General government				
Capital outlay	91,058			
Debt service:				
Principal repayment				
Interest and fiscal charges				
Total Expenditures	407,461			5,863
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	72,151	4,360		5,918
OTHER FINANCING SOURCES (USES)				
Transfers in		7,286		
Transfers (out)				(214,050)
Total Other Financing Sources (Uses)		7,286		(214,050)
NET CHANGE IN FUND BALANCES	72,151	11,646		(208,132)
BEGINNING FUND BALANCES (DEFICITS)	201,521	139,843		717,553
ENDING FUND BALANCES (DEFICITS)	$273,672	$151,489		$509,421

SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS			
Miscellaneous Grants	Valero GNSC	1997 Wastewater General Obligation Bond	Casa De Vilarrasa	Traffic Mitigation	Street Projects	Capital License	Park Dedication
		$811,410					
$64	$11,762	(2,461)		$21,824	$7,897	$2,729	$8,003
34,419					1,728,839		
				20,602		14,367	65,353
	1,133,500						
34,483	1,145,262	808,949		42,426	1,736,736	17,096	73,356
	107,607						
29,382	23,794						
	34,211						
	64,502			203,037	1,123,385	37,632	
		535,000	272,565				
		260,826	118,425				
29,382	230,114	795,826	390,990	203,037	1,123,385	37,632	
5,101	915,148	13,123	(390,990)	(160,611)	613,351	(20,536)	73,356
			390,990	305,410			
	(850,000)				(91,360)		
	(850,000)		390,990	305,410	(91,360)		
5,101	65,148	13,123		144,799	521,991	(20,536)	73,356
(5,101)	554,984	1,133,160		1,098,057	(376,919)	157,454	4,323
	$620,132	$1,146,283		$1,242,856	$145,072	$136,918	$77,679

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	CAPITAL PROJECTS FUNDS			
	Library Basement Project	Storm Drain Improvements	Community Center	Community Donations
REVENUES				
Property taxes				
Sales tax				
Assessments				
Use of money and property	$5,053			$254
Revenue from other agencies				
Current service charges		$25,740		
Community donations	4,000		$200,000	
Other		190	36,751	
Total Revenues	9,053	25,930	236,751	254
EXPENDITURES				
Current:				
Administration				
Public safety				
Parks and community services				
Public works and community development				
Library				
General government				
Capital outlay		149,614	3,142,245	14,543
Debt service:				
Principal repayment				
Interest and fiscal charges				
Total Expenditures		149,614	3,142,245	14,543
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,053	(123,684)	(2,905,494)	(14,289)
OTHER FINANCING SOURCES (USES)				
Transfers in		123,684	1,460,000	
Transfers (out)				
Total Other Financing Sources (Uses)		123,684	1,460,000	
NET CHANGE IN FUND BALANCES	9,053		(1,445,494)	(14,289)
BEGINNING FUND BALANCES (DEFICITS)	306,335		(268,052)	19,853
ENDING FUND BALANCES (DEFICITS)	$315,388		($1,713,546)	$5,564

CAPITAL PROJECT FUNDS				
Police Public Safety Building	McAllister Assessment District	Intermodal Transportation Center	Casa De Vilarrasa	Total Non-major Governmental Funds
				$811,410
				704,297
				427,664
$7	$5,598			130,501
				2,960,175
				263,176
				285,900
				1,175,529
7	5,598			6,758,652
				316,403
				563,260
				356,557
				947,274
				34,211
		$146,471		5,064,127
				807,565
				379,251
		146,471		8,468,648
7	5,598	(146,471)		(1,709,996)
				2,440,275
(427)				(1,255,837)
(427)				1,184,438
(420)	5,598	(146,471)		(525,558)
420	30,278	944,753		6,855,461
	$35,876	$798,282		$6,329,903

CITY OF BENICIA
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	GAS TAX			RESIDENTIAL LANDSCAPING AND LIGHTING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax						
Assessments				$299,885	$299,886	$1
Use of money and property	$5,000	$5,401	$401	1,500	958	(542)
Revenue from other agencies	748,980	667,216	(81,764)			
Current service charges						
Community donations						
Other		4,488	4,488			
Total Revenues	753,980	677,105	(76,875)	301,385	300,844	(541)
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services				357,925	322,846	35,079
Public works and community development	448,350	297,518	150,832			
Library						
Economic development						
General government						
Capital outlay	617,630	84,693	532,937			
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	1,065,980	382,211	683,769	357,925	322,846	35,079
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(312,000)	294,894	606,894	(56,540)	(22,002)	34,538
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	($312,000)	294,894	$606,894	($56,540)	(22,002)	$34,538
BEGINNING FUND BALANCES (DEFICITS)		299,126			133,209	
ENDING FUND BALANCES (DEFICITS)		$594,020			$111,207	

FLEETSIDE LANDSCAPING AND LIGHTING			COLUMBUS PARKWAY LANDSCAPING AND LIGHTING			EAST 2ND STREET LANDSCAPING AND LIGHTING		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$79,975	$79,977	$2	$15,800	$15,800		$28,000	$28,001	$1
2,000	2,620	620	1,000	1,635	$635	350	487	137
81,975	82,597	622	16,800	17,435	635	28,350	28,488	138
142,335	84,424	57,911	26,735	14,225	12,510	38,545	27,639	10,906
142,335	84,424	57,911	26,735	14,225	12,510	38,545	27,639	10,906
(60,360)	(1,827)	58,533	(9,935)	3,210	13,145	(10,195)	849	11,044
($60,360)	(1,827)	$58,533	($9,935)	3,210	$13,145	($10,195)	849	$11,044
	171,559			100,443			34,368	
	$169,732			$103,653			$35,217	

(Continued)

CITY OF BENICIA
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	GOODYEAR ROAD LANDSCAPING AND LIGHTING			COMMUNITY DEVELOPMENT BLOCK GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax						
Assessments	$4,000	$4,000				
Use of money and property	450	697	$247	$18,900	$19,161	$261
Revenue from other agencies				400,000		(400,000)
Current service charges						
Community donations						
Other						
Total Revenues	4,450	4,697	247	418,900	19,161	(399,739)
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services	23,560	4,407	19,153			
Public works and community development				476,875		476,875
Library						
Economic development						
General government						
Capital outlay						
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	23,560	4,407	19,153	476,875		476,875
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(19,110)	290	19,400	(57,975)	19,161	77,136
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	($19,110)	290	$19,400	($57,975)	19,161	$77,136
BEGINNING FUND BALANCES (DEFICITS)		42,601			405,986	
ENDING FUND BALANCES (DEFICITS)		$42,891			$425,147	

COMMUNITY SERVICES PROGRAM			LIBRARY BOOK			LIBRARY PROGRAMS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$4,750	$4,173	($577)		$21	$21	$1,320	$4,809	$3,489
						54,490	55,315	825
24,815	63,924	39,109	$2,000	2,585	585	90,000	70,605	(19,395)
						75,065	79,626	4,561
5,610	600	(5,010)						
35,175	68,697	33,522	2,000	2,606	606	220,875	210,355	(10,520)
10,425	2,112	8,313						
						243,890	216,709	27,181
143,120	279	142,841				130,230	4,725	125,505
153,545	2,391	151,154				374,120	221,434	152,686
(118,370)	66,306	184,676	2,000	2,606	606	(153,245)	(11,079)	142,166
						52,905	52,905	
						(100,000)	(100,000)	
						(47,095)	(47,095)	
($118,370)	66,306	$184,676	$2,000	2,606	$606	($200,340)	(58,174)	$142,166
	231,284			(349)			257,117	
	$297,590			$2,257			$198,943	

(Continued)

CITY OF BENICIA
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	LIBRARY MEASURE B			SOUTHERN PACIFIC DEPOT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax	$637,000	$704,297	$67,297			
Assessments						
Use of money and property	4,000	5,925	1,925	$13,100	$4,791	($8,309)
Revenue from other agencies						
Current service charges						
Community donations						
Other						
Total Revenues	641,000	710,222	69,222	13,100	4,791	(8,309)
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services				7,500		7,500
Public works and community development						
Library	776,400	730,565	45,835			
Economic development						
General government						
Capital outlay	51,320	1,943	49,377	2,050		2,050
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	827,720	732,508	95,212	9,550		9,550
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(186,720)	(22,286)	164,434	3,550	4,791	1,241
OTHER FINANCING SOURCES (USES)						
Transfers in	100,000	100,000				
Transfers (out)						
Total Other Financing Sources (Uses)	100,000	100,000				
NET CHANGE IN FUND BALANCES	($86,720)	77,714	$164,434	$3,550	4,791	$1,241
BEGINNING FUND BALANCES (DEFICITS)		387,606			134,049	
ENDING FUND BALANCES (DEFICITS)		$465,320			$138,840	

POLICE AND FIRE SAFETY GRANTS			HUMAN SERVICES			TOURTELOT MITIGATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$2,460	$4,753	$2,293	$4,275	$2,559	($1,716)	$5,000	$11,781	$6,781
525,795	474,386	(51,409)						
200	473	273	4,750	1,801	(2,949)			
528,455	479,612	(48,843)	9,025	4,360	(4,665)	5,000	11,781	6,781
559,375	316,403	242,972						
						43,000	5,863	37,137
141,520	91,058	50,462				69,975		69,975
700,895	407,461	293,434				112,975	5,863	107,112
(172,440)	72,151	244,591	9,025	4,360	(4,665)	(107,975)	5,918	113,893
				7,286	7,286			
						(214,050)	(214,050)	
				7,286	7,286	(214,050)	(214,050)	
($172,440)	72,151	$244,591	$9,025	11,646	$2,621	($322,025)	(208,132)	$113,893
	201,521			139,843			717,553	
	$273,672			$151,489			$509,421	

(Continued)

CITY OF BENICIA
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	MISCELLANEOUS GRANTS			VALERO GNSC		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax						
Assessments						
Use of money and property		$64	$64		$11,762	$11,762
Revenue from other agencies		34,419	34,419			
Current service charges						
Community donations						
Other				$1,132,500	1,133,500	1,000
Total Revenues		34,483	34,483	1,132,500	1,145,262	12,762
EXPENDITURES						
Current:						
Administration				261,005		261,005
Public safety - police						
Parks and community services				227,255	107,607	119,648
Public works and community development		29,382	(29,382)	76,000	23,794	
Library						
Economic development						
General government					34,211	(34,211)
Capital outlay				364,000	64,502	299,498
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures		29,382	(29,382)	928,260	230,114	645,940
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		5,101	5,101	204,240	915,148	710,908
OTHER FINANCING SOURCES (USES)						
Transfers in				60,000		(60,000)
Transfers (out)				(850,000)	(850,000)	
Total Other Financing Sources (Uses)				(790,000)	(850,000)	(60,000)
NET CHANGE IN FUND BALANCES		5,101	$5,101	($585,760)	65,148	$650,908
BEGINNING FUND BALANCES (DEFICITS)		(5,101)			554,984	
ENDING FUND BALANCES (DEFICITS)					$620,132	

1997 WASTEWATER GENERAL OBLIGATION BOND			CASA DE VILARRASA			TRAFFIC MITIGATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$752,800	$811,410	$58,610						
18,000	(2,461)	(20,461)				$25,000	$21,824	($3,176)
						50,000	20,602	(29,398)
770,800	808,949	38,149				75,000	42,426	(32,574)
						1,052,380	203,037	849,343
535,000	535,000		$272,570	$272,565	$5			
260,655	260,826	(171)	118,420	118,425	(5)			
795,655	795,826	(171)	390,990	390,990		1,052,380	203,037	849,343
(24,855)	13,123	37,978	(390,990)	(390,990)		(977,380)	(160,611)	816,769
			390,990	390,990		214,050	305,410	91,360
			390,990	390,990		214,050	305,410	91,360
($24,855)	13,123	$37,978				($763,330)	144,799	$908,129
	1,133,160						1,098,057	
	$1,146,283						$1,242,856	

(Continued)

CITY OF BENICIA
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	STREET PROJECTS			CAPITAL LICENSE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax						
Assessments						
Use of money and property		$7,897	$7,897	$6,000	$2,729	($3,271)
Revenue from other agencies		1,728,839	1,728,839			
Current service charges				33,590	14,367	(19,223)
Community donations						
Other						
Total Revenues		1,736,736	1,736,736	39,590	17,096	(22,494)
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services						
Public works and community development						
Library						
Economic development						
General government						
Capital outlay	$2,073,650	1,123,385	950,265	60,720	37,632	23,088
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	2,073,650	1,123,385	950,265	60,720	37,632	23,088
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,073,650)	613,351	2,687,001	(21,130)	(20,536)	594
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)		(91,360)	(91,360)			
Total Other Financing Sources (Uses)		(91,360)	(91,360)			
NET CHANGE IN FUND BALANCES	($2,073,650)	521,991	$2,595,641	($21,130)	(20,536)	$594
BEGINNING FUND BALANCES (DEFICITS)		(376,919)			157,454	
ENDING FUND BALANCES (DEFICITS)		$145,072			$136,918	

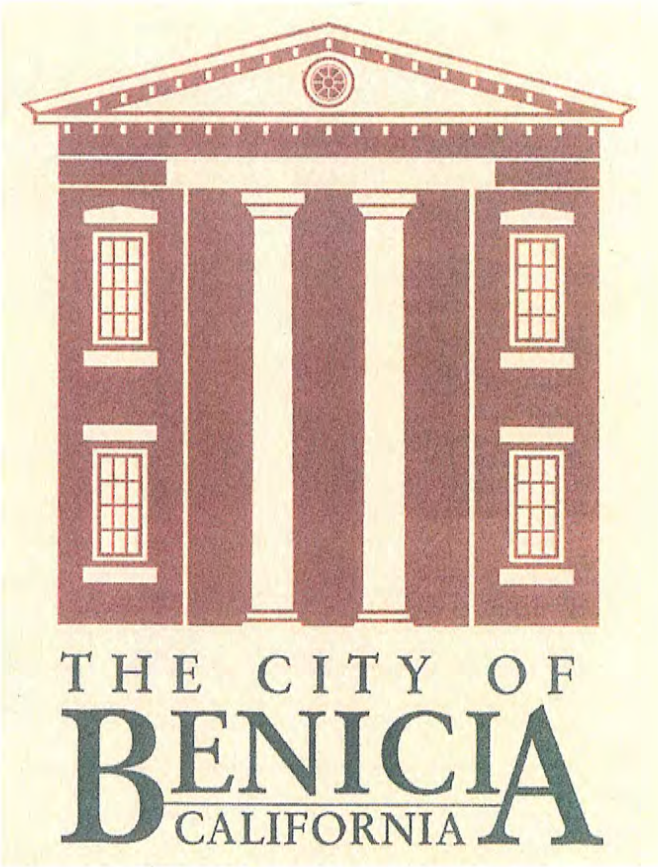
PARK DEDICATION			LIBRARY BASEMENT PROJECT			STORM DRAIN IMPROVEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$2,000	$8,003	$6,003	$8,000	$5,053	($2,947)			
133,230	65,353	(67,877)				$1,000	$25,740	24,740
			4,000	4,000				
							190	190
135,230	73,356	(61,874)	12,000	9,053	(2,947)	1,000	25,930	24,930
			352,040		352,040	208,380	149,614	58,766
			352,040		352,040	208,380	149,614	58,766
135,230	73,356	(61,874)	(340,040)	9,053	349,093	(207,380)	(123,684)	83,696
						204,000	123,684	(80,316)
						204,000	123,684	(80,316)
$135,230	73,356	($61,874)	($340,040)	9,053	$349,093	($3,380)		$3,380
	4,323			306,335				
	$77,679			$315,388				

(Continued)

CITY OF BENICIA
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	COMMUNITY CENTER			COMMUNITY DONATIONS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax						
Assessments						
Use of money and property					$254	$254
Revenue from other agencies						
Current service charges						
Community donations	$200,000	$200,000				
Other		36,751	$36,751			
Total Revenues	200,000	236,751	36,751		254	254
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services						
Public works and community development						
Library						
Economic development						
General government						
Capital outlay	3,460,000	3,142,245	317,755	$18,815	14,543	(4,272)
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	3,460,000	3,142,245	317,755	18,815	14,543	(4,272)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,260,000)	(2,905,494)	354,506	(18,815)	(14,289)	4,526
OTHER FINANCING SOURCES (USES)						
Transfers in	1,460,000	1,460,000				
Transfers (out)	2,000,000		(2,000,000)			
Total Other Financing Sources (Uses)	3,460,000	1,460,000	(2,000,000)			
NET CHANGE IN FUND BALANCES	$200,000	(1,445,494)	($1,645,494)	($18,815)	(14,289)	$4,526
BEGINNING FUND BALANCES (DEFICITS)		(268,052)			19,853	
ENDING FUND BALANCES (DEFICITS)		($1,713,546)			$5,564	

POLICE PUBLIC SAFETY BUILDING			MCALLISTER ASSESSMENT DISTRICT			INTERMODAL TRANSPORTATION CENTER		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	$7	$7	$1,100	$5,598	$4,498			
						$500,000		($500,000)
	7	7	1,100	5,598	4,498	500,000		(500,000)
						583,660	$146,471	(437,189)
						583,660	146,471	(437,189)
	7	7	1,100	5,598	4,498	(83,660)	(146,471)	(62,811)
	(427)	(427)						
	(427)	(427)						
	(420)		$1,100	5,598		($83,660)	(146,471)	
	420			30,278			944,753	
				$35,876			$798,282	


THE CITY OF
BENICIA
CALIFORNIA

INSURANCE FUND

Accounts for the accumulation and allocation of costs associated with the administration of medical coverage, temporary disability payments, safety training to all employees and maintaining excess insurance coverage for Workers' Compensation.

GENERAL SERVICES

Accounts for the accumulation and allocation of costs pertaining to utility billing, liability insurance and property insurance of the Water and Wastewater Funds. The Fund also accounts for the preparation, maintenance and repair of mechanical equipment and vehicles for other departments.

BUILDING AND EQUIPMENT MANAGEMENT

Accounts for the maintenance and remodeling of City owned buildings and facilities and acquisition of replacement vehicles and equipment.

RETIREMENT STABILITY FUND

Provides for equalization of retirement costs. Sources of revenue include investment earnings, and service charges to departments.

CITY OF BENICIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF NET ASSETS
JUNE 30, 2011

	Insurance	General Services	Building and Equipment Management	Retirement Stability	Total
ASSETS					
Current Assets:					
Cash and investments					
Available for City operations		$36,805	$1,594,931	$1,427,596	$3,059,332
Restricted cash and investments held by fiscal agents					
Interest receivable			358	284	642
Materials, parts and supplies		14,441			14,441
Prepaid items		28,744			28,744
Total Current Assets		79,990	1,595,289	1,427,880	3,103,159
Non-Current Assets:					
Prepaid PERS contribution				11,893,814	11,893,814
Advances to other funds	$254,160				254,160
Property, plant and equipment:					
Buildings and improvements			12,285,790		12,285,790
Machinery and equipment			4,171,367		4,171,367
Construction in progress			80,000		80,000
Less: accumulated depreciation			(8,210,821)		(8,210,821)
Net Property, Plant and Equipment	254,160		8,326,336	11,893,814	20,474,310
Total Assets	254,160	79,990	9,921,625	13,321,694	23,577,469
LIABILITIES					
Current Liabilities:					
Accounts payable	332,443	79,990	11,994		424,427
Interest payable			2,877	27,701	30,578
Workers' compensation claims	351,914				351,914
Current portion long-term liabilities			33,243	1,010,000	1,043,243
Due to other funds	68,745				68,745
Total Current Liabilities	753,102	79,990	48,114	1,037,701	1,918,907
Long-Term Liabilities:					
Workers' compensation claims	398,799				398,799
Lease obligation			232,370		232,370
Pension obligation bonds				11,748,370	11,748,370
Advances from other funds			254,160		254,160
Total Long-Term Liabilities	398,799		486,530	11,748,370	12,633,699
Total Liabilities	1,151,901	79,990	534,644	12,786,071	14,552,606
NET ASSETS					
Invested in capital assets, net of related debt			8,326,336		8,326,336
Restricted for debt service					
Unrestricted	(897,741)		1,060,645	535,623	698,527
Total Net Assets	($897,741)		$9,386,981	$535,623	$9,024,863

CITY OF BENICIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Insurance	General Services	Building and Equipment Management	Retirement Stability	Total
OPERATING REVENUES					
Charges for services	$540,294	$1,584,092	$298,070	$1,529,944	$3,952,400
Refunds and rebates		11	3,655		3,666
Total Operating Revenues	540,294	1,584,103	301,725	1,529,944	3,956,066
OPERATING EXPENSES					
Wages and benefits	74,111	746,764			820,875
Materials and supplies		12,716	162,788		175,504
Operations and maintenance	68,540	224,973			293,513
Claims and Insurance	1,100,962	599,650			1,700,612
Depreciation			531,578		531,578
Total Operating Expenses	1,243,613	1,584,103	694,366		3,522,082
Operating Income (Loss)	(703,319)		(392,641)	1,529,944	433,984
NONOPERATING REVENUES (EXPENSES)					
Interest income	11,424		29,552	(3,430)	37,546
Interest expense			(23,607)	(785,223)	(808,830)
Pension obligation amortization				(355,222)	(355,222)
Other			100		100
Gain on sale of capital assets			10,129		10,129
Total Nonoperating Revenues (Expenses)	11,424		16,174	(1,143,875)	(1,116,277)
Income (Loss) Before Transfers	(691,895)		(376,467)	386,069	(682,293)
Change in Net Assets	(691,895)		(376,467)	386,069	(682,293)
BEGINNING NET ASSETS (DEFICITS)	(205,846)		9,763,448	149,554	9,707,156
ENDING NET ASSETS (DEFICITS)	($897,741)		$9,386,981	$535,623	$9,024,863

CITY OF BENICIA
INTERNAL SERVICE FUND
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	Insurance	General Services	Building and Equipment Management	Retirement Stability	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$540,294	$1,584,103	$301,725	$1,529,944	$3,956,066
Payments to suppliers	127,720	(203,969)	(157,909)	2,500	(231,658)
Payments to employees	(74,111)	(1,346,414)			(1,420,525)
Claims paid	(797,976)				(797,976)
Cash Flows from Operating Activities	(204,073)	33,720	143,816	1,532,444	1,505,907
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts		(13,537)			(13,537)
Advances to other funds	30,942				30,942
Advances from other funds			(30,942)		(30,942)
Due to other funds	68,745				68,745
Cash Flows from Noncapital Financing Activities	99,687	(13,537)	(30,942)		55,208
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on debt			(31,848)		(31,848)
Interest paid on debt			(23,262)		(23,262)
Acquisition of capital assets			(372,606)		(372,606)
Proceeds from sale of capital assets			10,129		10,129
Cash Flows from Capital and Related Financing Activities			(417,587)		(417,587)
CASH FLOWS FROM INVESTING ACTIVITIES					
Principal paid in non-capital debt				(515,123)	(515,123)
Interest paid on non-capital debt				(788,708)	(788,708)
Interest received	11,433		29,809	(3,385)	37,857
Cash Flows from Investing Activities	11,433		29,809	(1,307,216)	(1,265,974)
Net Cash Flows	(92,953)	20,183	(274,904)	225,228	(122,446)
Cash and investments at beginning of period	92,953	16,622	1,869,835	1,202,368	3,181,778
Cash and investments at end of period		$36,805	$1,594,931	$1,427,596	$3,059,332
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	($703,319)		($392,641)	$1,529,944	$433,984
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation			531,578		531,578
Change in assets and liabilities:					
Materials, parts and supplies		($579)			(579)
Prepaid items		(11,934)		2,500	(9,434)
Accounts payable	196,260	46,233	4,879		247,372
Workers' compensation claims	302,986				302,986
Cash Flows from Operating Activities	($204,073)	$33,720	$143,816	$1,532,444	$1,505,907

ASSESSMENT DISTRICTS

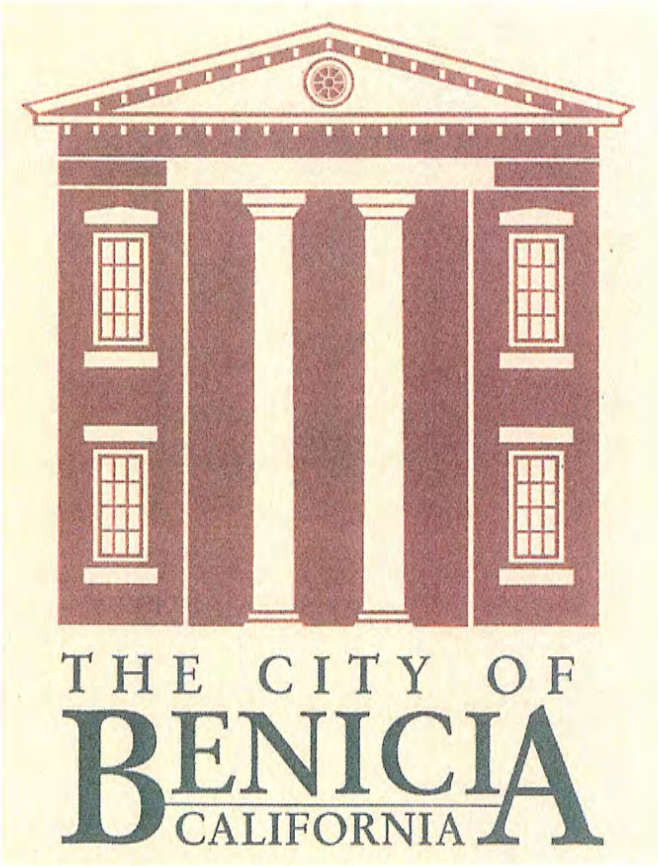
Accounts for the collection of assessments and disbursements to District bondholders for Assessment Districts debt without City commitment.

CITY OF BENICIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Fleetside Industrial Assessment District				
Assets				
Restricted cash and investments	$638,190	$436,837	$423,530	$651,497
Interest receivable	196	140	196	140
Total assets	$638,386	$436,977	$423,726	$651,637
Liabilities				
Due to bondholders	$638,386	$436,977	$423,726	$651,637
Total liabilities	$638,386	$436,977	$423,726	$651,637
East 2nd Street Assessment District				
Assets				
Restricted cash and investments	$698,818	$485,346	$476,316	$707,848
Interest receivable	215	152	215	152
Total assets	$699,033	$485,498	$476,531	$708,000
Liabilities				
Due to bondholders	$699,033	$485,498	$476,531	$708,000
Total liabilities	$699,033	$485,498	$476,531	$708,000
Combined Drake/Gateway Assessment District				
Assets				
Restricted cash and investments	$156,571	$79,306	$73,358	$162,519
Interest receivable	48	35	48	35
Total assets	$156,619	$79,341	$73,406	$162,554
Liabilities				
Due to bondholders	$156,619	$79,341	$73,406	$162,554
Total liabilities	$156,619	$79,341	$73,406	$162,554

CITY OF BENICIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

McAllister Assessment District	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Assets				
Restricted cash and investments	$1,772,363	$866,819	$868,145	$1,771,037
Interest receivable	538	380	538	380
Total assets	$1,772,901	$867,199	$868,683	$1,771,417
Liabilities				
Due to bondholders	$1,772,901	$867,199	$868,683	$1,771,417
Total liabilities	$1,772,901	$867,199	$868,683	$1,771,417
Totals - All Agency Funds				
Assets				
Restricted cash and investments	$3,265,942	$1,868,308	$1,841,349	$3,292,901
Interest receivable	997	707	997	707
Total assets	$3,266,939	$1,869,015	$1,842,346	$3,293,608
Liabilities				
Due to bondholders	$3,266,939	$1,869,015	$1,842,346	$3,293,608
Total liabilities	$3,266,939	$1,869,015	$1,842,346	$3,293,608


THE CITY OF
BENICIA
CALIFORNIA

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time:

1. Net Assets by Component
2. Changes in Net Assets
3. Government Activities Tax Revenue By Source
4. Fund Balances of Governmental Funds
5. Changes in Fund Balance of Governmental Funds

Revenue Capacity
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Direct and Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Ratio of General Bonded Debt Outstanding
3. Computation of Direct and Overlapping Debt
4. Computation of Legal Bonded Debt Margin
5. Debt Pledged Revenue Coverage, Water and Wastewater Revenue Bonds

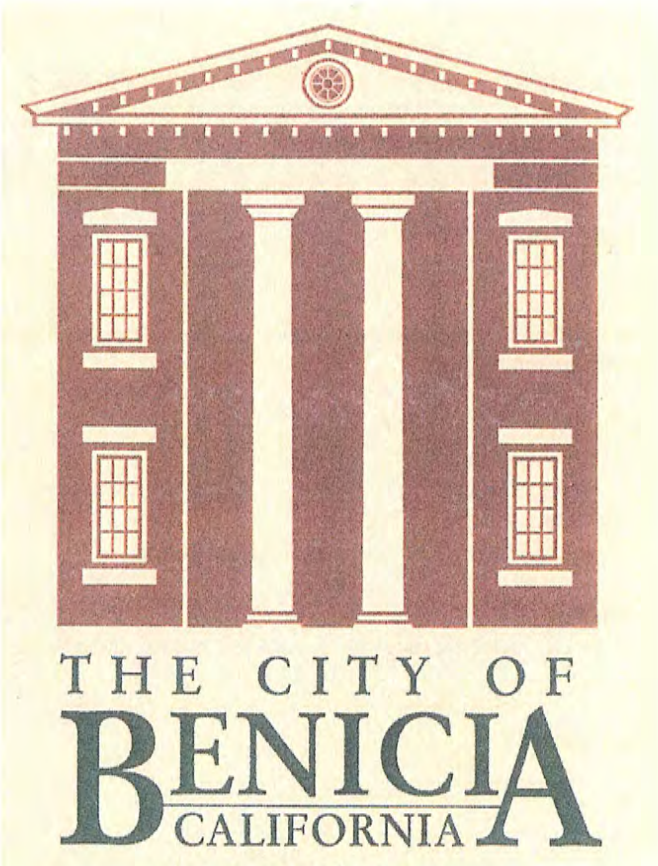
Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources
Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.


THE CITY OF
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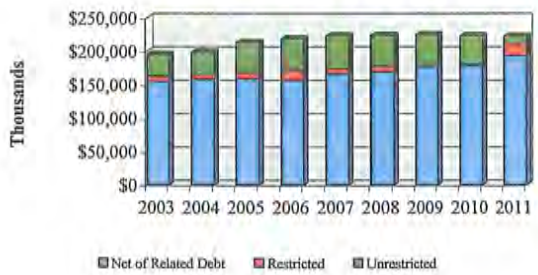
CITY OF BENICIA
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)



	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	$104,537,453	$103,928,682	$106,131,111	$106,154,667	$109,082,400	$110,609,618	$113,264,434	$115,359,499	$129,965,244
Restricted	6,580,574	6,542,947	8,273,480	14,218,067	7,848,173	8,052,003	3,195,339	2,507,802	18,730,523
Unrestricted	9,138,044	10,649,209	15,644,661	10,153,833	15,361,828	13,489,203	15,465,114	14,171,681	(16,182,254)
Total governmental activities net assets	$120,256,071	$121,120,838	$130,049,252	$130,526,567	$132,292,401	$132,150,824	$131,924,887	$132,038,982	$132,513,513
Business-type activities									
Invested in capital assets, net of related debt	$49,773,778	$53,923,197	$52,003,981	$50,368,665	$56,818,976	$58,724,744	$63,624,158	$62,819,454	$63,064,298
Restricted	1,489,729	441,326	1,058,372	648,123	360	256	-	-	-
Unrestricted	23,693,578	23,316,541	29,788,462	36,731,790	33,563,541	32,863,392	29,231,383	27,932,802	26,022,756
Total business-type activities net assets	$74,957,085	$77,681,064	$82,850,815	$87,748,578	$90,382,877	$91,588,392	$92,855,541	$90,752,256	$89,087,054
Primary government									
Invested in capital assets, net of related debt	$154,311,231	$157,851,879	$158,135,092	$156,523,332	$165,901,376	$169,334,362	$176,888,592	$178,178,953	$193,029,542
Restricted	8,070,303	6,984,273	9,331,852	14,866,190	7,848,533	8,052,259	3,195,339	2,507,802	18,730,523
Unrestricted	32,831,622	33,965,750	45,433,123	46,885,623	48,925,369	46,352,595	44,696,497	42,104,483	9,840,502
Total primary government net assets	$195,213,156	$198,801,902	$212,900,067	$218,275,145	$222,675,278	$223,739,216	$224,780,428	$222,791,238	$221,600,567

CITY OF BENICIA
Changes in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	2003	2004	2005	2006
Expenses				
Governmental Activities:				
Administration	$3,394,829	$3,262,692	$3,563,133	$3,544,980
Community Development	1,845,085	1,357,960	1,788,216	1,394,644
Public Safety - Police	5,319,673	6,138,029	7,531,528	7,132,974
Public Safety - Fire	3,793,711	4,578,727	4,955,345	6,082,806
Parks & Community Services	3,881,257	4,194,633	3,994,390	5,357,910
Public Works	3,996,472	4,740,810	6,432,754	4,572,017
Library	1,811,380	1,849,493	1,895,726	1,882,507
Economic Development	266,233	273,132	158,738	746,765
General	2,689,137	2,795,502	1,677,467	2,571,342
Interest on Long-Term Debt	437,013	399,337	447,403	421,796
Total Governmental Activities Expenses	27,434,790	29,590,315	32,444,700	33,707,741
Business-Type Activities:				
Wastewater	5,693,686	5,156,056	5,461,603	6,199,104
Water	5,049,775	5,280,652	5,394,061	5,940,193
Benicia Marina	818,109	760,507	564,568	564,438
Transit	1,156,656	1,123,274	1,203,930	1,450,093
Total Business-Type Activities Expenses	12,718,226	12,320,489	12,624,162	14,153,828
Total Primary Government Expenses	$40,153,016	$41,910,804	$45,068,862	$47,861,569
Program Revenues				
Governmental Activities:				
Charges for Services:				
Administration	$21,665	$50,879	$195,782	$16,191
Community Development	386,175	716,866	1,531,625	1,471,896
Public Safety - Police	302,992	117,414	206,046	248,691
Public Safety - Fire	120,366	25,444	145,959	83,945
Parks & Community Services	1,903,106	1,976,731	2,557,003	2,583,196
Public Works	57,156	399,918	368,068	384,481
Library	237,128	222,233	229,642	234,124
Economic Development	25,000		80	40
General	703,039	557,634	170,077	531,642
Operating Grants and Contributions	1,318,279	1,595,353	2,063,235	1,427,752
Capital Grants and Contributions	232,621	1,054,873	9,385,834	206,918
Total Government Activities Program Revenues	5,307,527	6,717,345	16,853,351	7,188,876
Business-Type Activities:				
Charges for Services:				
Wastewater	5,302,028	6,528,485	7,409,921	8,078,749
Water	5,979,387	7,501,883	7,694,339	8,343,298
Benicia Marina	298,096	328,133	332,066	325,172
Transit	179,718	198,619	188,654	218,998
Operating Grants and Contributions	920,052	1,025,439	906,999	1,114,734
Capital Grants and Contributions			1,518,000	337,829
Total Business-Type Activities Program Revenue	12,679,281	15,582,559	18,049,979	18,418,780
Total Primary Government Program Revenues	$17,986,808	$22,299,904	$34,903,330	$25,607,656
Net (Expense)/Revenue				
Governmental Activities	($22,127,263)	($22,872,970)	($15,591,349)	($26,518,865)
Business-Type Activities	(38,945)	3,262,070	5,425,817	4,264,952
Total Primary Government Net Expense	($22,166,208)	($19,610,900)	($10,165,532)	($22,253,913)

2007	2008	2009	2010	2011
$3,300,970	$2,824,341	$3,114,153	$3,404,371	$3,202,068
2,095,746	2,384,853	1,821,213		
10,439,354	8,774,285	9,150,887	8,898,817	8,896,808
6,335,969	7,089,431	7,212,291	6,744,682	6,925,232
5,966,185	6,650,653	5,999,749	5,867,659	5,714,379
5,605,290	4,273,248	4,186,559	6,017,134	6,113,748
2,153,638	2,349,721	2,403,239	2,117,872	2,600,356
385,726	473,311	536,124	485,052	609,814
2,864,213	3,182,776	4,283,723	2,339,200	3,386,270
503,819	472,189	525,341	1,658,589	1,265,618
39,650,910	38,474,808	39,233,279	37,533,376	38,714,293
6,853,399	7,023,768	7,294,741	7,422,265	7,082,311
6,614,679	7,572,285	7,345,574	7,780,492	7,753,095
579,184	624,611	594,863	479,098	564,182
1,847,674	1,765,644	1,370,621	1,165,705	1,005,375
15,894,936	16,986,308	16,605,799	16,847,560	16,404,963
$55,545,846	$55,461,116	$55,839,078	$54,380,936	$55,119,256
$32,950	$56,609	$41,724	$16,863	$50,305
1,284,313	1,092,871	771,524		
199,039	190,136	200,824	202,345	155,331
196,361	223,919	425,753	171,946	44,626
1,768,794	1,226,842	1,687,534	1,707,119	1,181,041
444,159	146,363	265,001	1,123,401	577,489
246,302	205,981	186,595	158,938	144,819
	1,000	30	52	320
557,754	712,131	316,230	422,926	667,848
1,827,358	1,898,958	2,909,497	2,751,185	2,299,326
	366,550		868,271	4,350,257
6,557,030	6,121,360	6,804,712	7,423,046	9,471,362
7,223,062	6,955,313	6,897,189	6,522,329	6,620,605
7,465,686	7,141,569	6,772,607	6,610,587	6,379,255
284,187	547,422	323,034	318,767	307,916
290,474	332,687	153,573	84,520	88,486
1,383,596	1,683,891	599,934	809,348	782,879
395,571		2,000,000		
17,042,576	16,660,882	16,746,337	14,345,551	14,179,141
$23,599,606	$22,782,242	$23,551,049	$21,768,597	$23,650,503
($33,093,880)	($32,353,448)	($32,428,567)	($30,110,330)	($29,242,931)
1,147,640	(325,426)	140,538	(2,502,009)	(2,225,822)
($31,946,240)	($32,678,874)	($32,288,029)	($32,612,339)	($31,468,753)

CITY OF BENICIA
Changes in Net Assets
(continued)
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Property Taxes	$10,900,163	$11,280,618	$11,853,045	$13,095,234
Sales Tax	4,180,368	4,758,335	4,890,592	5,974,307
Utility Users Tax	2,739,530	2,747,951	2,826,370	3,001,316
Franchise Fees				
Other Taxes	1,358,955	1,934,761	1,702,584	2,070,425
Motor Vehicle in Lieu	1,614,474	1,241,512	2,071,395	1,958,532
Investment Earnings	310,508	1,020,649	540,441	749,606
Gain from Disposal of Capital Assets	732,124	39,446	26,851	5,850
Transfers	443,150	714,465	608,485	140,910
Total Government Activities	22,279,272	23,737,737	24,519,763	26,996,180
Business-Type Activities:				
Interest Earnings	485,257	331,809	349,704	773,496
Gain (Loss) from Disposal of Capital Assets		(155,435)	2,715	225
Transfers	(443,150)	(714,465)	(608,485)	(140,910)
Total Business-Type Activities	42,107	(538,091)	(256,066)	632,811
Total Primary Government	$22,321,379	$23,199,646	$24,263,697	$27,628,991
Change in Net Assets				
Governmental Activities	$152,009	$864,767	$8,928,414	$477,315
Business-Type Activities	3,162	2,723,979	5,169,751	4,897,763
Total Primary Government	$155,171	$3,588,746	$14,098,165	$5,375,078

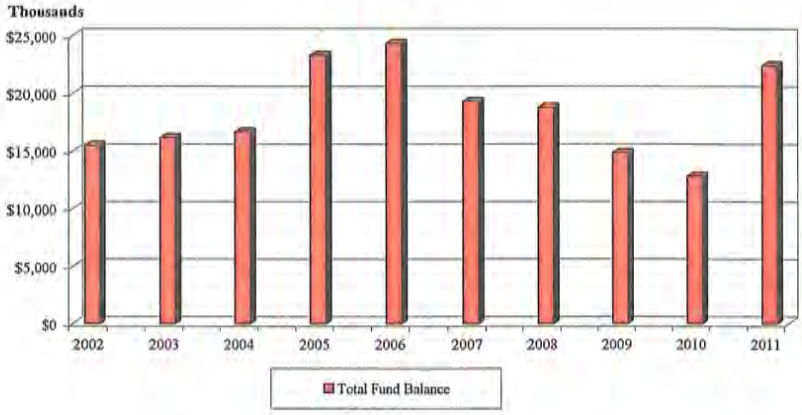
2007	2008	2009	2010	2011
$13,942,074	$14,275,801	$13,812,912	$13,266,103	$12,974,217
6,986,922	7,514,258	7,688,775	7,196,964	6,854,911
5,056,904	4,190,517	4,413,428	4,938,585	5,027,163
	1,589,752	1,851,511	1,292,872	1,570,184
2,131,710	1,644,732	747,468	1,189,561	1,362,982
2,015,234	1,992,604	2,059,561	1,951,715	1,942,991
3,390,122	913,825	851,097	358,210	269,344
2,000	21,980			156
77,993	68,402	30,415	30,415	(284,486)
33,602,959	32,211,871	31,455,167	30,224,425	29,717,462
1,559,891	1,593,423	1,151,428	429,139	273,576
4,761	5,920	5,598		2,558
(77,993)	(68,402)	(30,415)	(30,415)	284,486
1,486,659	1,530,941	1,126,611	398,724	560,620
$35,089,618	$33,742,812	$32,581,778	$30,623,149	$30,278,082
$509,079	($141,577)	($973,400)	$114,095	$474,531
2,634,299	1,205,515	1,267,149	(2,103,285)	(1,665,202)
$3,143,378	$1,063,938	$293,749	($1,989,190)	($1,190,671)

CITY OF BENICIA
Governmental Activities of Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Utility Users Tax	Other Taxes	Total
2002	$9,971,652	$3,698,722	$2,648,033	$787,664	$17,106,071
2003	10,900,163	4,180,368	2,739,530	1,358,955	19,179,016
2004	11,280,618	4,758,335	2,747,951	1,934,761	20,721,665
2005	11,853,045	4,890,592	2,826,370	1,702,584	21,272,591
2006	12,780,912	5,974,307	3,001,316	985,088	22,741,623
2007	13,633,623	6,986,922	5,056,904	1,032,343	26,709,792
2008	14,275,801	7,514,258	4,190,517	2,390,562	28,371,138
2009	13,812,912	7,688,775	4,413,428	2,598,979	28,514,094
2010	13,266,103	7,196,964	4,938,585	2,067,433	27,469,085
2011	12,974,217	6,854,911	5,027,163	2,933,166	27,789,457

CITY OF BENICIA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Total Fund Balance



	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	$1,465,577	$1,396,791	$961,703	$534,805	$240,831	$359,361	$411,078	$627,687	$560,871	$ -
Unreserved	5,543,123	7,597,068	8,326,733	9,144,553	7,736,096	9,927,737	9,296,480	5,662,297	5,384,445	-
Nonspendable	-	-	-	-	-	-	-	-	-	2,143,040
Restricted	-	-	-	-	-	-	-	-	-	128,430
Committed	-	-	-	-	-	-	-	-	-	2,999,973
Assigned	-	-	-	-	-	-	-	-	-	200,471
Unassigned	-	-	-	-	-	-	-	-	-	(72,371)
Total General Fund	$7,008,700	$8,993,859	$9,288,436	$9,679,358	$7,976,927	$10,287,098	$9,707,558	$6,289,984	$5,945,316	$5,399,543 (a)
All Other Governmental Funds										
Reserved	$2,724,500	$2,472,659	$1,375,669	$1,482,587	$6,026,937	$2,756,636	$4,739,462	$1,759,627	$2,414,901	$ -
Unreserved, reported in:										
Special revenue funds	2,186,863	1,907,327	2,159,603	2,680,139	2,877,038	2,532,927	3,169,621	3,406,367	3,639,961	-
Capital project funds	3,536,102	2,766,542	3,806,758	9,450,507	7,436,806	3,685,773	1,140,250	3,379,820	800,599	-
Nonspendable	-	-	-	-	-	-	-	-	-	1,475
Restricted	-	-	-	-	-	-	-	-	-	16,114,930
Committed	-	-	-	-	-	-	-	-	-	2,612,563
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	(1,713,546)
Total all other governmental funds	$8,447,465	$7,146,528	$7,342,030	$13,613,233	$16,340,781	$8,975,336	$9,049,333	$8,545,814	$6,855,461	$17,015,422

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

CITY OF BENICIA
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
Revenues					
Taxes	$17,106,071	$18,184,822	$19,275,764	$20,363,436	$23,184,336
Licenses, permits and fees	1,697,119	1,249,966	1,820,934	1,840,903	2,111,252
Fines and forfeitures	127,111	116,426	113,731	122,161	124,583
Use of money and property	405,560	310,508	201,991	588,076	770,987
Intergovernmental revenues	3,577,630	3,203,978	3,311,483	4,439,778	3,279,587
Charges for services	2,134,605	2,216,140	3,040,407	4,917,147	4,146,512
Other	678,989	1,137,193	888,187	310,460	385,325
Total Revenues	25,727,085	26,419,033	28,652,497	32,581,961	34,002,582
Expenditures					
Current:					
Administration	2,785,416	3,310,286	3,188,510	3,808,377	3,440,007
Community development	1,643,641	1,843,907	1,356,782	1,850,714	1,336,391
Public Safety - Police	4,676,638	5,090,826	5,816,993	6,623,787	6,908,386
Public Safety - Fire	3,395,140	3,686,728	4,457,242	5,013,129	5,772,527
Parks & Community Services	3,283,061	3,678,977	4,021,893	3,948,215	4,772,498
Public Works	1,748,891	1,907,666	1,983,554	3,660,641	1,707,728
Library	876,737	1,626,987	1,684,413	1,744,702	1,837,995
Economic Development	243,999	256,322	272,690	159,933	693,089
General	2,103,346	1,911,287	2,774,007	1,941,904	2,324,258
Capital outlay	3,128,837	2,564,166	2,804,971	6,665,306	3,702,523
Debt service:					
Principal repayment	490,000	545,000	370,000	395,000	420,000
Interest and fiscal charges	478,435	447,075	408,724	388,431	426,508
Total Expenditures	24,854,141	26,869,227	29,139,779	36,200,139	33,341,910
Excess (deficiency) of revenues over (under) expenditures	872,944	(450,194)	(487,282)	(3,618,178)	660,672
Other Financing Sources (Uses)					
Transfers in	1,822,615	1,386,935	1,303,265	2,359,714	1,743,366
Transfers (out)	(1,402,650)	(943,785)	(588,800)	(1,751,229)	(3,584,771)
State water resources loans					
General obligation bonds issued					
Revenue bonds issued					
Capital lease issued				1,400,000	2,200,000
Proceeds from bonds issuance					
Bond issue costs				(50,033)	
Discount on bond					
Contribution from other entity/land owners				8,295,000	
Sale of capital assets	427,645	766,274	262,896	26,851	5,850
Total other financing sources (uses)	847,610	1,209,424	977,361	10,280,303	364,445
Net Change in fund balances	$1,720,554	$759,230	$490,079	$6,662,125	$1,025,117
Debt service as a percentage of noncapital expenditures	(a)	(a)	3.0%	2.7%	2.9%

NOTE:

(a) The City implemented GASB Statement 34 in fiscal year 2003. Therefore this calculation is included only for fiscal years subsequent to that date.

Fiscal Year Ended June 30,				
2007	2008	2009	2010	2011
$27,152,426	$28,813,851	$29,080,090	$27,896,749	$27,698,473
1,829,485	349,130	323,241	320,466	315,208
109,744	128,770	115,596	105,391	99,898
1,768,089	1,628,652	1,003,453	587,040	701,264
3,278,054	4,576,701	4,451,238	4,855,610	5,200,591
2,856,369	2,310,008	2,344,817	2,234,871	1,485,991
749,500	580,013	492,841	1,651,482	1,933,329
37,743,667	38,387,125	37,811,276	37,651,609	37,434,754
3,256,967	2,729,399	2,975,571	3,365,557	3,101,146
1,765,245	2,263,730	2,268,403	-	
7,531,759	8,292,356	8,544,690	8,970,286	8,568,999
6,110,150	6,782,268	6,974,688	6,779,441	6,555,355
5,286,401	5,764,217	5,672,170	5,482,353	5,371,171
1,750,115	1,912,747	2,220,756	4,615,700	2,825,598
2,073,228	2,262,383	2,322,259	2,134,589	2,158,850
333,337	466,322	517,268	493,857	458,470
2,554,884	3,025,451	4,187,891	2,418,903	2,641,205
11,123,214	4,227,287	4,883,976	4,356,489	7,080,488
617,933	698,064	734,049	770,542	807,565
511,846	481,502	451,063	429,328	471,211
42,915,079	38,905,726	41,752,784	39,817,045	40,040,058
(5,171,412)	(518,601)	(3,941,508)	(2,165,436)	(2,605,304)
4,382,451	2,653,351	3,448,918	1,926,107	2,521,117
(4,268,313)	(2,662,273)	(3,428,503)	(1,795,692)	(2,805,603)
				13,195,000
				(433,765)
				(257,413)
2,000	21,980			156
116,138	13,058	20,415	130,415	12,219,492
($5,055,274)	($505,543)	($3,921,093)	($2,035,021)	$9,614,188
3.6%	3.4%	3.2%	3.4%	3.9%

CITY OF BENICIA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2002	$1,771,391,915	$105,823,296	$1,127,681,109	$58,450,497	$3,063,346,817	$159,986,840	$3,223,333,657	$3,223,333,657	0.29260%
2003	1,877,242,130	115,871,808	1,395,918,255	48,987,127	3,438,019,320	178,013,190	3,616,032,510	3,616,032,510	0.29718%
2004	2,007,330,232	120,150,588	1,417,063,456	50,007,479	3,594,551,755	179,959,785	3,774,511,540	3,774,511,540	0.29257%
2005	2,165,141,847	124,906,264	1,426,651,050	69,656,432	3,786,355,593	190,108,523	3,976,464,116	3,976,464,116	0.26611%
2006	2,426,738,885	131,146,054	1,438,207,502	116,638,859	4,112,731,300	201,105,380	4,313,836,680	4,313,836,680	0.26313%
2007	2,823,114,166	142,156,389	1,546,655,534	83,018,745	4,594,944,834	212,949,929	4,807,894,763	4,807,894,763	0.26560%
2008	3,082,710,837	149,511,998	1,278,262,415	78,174,389	4,588,659,639	218,303,830	4,806,963,469	4,806,963,469	0.26295%
2009	3,068,156,685	176,210,305	1,509,076,085	70,419,724	4,823,862,799	229,137,903	5,053,000,702	5,053,000,702	0.26382%
2010	2,828,918,727	175,489,888	1,502,183,217	67,625,542	4,574,217,374	232,563,062	4,806,780,436	4,806,780,436	0.26547%
2011	2,740,155,696	176,848,852	1,463,741,183	67,837,288	4,448,583,019	218,306,994	4,666,890,013	4,666,890,013	0.26506%

Source: Solano County Assessor 2001/02 - 2010/11 Combined Tax Rolls

(a) In 1978, the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of the property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

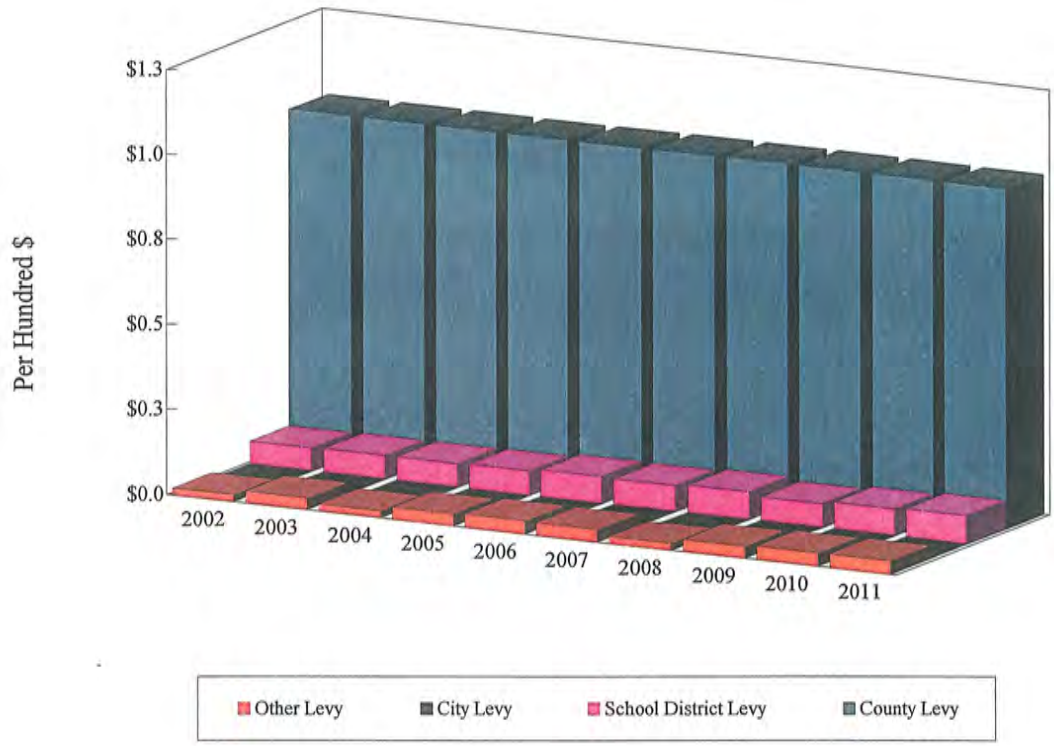
CITY OF BENICIA

PROPERTY TAX RATES

ALL DIRECT AND OVERLAPPING GOVERNMENTS

(PER $100 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS



Fiscal Year	Basic County Wide Levy	School District Levy	City Levy	Other Levy	Total Levy
2002	1.0000	0.0682	0.00293	0.0200	1.0911
2003	1.0000	0.0701	0.00297	0.0343	1.1074
2004	1.0000	0.0701	0.00293	0.0200	1.0930
2005	1.0000	0.0723	0.00266	0.0353	1.1103
2006	1.0000	0.0803	0.00263	0.0387	1.1216
2007	1.0000	0.0774	0.00266	0.0370	1.1171
2008	1.0000	0.0823	0.00263	0.0200	1.1049
2009	1.0000	0.0701	0.00264	0.0350	1.1077
2010	1.0000	0.0788	0.00265	0.0385	1.1199
2011	1.0000	0.0839	0.00265	0.0395	1.1260

Source: Solano County Auditor-Controller's Office

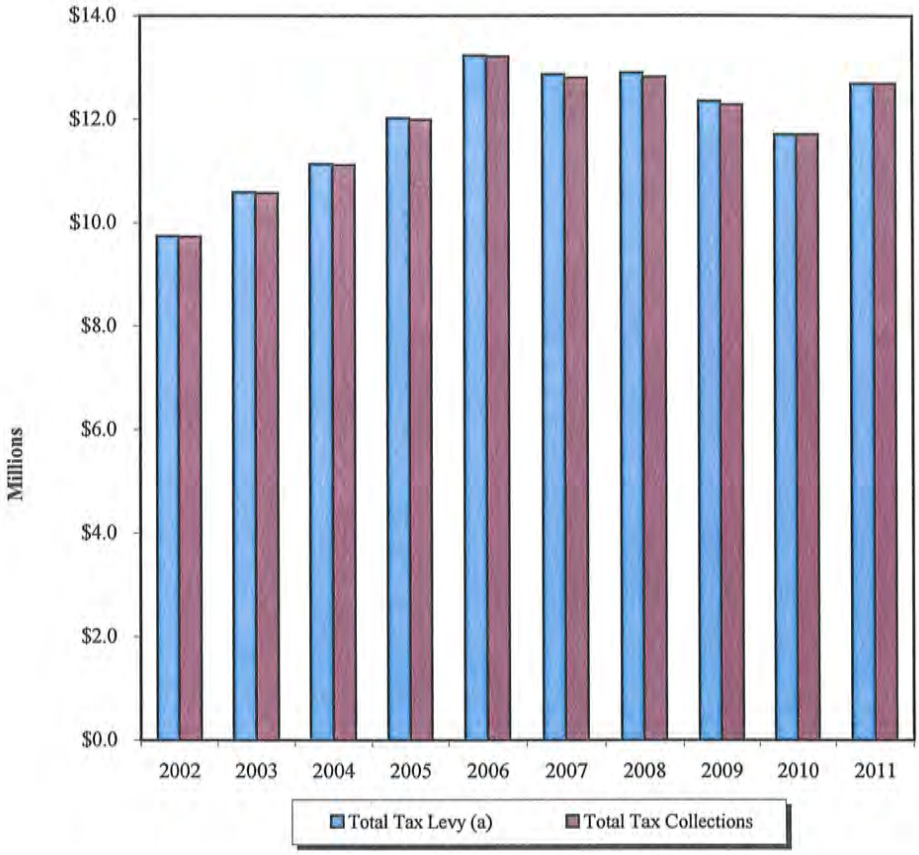
CITY OF BENICIA
Principal Property Taxpayers
Current Year and Nine Years Ago

	2010-2011			2001-2002		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Valero Refining Company California	$901,259,309	1	19.31%	$776,107,426	1	23.9%
Walton CWCA	142,014,838	2	3.04%			
Benicia Industries	67,748,884	3	1.45%	52,703,965	2	1.63%
WRI Golden State LLC	25,258,718	4	0.54%	18,226,473	6	0.6%
Gonsalves and Santucci Inc.	22,252,330	5	0.48%			
Club Pacifica LLC	22,013,603	6	0.47%			
Tulloch Construction Inc.	21,775,148	7	0.47%	12,980,017	10	0.40%
SPK Industrial Portfolio LLC	19,928,337	8	0.43%			
MP Benicia Logistics LLC	13,801,933	9	0.30%			
5001 LLC	13,225,747	10	0.28%			
Calwest Industrial Properties LLC			0.00%	51,970,261	3	1.60%
Huntway Refining Company				36,900,000	4	1.14%
Spieker Properties Limited Partnership				19,573,845	5	0.60%
Tri-State Properties				17,100,000	7	0.53%
Western Container Corporation				16,030,973	8	0.49%
Prime Portfolio LP				13,153,838	9	0.41%
Total	$1,249,278,847		26.77%	$1,014,746,798		31.31%

Total Net Assessed Valuation:
Fiscal Year 2010-2011 $4,666,890,013
Fiscal Year 2001-2002 $3,241,360,007

Source: HdL, Coren & Cone Report

CITY OF BENICIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS



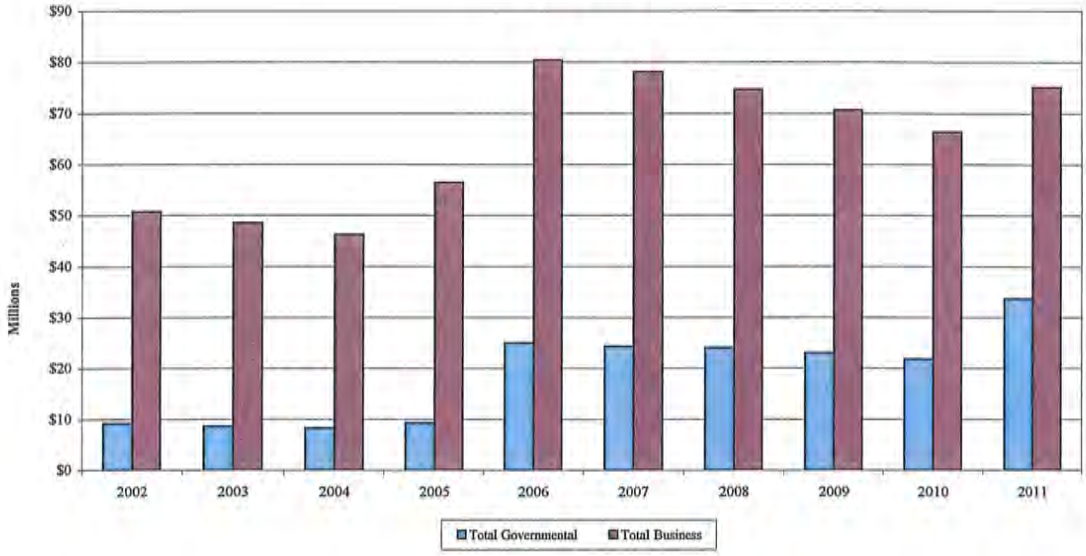
Fiscal Year		Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2002		9,745,064	9,729,153	99.8367%	9,729,153	99.8367%
2003		10,590,048	10,572,364	99.8330%	10,572,364	99.8330%
2004		11,129,665	11,114,556	99.8642%	11,114,556	99.8642%
2005		12,020,080	11,989,000	99.7414%	11,989,000	99.7414%
2006		13,227,173	13,209,063	99.8631%	13,209,063	99.8631%
2007		12,863,706	12,796,607	99.4784%	12,796,607	99.4784%
2008		12,898,327	12,814,858	99.3529%	12,814,858	99.3529%
2009		12,346,920	12,280,522	99.4622%	12,280,522	99.4622%
2010	*	11,701,913	11,701,913	100.0000%	11,701,913	100.0000%
2011	*	12,689,250	12,689,250	100.0000%	12,689,250	100.0000%

Source: Solano County Auditor-Controller's Office

Note: Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California

* Information derived from City's collection from Solano County - under the Teeter Plan.

CITY OF BENICIA
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



	Governmental Activities				
Fiscal Year	General Obligation Bonds	Pension Obligation Bonds	Lease Obligation	Total	Certificates of Participation
2001	$9,705,000			9,705,000	
2002	9,215,000			9,215,000	
2003	8,670,000			8,670,000	
2004	8,300,000			8,300,000	
2005	7,905,000		1,400,000	9,305,000	
2006	7,485,000	13,972,596	3,600,000	25,057,596	
2007	7,045,000	13,891,327	3,422,067	24,358,394	
2008	6,585,000	14,302,593	3,184,003	24,071,596	
2009	6,100,000	13,676,377	3,262,926	23,039,303	
2010	5,590,000	13,273,493	2,971,873	21,835,366	
2011	5,055,000	12,758,370	2,667,460	33,675,830	$13,195,000

	Business-Type Activities						
Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Loans Payable	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2002	$12,295,000	$4,990,000	$24,293,039	$41,578,039	$50,793,039	5.19%	$1,880.11
2003	12,065,000	4,815,000	23,055,898	39,935,898	48,605,898	4.82%	1,791.26
2004	11,285,000	4,630,000	22,064,776	37,979,776	46,279,776	4.51%	1,714.70
2005	10,425,000	4,435,000	32,349,308	47,209,308	56,514,308	5.26%	2,068.38
2006	9,550,000	4,260,000	41,620,216	55,430,216	80,487,812	7.12%	2,946.22
2007	8,650,000	4,015,000	41,118,395	53,783,395	78,141,789	6.51%	2,799.18
2008	7,720,000	3,770,000	39,114,917	50,604,917	74,676,513	5.95%	2,669.12
2009	7,055,000	3,510,000	37,065,133	47,630,133	70,669,436	5.60%	2,525.98
2010	6,370,000	3,245,000	34,967,876	44,582,876	66,418,242	5.21%	2,364.82
2011	5,670,000	2,970,000	32,820,099	41,460,099	75,135,929	6.26%	2,770.70

Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.

Sources: City of Benicia
State of California, Department of Finance (population)
U.S. Department of commerce, Bureau of the Census (income)

(a) See page 129 (Demographic Statistics) for personal income and population data.

CITY OF BENICIA
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Total	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2002	$9,215,000	$9,215,000	0.29%	$341.09
2003	8,670,000	8,670,000	0.24%	319.51
2004	8,300,000	8,300,000	0.22%	307.52
2005	7,905,000	7,905,000	0.20%	289.32
2006	7,485,000	7,485,000	0.17%	273.99
2007	7,045,000	7,045,000	0.15%	252.36
2008	6,585,000	6,585,000	0.14%	235.36
2009	6,100,000	6,100,000	0.12%	218.04
2010	5,590,000	5,590,000	0.12%	199.03
2011	5,055,000	5,055,000	0.11%	186.41

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

CITY OF BENICIA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2011

2010-11 Assessed Valuation $4,666,890,013

OVERLAPPING TAX AND ASSESSMENT DEBT	Total Debt 6/30/2011	Percentage Applicable (1)	City's Share of Debt 6/30/2011
Solano County Community College District	$108,605,090	15.864%	$17,229,111
Benicia Unified School District	32,876,588	99.086%	32,576,096
City of Benicia 1915 Act Bonds	13,869,000	100.00%	13,869,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	$155,350,678		63,674,207
DIRECT TAX AND ASSESSMENT DEBT			
City of Benicia	$5,055,000	100.00%	$5,055,000
TOTAL DIRECT TAX AND ASSESSMENT DEBT			$5,055,000
OVERLAPPING GENERAL FUND DEBT			
Solano County Certificates of Participation	$122,375,000	15.087%	$18,462,716
Solano County Pension Obligation	82,805,000	15.087%	12,492,790
Solano County Board of Education Certificates of Participation	2,495,000	15.087%	376,421
TOTAL OVERLAPPING GENERAL FUND DEBT	$207,675,000		$31,331,927
DIRECT GENERAL FUND DEBT			
City of Benicia Certificates of Participation	$13,195,000	100.00%	$13,195,000
City of Benicia Pension Obligations	10,823,301	100.00%	10,823,301
TOTAL DIRECT GENERAL FUND DEBT			24,018,301
COMBINED TOTAL DEBT			124,079,436 (2)

(1) Percentage of overlapping agency's assessed valuation located within the boundaries of the city.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

RATIOS TO 2010-11 ASSESSED VALUATION:	
Direct Debt ($5,590,000)	0.11%
Combined Direct Debt ($29,073,301)	0.62%
Total Overlapping Tax and Assessment Debt	1.36%
Combined Total Debt	2.66%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: $0

Source: California Municipal Statistics, Inc.

CITY OF BENICIA
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2011

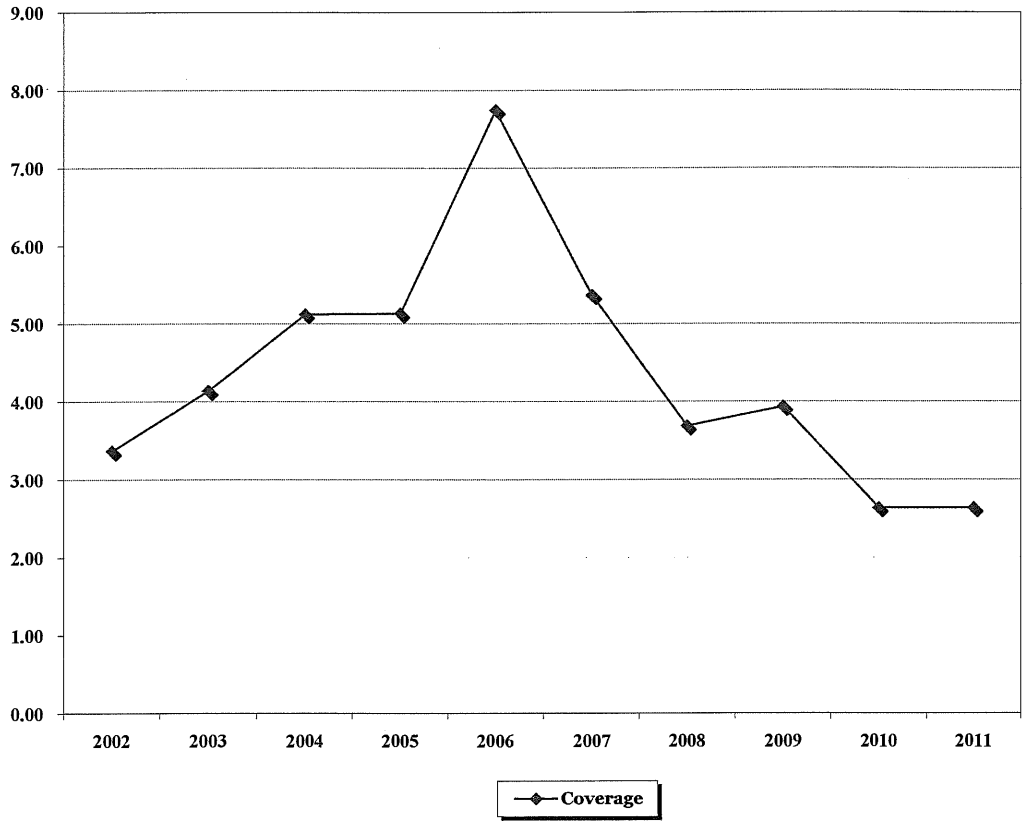
ASSESSED VALUATION:		
Secured property assessed value, net of exempt real property	$4,448,583,019	
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)		$166,821,863
AMOUNT OF DEBT SUBJECT TO LIMIT:		
Total Bonded Debt	$39,648,370	
Less Revenue Bonds, Certificate of Participation not subject to limit	34,593,370	
Amount of debt subject to limit		5,055,000
LEGAL BONDED DEBT MARGIN		$161,766,863

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2002	$114,875,506	$9,215,000	$105,660,506	8.72%
2003	128,925,725	8,670,000	120,255,725	7.21%
2004	134,795,691	8,300,000	126,495,691	6.56%
2005	141,988,335	$7,905,000	$134,083,335	5.90%
2006	154,227,424	7,485,000	146,742,424	5.10%
2007	172,310,431	7,045,000	165,265,431	4.26%
2008	172,074,736	6,585,000	165,489,736	3.98%
2009	180,894,855	6,100,000	174,794,855	3.49%
2010	171,533,152	5,590,000	165,943,152	3.37%
2011	166,821,863	5,055,000	161,766,863	3.12%

NOTE:

(a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

CITY OF BENICIA
PLEDGED-REVENUE COVERAGE
WATER AND WASTEWATER REVENUE BONDS
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

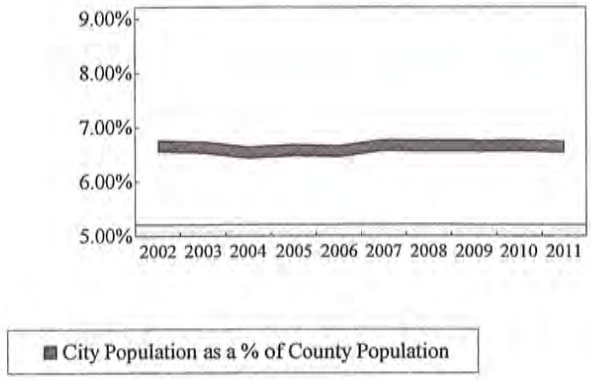


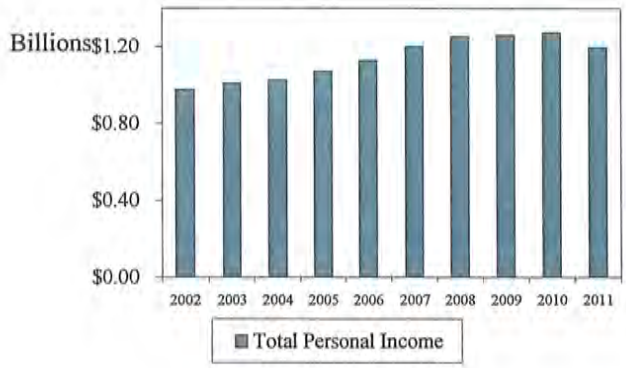
Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2002	$12,247	$6,252	$5,995	$765	$1,012	$1,777	3.37
2003	11,723	6,153	5,570	805	540	1,345	4.14
2004	14,570	6,349	8,221	965	642	1,607	5.12
2005	15,426	6,837	8,589	1,055	620	1,675	5.13
2006	17,165	6,837	10,328	875	458	1,333	7.75
2007	16,222	7,477	8,745	1,145	482	1,627	5.37
2008	15,668	9,689	5,979	1,175	446	1,621	3.69
2009	14,804	9,536	5,268	925	413	1,338	3.94
2010	13,540	10,014	3,526	950	385	1,335	2.64
2011	13,253	9,736	3,517	975	356	1,331	2.64

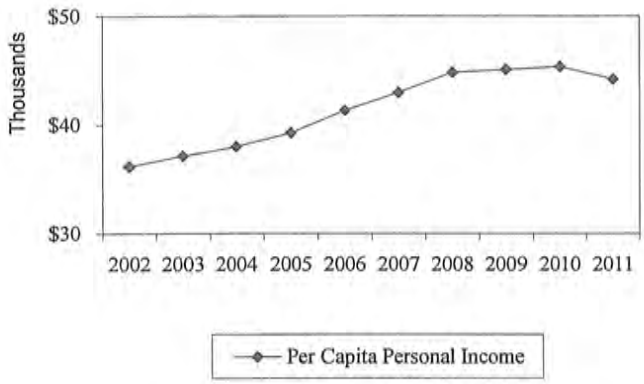
Notes: (1) Includes all Water & Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue
(2) Includes all Water & Wastewater Operating Expenses less Depreciation and Interest

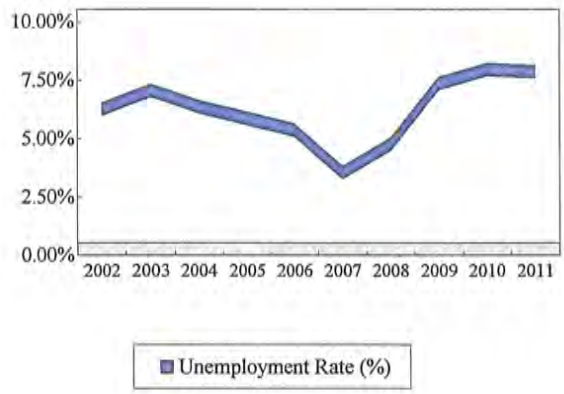
Source: City of Benicia

CITY OF BENICIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS









Fiscal Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%)	County Population	City Population % of County
2002	27,016	978,310,453	36,212	6.0%	411,821	6.56%
2003	27,135	1,008,953,921	37,183	6.8%	415,405	6.53%
2004	26,990	1,026,744,714	38,042	6.1%	419,270	6.44%
2005	27,323	1,073,505,323	39,289	5.6%	421,657	6.48%
2006	27,319	1,129,806,279	41,356	5.1%	422,848	6.46%
2007	27,916	1,200,213,884	42,994	3.3%	424,823	6.57%
2008	27,978	1,254,489,947	44,838	4.5%	426,757	6.56%
2009	27,977	1,262,222,668	45,116	7.1%	426,729	6.56%
2010	28,086	1,274,996,631	45,396	7.7%	427,837	6.56%
2011	27,118	1,199,784,395	44,243	7.6%	414,509	6.54%

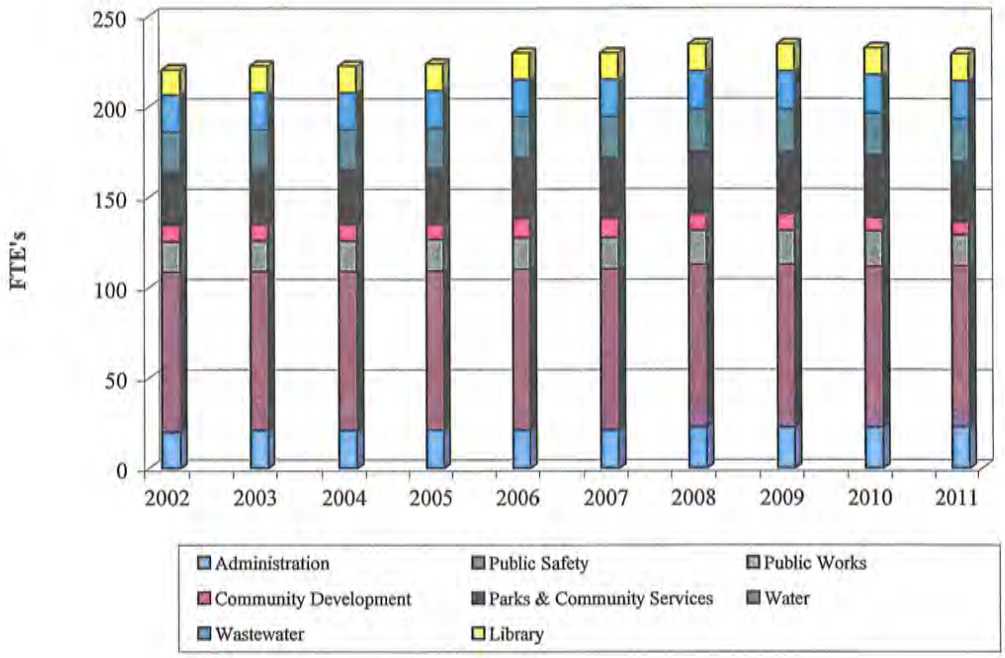
Sources: California State Department of Finance & EDD

CITY OF BENICIA
Principal Employers
Current Year and Seven Years Ago

	2010-11			2003-04		
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employment**	**Number of Employees**	**Rank**	**Percentage of Total City Employment**
Valero	516	1	1.7%	500	1	1.8%
Benicia Unified School District	465	2	1.6%	491	2	1.8%
Dunlop Manufacturing Inc.	248	3	0.8%	196	6	0.7%
City of Benicia	229	4	0.8%	173	8	0.6%
Cytosport	221	5	0.7%			
Bio-Rad Laboratories Inc.	209	6	0.7%			
Coca-Cola Bottling Co.	162	7	0.5%			
Valley Fine Foods Co. Inc.	133	8	0.5%			
The Pepsi Bottling Group	119	9	0.4%			
Radiator Express Warehouse Inc.	106	10	0.4%			
Corey Delta, Inc.				350	3	1.3%
Alamillo Steel				220	4	0.8%
West Coast Beauty Supply				210	5	0.8%
The Customer Company				185	7	0.7%
Raley's				157	9	0.6%
C.E. Toland & Sons				150	10	0.6%
Subtotal	2,408		8.2%	2,632		9.7%
Total City Day Population	29,526			27,135		

Source: City of Benicia

CITY OF BENICIA
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function										
Administration	20.00	20.8	20.8	21.0	21.0	21.0	22.5	22.5	22.5	23.0
Public Safety	88.50	88.0	88.0	88.0	89.0	89.0	90.0	90.0	89.0	89.0
Public Works	16.95	17.0	17.0	17.6	17.5	17.5	19.0	19.0	20.0	17.4
Community Development	9.00	9.0	9.0	8.4	10.5	10.5	9.0	9.0	7.0	6.7
Parks & Community Services	30.00	31.0	31.0	31.0	34.0	34.0	35.0	35.0	35.0	34.0
Water	21.45	21.5	21.5	22.5	22.5	22.5	23.0	23.0	23.0	23.2
Wastewater	20.60	20.6	20.6	20.6	20.6	20.6	21.1	21.1	21.1	21.3
Library	14.00	14.8	14.8	14.8	14.8	14.8	15.0	15.0	15.0	15.0
Total	220.50	222.50	222.50	223.75	229.75	229.75	234.50	234.50	232.50	229.49

Source: City of Benicia

CITY OF BENICIA
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year				
	2002	2003	2004	2005	2006
Function/Program					
Public safety:					
Fire:					
Fire calls for service	2,025	1,958	1,970	1,984	1,703
Primary fire inspections conducted (estimate)	750	750	750	750	750
Police:					
Police calls for Service	15,878	14,609	14,022	14,410	14,981
Law violations:					
Physical arrests (adult and juvenile)	930	1,026	1,077	1,099	1,036
Traffic violations	1,366	1,876	1,679	1,873	2,027
Parking violations	706	744	466	794	759
Public Works					
Street resurfacing (miles)	n/a	n/a	n/a	n/a	1.5
Potholes repaired (cubic feet) *	n/a	n/a	n/a	n/a	1,000
Parks & Community Services:					
Community Services:					
Recreation class programs	640	706	822	880	834
Recreation class participants	8,723	10,394	11,375	12,393	11,610
Library:					
Volumes in Collection (thousands)	n/a	n/a	106,927	110,214	116,996
Total Volumes Borrowed (thousands)	n/a	n/a	34,302	34,164	47,295
Water					
Water service connections	n/a	n/a	n/a	n/a	9,380
Water main breaks	n/a	n/a	n/a	n/a	11
Average daily consumption (thousands of gallons)	n/a	n/a	n/a	n/a	4,170
Wastewater					
Storm drain inlets	n/a	n/a	n/a	n/a	2,000
Sewer service connections	n/a	n/a	n/a	n/a	9,380
Sewer main blockages	n/a	n/a	n/a	n/a	101
Average daily treatment (thousands of gallons)	n/a	n/a	n/a	n/a	2,860

Source: City of Benicia
Note: n/a denotes information not available.

* Potholes repaired were incorrectly stated in prior years as square miles. Amounts were based on average pothole size in cubic feet.

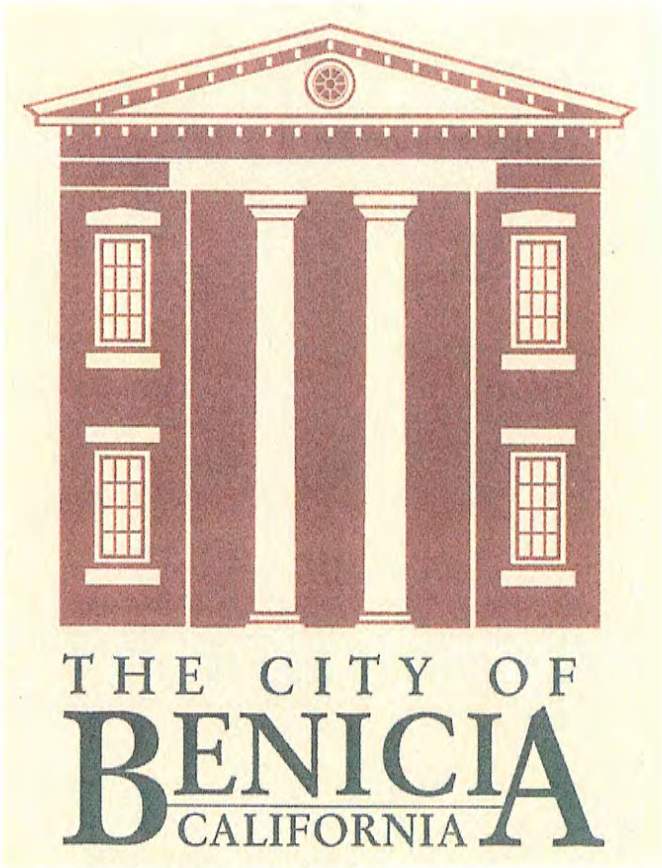
Fiscal Year				
2007	2008	2009	2010	2011
1,915	2,040	2,243	2,122	2,067
200	200	1,074	935	750
14,374	15,934	17,302	27,029	14,536
1,139	1,056	838	836	866
2,649	2,208	3,671	2,546	2,346
665	646	434	237	230
1.0	0.3	-	5	0.8
1,200	1,200	1,200	1,764	1,395
978	824	773	800	820
10,482	10,622	8,291	8,560	9,137
113,470	111,145	107,756	106,965	106,264
320,873	346,106	371,581	384,056	384,134
9,576	9,370	9,506	9,557	9,547
17	17	14	33	10
4,437	4,610	4,209	3,540	3,808
2,010	2,040	2,040	2,040	2,040
9,310	9,109	9,243	9,261	9,278
30	59	51	46	27
2,200	2,600	2,195	2,280	2,433

CITY OF BENICIA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year				
	2002	**2003**	**2004**	**2005**	**2006**
Function/Program					
Public safety:					
Fire stations	2	2	2	2	2
Police stations	1	1	1	1	1
Police patrol units	11	11	11	11	13
Public works					
Miles of streets	95	95	95	95	95
Street lights	2,046	2,046	2,046	2,046	2,046
Traffic Signals	10	10	10	10	10
Parks and recreation:					
Community services:					
City parks	35	35	35	35	36
City parks acreage	166	166	211	214	214
Recreation centers	1	1	1	1	1
Senior citizen centers	1	1	1	1	1
Regional park acreage	577	577	577	577	577
Library:					
City libraries	1	1	1	1	1
Water					
Miles of water mains	158	158	158	158	158
Fire hydrants	1,245	1,245	1,245	1,245	1,194
Maximum daily capacity (millions of gallons)	12	12	12	12	12
Wastewater					
Miles of sanitary sewers	149	149	149	149	149
Miles of storm drains	77	77	77	77	77
Number of treatment plants	1	1	1	1	1
Maximum daily capacity (millions of gallons)	4.5	4.5	4.5	4.5	4.5

Source: City of Benicia
Note: n/a denotes information is not available.

Fiscal Year				
2007	2008	2009	2010	2011
2	2	2	2	2
1	1	1	1	1
13	13	13	12	12
95	97	97	97	97
2,062	2,100	2,100	2,232	2,232
10	10	10	10	11
36	36	36	36	36
214	214	214	214	214
1	2	2	2	2
1	1	1	1	1
577	577	577	577	577
1	1	1	1	1
158	160	160	160	160
1,203	1,259	1,427	1,430	1,428
12	12	12	12	12
149	150	150	150	150
77	78	78	78	78
1	1	1	1	1
4.5	4.5	4.5	4.5	4.5


THE CITY OF
BENICIA
CALIFORNIA