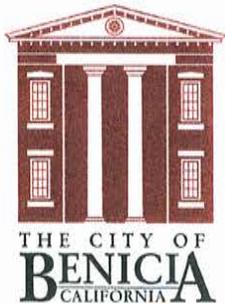


2013

Fiscal Year Ended June 30, 2013

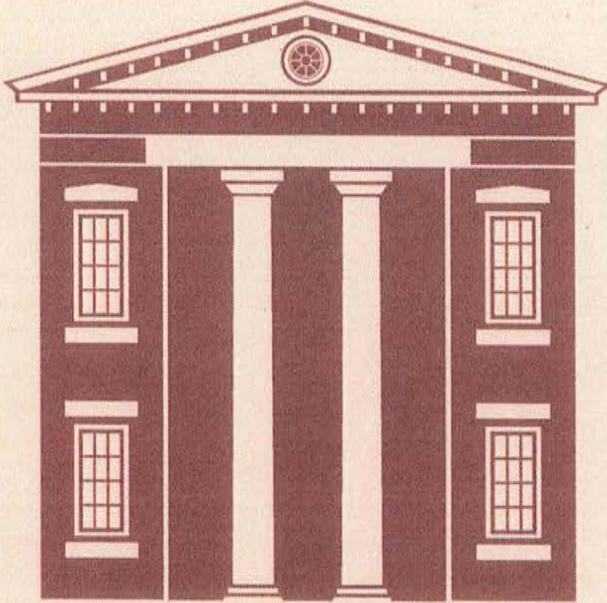
CITY OF BENICIA



COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

CITY OF BENICIA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013

Prepared by
FINANCE DEPARTMENT



THE CITY OF
BENICIA
CALIFORNIA

CITY OF BENICIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2013

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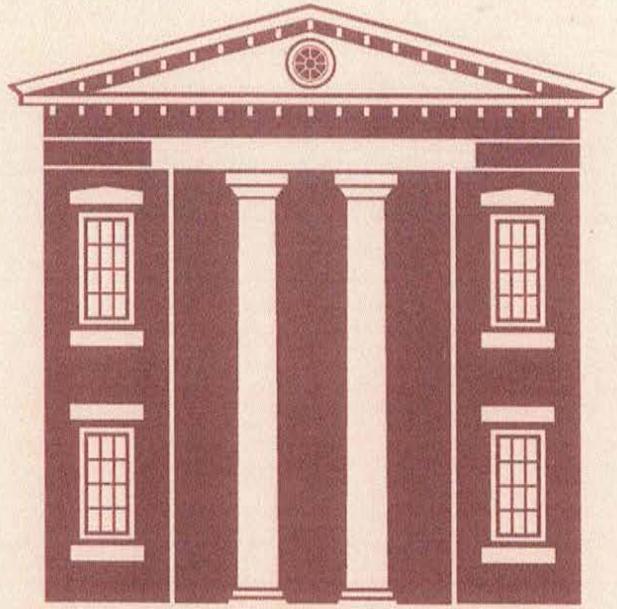
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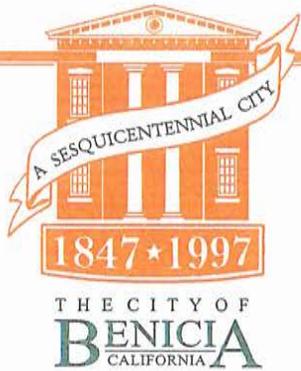
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THE CITY OF
BENICIA
CALIFORNIA



December 23, 2013

**Honorable Mayor Elizabeth Patterson,
Members of the City Council, and
Citizens of the City of Benicia
Benicia, California:**

The Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended June 30, 2013, is submitted for Council's review and is published as a matter of public record for interested citizens. Management takes responsibility for completeness and reliability of the information contained in this report based upon a framework of internal control that has been established for this purpose. The objective of internal controls is to provide reasonable, rather than absolute, assurance that the CAFR information is accurate in all material respects.

The City of Benicia's financial statements have been audited by Maze and Associates, Certified Public Accountants. The goal of the independent audit is to obtain reasonable assurance that the basic financial statements are free of material misstatement and are fairly presented in conformity with generally accepted accounting principles (GAAP). Maze and Associates issued an unqualified opinion for the fiscal year ended June 30, 2013. Their report is presented as the first component 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.

THE BENICIA 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 its 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 27,163.

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. 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.

City Council: The Council consists of a mayor and four council members elected to staggered four year terms through a general election process. The City Council is responsible for, among other things, 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, overseeing the day-to-day operations of the City; and, for appointing directors of the various City departments.

Finance Committee: While retaining authority to approve actions, the City Council has established a citizen committee (the Committee) to review certain financial matters. Two members of the Council also serve on the Committee. At the monthly meetings, staff presents selected fund activity, warrant registers, certain quarterly operating results, quarterly investment reports; and, also reports on other matters requested by the Committee in the evaluation of the City's financial position.

THE BENICIA ECONOMY

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 activity. 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 historic charm.

Benicia Industrial Park: The City's Industrial Park has been 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 (BIP) provides a strong tax base for the City, generating over 45% of the local tax revenue collected (including property, sales, and utility users). There is a mix of industrial and related uses including petro-chemical, manufacturing, wholesale trade, transportation, suppliers to major anchor businesses, and emerging new technology businesses.

These strengths are also leading to some challenges as the City's major business industries experience a protracted, modest recovery from the Great Recession; and the City's primary revenue sources are concentrated in the business-industrial economic sector. Adding to the challenge is increased competitive pressure from new business parks in surrounding cities. These challenges are reflected in the flat to low growth revenue trends in projected property and sales tax revenues.

Property Tax: The FY 2013-14 property tax assessment roll values increased by approximately 5%; however, the overall growth was attributable to a 9% growth in residential properties offset by nearly flat overall assessment growth in commercial, industrial and other property categories. Factors contributing to the robust residential growth relate primarily to increases in assessed values for residential properties that had previously received a Proposition 8 temporary reduction in value. While significant potential for Proposition 8 value recovery still exists in the residential property category; flattening commercial and industrial valuations, continued low level of development activity, and significant property tax assessment appeals continue to dampen the City's projected property tax growth trends.

Sales Tax: Sales tax revenue accounts for approximately 20% of average General Fund revenues. Revenues are projected to decrease approximately 11% from FY 2012-13 levels. This reduction is primarily due to a high level of one-time events during FY 2012-13. However, adjusting for the one-time events, the underlying trend is flat to modest growth projection in the near-term. This revenue source tends to be volatile year-over-year due to the high concentration of business-industrial taxpayers. On average, the City's top five sales tax producers generate approximately 30% of total sales tax collected.

While the City continues to experience revenue challenges, a manageable demand for social services allows the City to continue to allocate resources for economic and marketing development programs, cooperative education programs, climate action initiatives, and support of public art and historic treasures.

FINANCIAL INFORMATION

Financial Goals and Strategies: The City's financial goals and strategies center on economic development in order to ensure stable revenue sources and provide a high level services to the community. These goals and strategies are:

1. Implement an Economic Development Strategy, including: continue tourism brand promotion and BIP marketing program; continue funding for non-profit arts and culture grants; and complete the Downtown Waterfront Park Master Plan.
2. Strengthen Benicia Industrial Park competitiveness, including; implementing road resurfacing projects; and pursuing and developing a BIP broadband project.
3. Retain and attract business, including: implementing a Business Development Action Plan; expanding business support tools and policies that balance sustainability with economic vitality; continuing to collaborate with the Benicia Unified School District to support quality education.
4. Manage City finances prudently, including; preparing and maintaining a balanced budget with strong emergency, contingency, and internal services fund reserves.
5. Increase economic vitality of BIP and other commercial areas, while preserving existing economic strengths and historic resources.

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.

Long-term Planning: Economic development remains a priority of the City Council. The City continues efforts toward increasing the economic vitality of the existing BIP, and also has considered plans for a possible expansion of business activity through a development agreement with the owner of a 500-acre parcel of property adjacent to the Benicia Industrial Park. Although no agreement exists at this time, a proposed development that includes light industrial uses and commercial space is consistent with the City's General Plan.

Strategic Planning: 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. The City continues to implement strategies to reduce costs and improve operational efficiencies while continuing to provide excellent citizen services. A cornerstone of this effort is titled “Strategic Path to Financial Resiliency and Organizational Sustainability” in which the City is embarking on targeted financial and organizational studies regarding the City’s long-term financial and organizational capacity. Ultimately, the City intends to engage the community in the financial efforts and revenue strategies needed to maintain current service-delivery levels while, at the same time, managing the City’s resources, infrastructure, and obligations in a financial prudent manner.

Capital Planning: The City updates a Capital Improvement Plan (CIP) on a biennial basis based upon the “Council Priority List.” During the FY 2013-15 budget cycle, the City updated funded capital projects for a two-year period. As local, state, and Federal funding sources have become difficult to secure, the City has identified several studies required to assess the resources required to maintain adequate infrastructure assets. This item also has been identified as a strategic objective to accomplish under the “Strategic Path to Financial Resiliency and Organizational Sustainability.”

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 to 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.

Budgetary Controls: The City maintains budgetary controls. The objective of these controls is to ensure compliance with the Council-approved, annual appropriated budget. Project-length financial plans are adopted for the Capital Improvement Project 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 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.

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 effects of economic uncertainties, local disasters, and/or severe financial hardships resulting from unforeseen changes in operating results; and, an Emergency Reserve of 10% to mitigate all unforeseen events not covered in the Contingency Reserve. As of June 30, 2013, the General Fund reserve balance was 22.7% of operating revenues.

During the FY 2013-2015 budget process, the City Council approved the use the Contingency Reserve in order to allow some organizational stability while the City initiates the various studies identified under the "Strategic Path to Financial Resiliency and Organizational Sustainability." Council has directed staff to implement financial decisions whereby the Contingency Reserve balance remains at or above 5% by June 30, 2015. Together with an Emergency Reserve Balance of 10%; a total projected reserve balance of 15% remains a prudent goal. In accordance with the policy, it is intended that the total reserve balance will be restored to 20% within a reasonable time after June 30, 2015.

Long Range Financial Forecast: The City of Benicia produces a five-year Long Range Financial Forecast. This report analyzes local, state, and federal economic conditions, short and long-term revenue and expenditure trends; and includes defined assumptions regarding future events. The forecast is updated each year to reflect changes based upon the passage of real events and other assumption changes.

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 is 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 FY 2012-13 amounted to \$74,298,758 and \$28,701,813 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.

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, 2012. 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 21 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.

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,



Brenda Olwin
Interim Finance Director

MUNICIPAL OFFICERS

As of June 30, 2013

CITY COUNCIL (Elected)

Elizabeth Patterson, Mayor	November 2016
Tom Campbell, Vice Mayor	November 2016
Mark Hughes, Councilmember	November 2014
Christina Strawbridge, Councilmember	November 2016
Alan Schwartzman, Councilmember	November 2014

OTHER (Elected)

Lisa Wolfe, City Clerk	November 2016
H.R. Autz, City Treasurer	November 2016

PLANNING COMMISSION (Appointed)

Suzanne Foley Sprague	January 2016
Susan Cohen Grossman	January 2016
Rod Sherry	January 2016
Belinda Smith	January 2015
George Oakes, Sr.	January 2015
Donald Dean	January 2017
Stephen Young	January 2017

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
Ariana Chaney	September 2013

APPOINTED OFFICIALS

Brad Kilger	City Manager
Heather McLaughlin	City Attorney

DEPARTMENT HEADS

Anne Cardwell	Administrative Services
Brenda Olwin (Interim)	Finance
Jim Lydon	Fire
Diane Smikahl	Library
Mike Dotson	Parks & Community Services
Andrew Bidou	Police
Melissa Morton	Public Works

CITY OF BENICIA

Mission, Vision and Values

City Mission:

- Excellent Service

City Vision:

- To work together to build a sustainable community and enhance the City's overall quality of life.

City Values or Guiding Principles:

- Respect
- Responsiveness
- Integrity
- Inclusiveness & Collaboration
- Teamwork

CITY OF BENICIA
ORGANIZATIONAL CHART

JUNE 30, 2013

CITIZENS OF BENICIA

CITY COUNCIL

Elizabeth Patterson, Mayor

CITY CLERK

Lisa Wolfe

Tom Campbell, Vice Mayor

Mark Hughes

CITY TREASURER

H.R. Autz

Alan Schwartzman

Christina Strawbridge

CITY MANAGER

Brad Kilger

CITY ATTORNEY

Heather McLaughlin

POLICE
CHIEF

Andrew
Bidou

FIRE
CHIEF

Jim
Lydon

INTERIM
FINANCE
DIRECTOR

Brenda
Olwin

ADMINISTRATIVE
SERVICES DIRECTOR

Anne
Cardwell

PARKS &
COMMUNITY
SERVICES
DIRECTOR

Mike
Dotson

LIBRARY
DIRECTOR

Diane
Smikahl

PUBLIC WORKS
DIRECTOR

Melissa
Morton

Location Map

City of Benicia





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

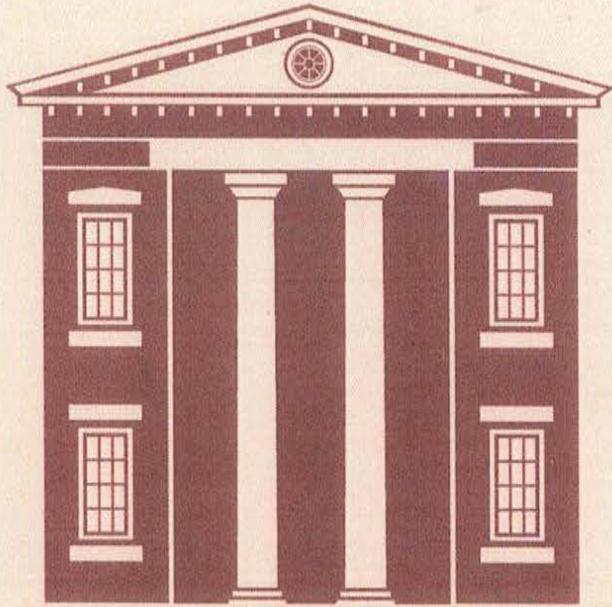
Presented to

**City of Benicia
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



THE CITY OF
BENICIA
CALIFORNIA

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Benicia, California, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Benicia, California, as of June 30, 2013 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.

Emphasis of Matters

As discussed in Note 1J, certain beginning fund balances were restated due to fund recategorization.

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2013 and had material effects on the financial statements:

Statement 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. See Note 1K to the financial statements for relevant disclosures.

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, Supplemental Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

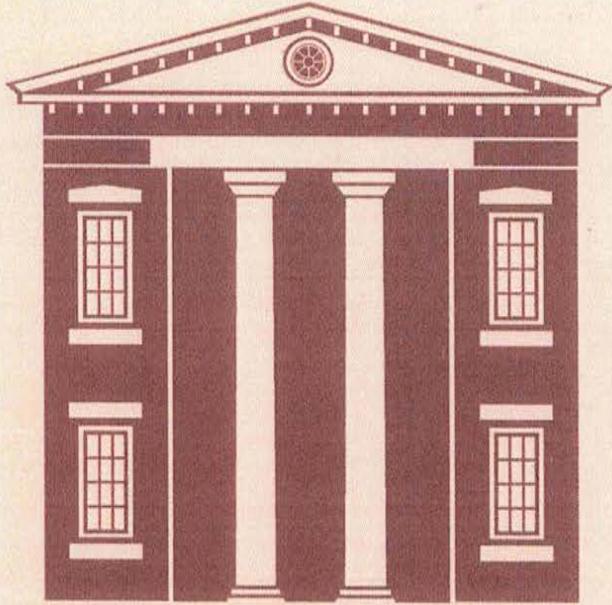
The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2014, 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* in considering the City of Benicia's internal control over financial reporting and compliance.

More & Associates

Pleasant Hill, California
January 15, 2014



THE CITY OF
BENICIA
CALIFORNIA

CITY OF BENICIA Management's Discussion and Analysis

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, 2013. 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 \$221.1 million. Of this amount, \$30.5 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position is more favorable this year and increased by \$2.0 million due to decreases in expenditures City-wide.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14.6 million, an increase of \$0.3 million in comparison with the prior year, due to the reclassification of the Energy Conservation Capital and Debt Service funds as Internal Service Fund and capital expenditures in the Intermodal Transportation Fund.
- At the end of the current fiscal year, the General Fund's fund balance totaled \$8.3 million, an increase of 18.0%, due to the reclassification of the Capital License Fund as part of the General Fund and the creation of the new Economic Development Fund with an authorized transfer of \$1.0 million from the Intermodal Transportation Fund. Such funds were subject to Council discretion and were transferred and assigned by Council and authorized for certain projects and activities to stimulate the City's economy.
- The City's total debt decreased by \$5.6 million as a net result of debt maturities 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 Position 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 position is 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 position is one indicator of whether its financial health is improving or deteriorating.

CITY OF BENICIA
Management's Discussion and Analysis

In the Government-wide statements, City activities are reported in 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. To facilitate this comparison, a reconciliation of these statements is provided for both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balance.

CITY OF BENICIA
Management's Discussion and Analysis

- **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 35-71 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.

CITY OF BENICIA Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined Net Assets for the year ended June 30, 2013 are summarized below.

Summary of Net Position
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 36.2	\$ 38.2	\$ 26.7	\$ 25.8	\$ 62.9	\$ 64.0
Capital assets	135.9	132.4	97.2	100.9	233.1	233.3
Total Assets	172.1	170.6	123.9	126.7	296.0	297.3
Long-term liabilities outstanding	29.5	31.9	34.9	38.2	64.4	70.1
Other liabilities	9.3	6.7	1.2	1.4	10.5	8.1
Total Liabilities	38.8	38.6	36.1	39.6	74.9	78.2
 Net Position:						
Invested in capital assets, net of related debt	121.9	127.5	62.3	62.7	184.2	190.2
Restricted	6.3	18.3	-	-	6.3	18.3
Unrestricted	5.1	(13.8)	25.5	24.4	30.6	10.6
Total Net Position	\$ 133.3	\$ 132.0	\$ 87.8	\$ 87.1	\$ 221.1	\$ 219.1

The largest portion of the City's net position (83.3%) reflects its investments in capital assets, less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens and are not available for future spending.

Restricted net assets represent 2.9% of the total net assets and are subject to external restrictions. The balance of unrestricted net assets, which represents 13.8% of the total assets, may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF BENICIA
Management's Discussion and Analysis

A Statement of Activities and Changes in Net Assets, as of June 30, 2013, is presented below.

Statement of Activities and Changes in Net Position

(in millions)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	\$ 2.5	\$ 2.6	\$ 14.9	\$ 13.3	\$ 17.4	\$ 15.9
Operating grants and contributions	3.2	3.3	0.2	0.1	3.4	3.4
Capital grants and contributions	0.5	1.7	-	-	0.5	1.7
General Revenues:						
Property taxes	11.8	13.4	-	-	11.8	13.4
Sales taxes	7.9	6.9	-	-	7.9	6.9
Utility users' tax	4.8	5.1	-	-	4.8	5.1
Franchise	1.6	1.6	-	-	1.6	1.6
Other taxes	2.9	1.4	-	-	2.9	1.4
Motor vehicle license fees	1.8	1.9	-	-	1.8	1.9
Investment earnings	0	0.2	-	0.2	-	0.4
Total Revenues	<u>37.0</u>	<u>38.1</u>	<u>15.1</u>	<u>13.6</u>	<u>52.1</u>	<u>51.7</u>
Expenses:						
Administration	3.1	3.0	-	-	3.1	3.0
Public Safety - Police	8.2	8.8	-	-	8.2	8.8
Public Safety - Fire	6.4	6.5	-	-	6.4	6.5
Parks and Community Services	5.6	5.7	-	-	5.6	5.7
Public Works	3.1	7.6	-	-	3.1	7.6
Community Development	1.9	-	-	-	1.9	-
Library	1.9	2.1	-	-	1.9	2.1
Economic Development	0.6	0.5	-	-	0.6	0.5
General Government	3.1	3.2	-	-	3.1	3.2
Interest on long-term debt	1.6	1.2	-	-	1.6	1.2
Wastewater	-	-	7.2	7.1	7.2	7.1
Water	-	-	7.3	7.8	7.3	7.8
Benicia Marina	-	-	0.6	0.4	0.6	0.4
Transit	-	-	-	0.1	-	0.1
Loss from disposal of capital assets	-	-	-	0.2	-	0.2
Total Expenses	<u>35.5</u>	<u>38.6</u>	<u>15.1</u>	<u>15.6</u>	<u>50.6</u>	<u>54.2</u>
Increase in net assets before transfers	1.5	(0.5)	-	(2.0)	1.5	(2.5)
Transfers	(0.7)	-	0.7	-	-	-
Increase in net position	0.8	(0.5)	0.7	(2.0)	1.5	(2.5)
Net position - 7/1/12 (as restated)	<u>132.5</u>	<u>133.0</u>	<u>87.1</u>	<u>89.1</u>	<u>219.6</u>	<u>222.1</u>
Net position - 6/30/13	<u>\$ 133.3</u>	<u>\$ 132.5</u>	<u>\$ 87.8</u>	<u>\$ 87.1</u>	<u>\$ 221.1</u>	<u>\$ 219.6</u>

CITY OF BENICIA Management's Discussion and Analysis

Beginning Net Position for Governmental Activities has been restated due to the reclassification of the Energy Capital and Debt Service Funds to an Internal Service Fund. Adjustments were made for the deferred charges and bond discount for the 2011 COPs.

Governmental Activities

Total resources available during the year to finance governmental operations were \$168.9 million consisting of Net Position at July 1, 2012, of \$132.5 million, program revenues of \$6.2 million and general revenues of \$30.2 million.

The cost of all governmental activities this year was \$35.6 million. The largest governmental programs include Public Safety - both Police and Fire, and Parks and Community Services. The amount that was paid by those who directly benefited from governmental programs was \$2.5 million, while operating and capital grants and contributions paid for \$3.7 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 \$29.4 million.

Net Cost of Governmental Activities

	Expenses	Program Revenues	Net Revenue (Expense) of Activities
Administration	\$ 3,118,013	\$ 99,106	\$ (3,018,907)
Public Safety - Police	8,229,298	567,588	(7,661,710)
Public Safety - Fire	6,362,097	271,410	(6,090,687)
Parks and Community Services	5,631,017	2,629,187	(3,001,830)
Public Works	3,076,360	1,667,442	(1,408,918)
Community Development	1,935,323	-	(1,935,323)
Library	1,927,951	141,816	(1,786,135)
Economic Development	647,573	-	(647,573)
General Government	3,077,915	822,522	(2,255,393)
Interest expense	1,588,003	-	(1,588,003)
Total	\$ 35,593,550	\$ 6,199,071	\$ (29,394,479)

CITY OF BENICIA
Management's Discussion and Analysis

Business-type Activities

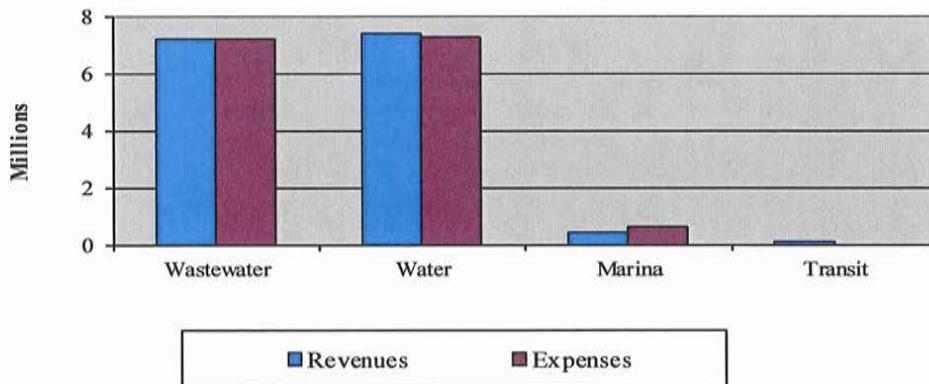
Total resources available during the year to finance Business-Type Activities were \$102.9 million consisting of Net Position at July 1, 2012, of \$87.1 million, program revenues of \$15.1 million and general revenues of \$.7 million.

The cost of all Business-Type activities this year was \$15.1 million. As shown in the Statement of Activities and Changes in Net Assets, the amounts paid by users of the systems were \$14.9 million, while operating and capital grants and contributions were \$.2 million.

Net Cost of Business-Type Activities

	Expenses	Program Revenues	Net Revenue (Expense) of Activities
Wastewater	\$ 7,181,756	\$ 7,186,846	\$ 5,090
Water	7,289,049	7,358,983	69,934
Benicia Marina	600,429	389,413	(211,016)
Transit	-	121,621	121,621
Total	\$ 15,071,234	\$ 15,056,863	\$ (14,371)

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



CITY OF BENICIA
Management's Discussion and Analysis

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, 2013, of \$14.6 million, an increase of \$0.3 million in comparison with the prior year, due to a combination of the reclassification of the Energy Conservation Capital and Debt Service funds as an Internal Service fund, the creation of the Economic Development activities, capital expenditures for the Intermodal Facilities, and overall spending cutbacks during the year.

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 \$8.3 million. \$3.1 million of this fund balance is Committed for Emergency Reserve, which was 10.0% of the actual operating revenues. The Contingency Reserve falls under the Unassigned Fund Balance and at the end of the year, the balance is at \$3.9 million, which is 12.7% of the actual operating revenues.

The General Fund realized general tax and other revenues of \$31.1 million during the year to pay for \$29.2 million operating expenditures, realizing an excess of revenues over expenditures of \$1.9 million.

CITY OF BENICIA
Management's Discussion and Analysis

Cost cutting measures, such as freezing open positions, delaying major expenditures, and continued employee concessions were implemented to lessen the 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 \$7.2 million in user fees to maintain the system. The fund has \$57.6 million in capital assets, net of accumulated depreciation, financed with \$16.9 million of long-term debt. The fund made debt service payments of \$2.3 million during the year. The net position decreased by \$.07 million due to lower interest income earned for the year and higher operating costs, which offset the increase in wastewater rates charged to customers during the fiscal year.

Water Fund – The City's water utility fund collected \$7.4 million in user fees to sustain the system. The system has \$36.9 million in capital assets, net of accumulated depreciation, financed with \$11.6 million of long-term debt. The fund made \$1.7 million in debt service payments for the year. The net position decreased by \$.5 million due to capital expenditures for the year, which offset the increase in water rates charged to customers during the fiscal year.

Benicia Marina – The City's Marina collected \$.3 million in user fees to support its operating and debt service costs. The Marina has \$2.7 million in capital assets, net of accumulated depreciation, financed with \$3.0 million of long-term debt. Debt service payments for the year were \$.3 million. The fund continues to have a decrease in net position. The City continues to evaluate options for a long-term operating solution. In the meantime, General Fund transfers support the operations.

Transit – The City's Transit system ceased to exist as of July 1, 2011 due to a Joint Powers Authority Agreement (JPA) between the Cities of Vallejo and Benicia. Capital assets were officially transferred to the JPA (SolTrans) on February 2012. This fiscal year, SolTrans paid the outstanding amount of the City loan plus interest, which paid for the emission devices installed in the bus fleet. The remainder of the transfer was from the General Fund to fund the deficit and close the fund.

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 2012-13 was the second year of a two-year budget. The original budget for 2012-13 was developed in early 2011. The original budget for the General Fund revenues was \$31.1 million, while expenditures were at \$30.3 million. The final budget estimates for revenues was \$31.0 million, a decrease of \$.1 million, and \$29.6 million for expenditures, a decrease of \$.7 million. The main components of the decreases are as follows:

- \$1.1 million decrease in property taxes due to the lower assessed valuation for secured and unsecured properties
- \$1.4 increase in sales taxes as a result of a high level of one-time events and re-allocation of taxes from prior periods by the State

CITY OF BENICIA Management's Discussion and Analysis

- \$.3 million decrease in utility users tax due to a lower revenues recognized by utility carriers
- \$.2 million decrease in franchise fees due to lower revenues recognized by utility carriers
- \$.1 million decrease in investment earnings due to rising investment yields
- \$.2 million increase in other revenues due to the recalculation of prior years property tax administration fees assessed by the County and refunded to the City
- \$.6 million decrease for salary and benefit adjustments from continuing to freeze open positions and employee concessions
- \$.3 million increase in one-time capital expenditures

During the year, revenues surpassed the budget by \$.05 million. The largest revenue variance was for other revenues as a result of the change in methodology in the County property tax administration fees calculation that resulted in favor of the cities, causing a refund of prior years fees. Actual expenditures were \$.5 million less than the final budget due to cutbacks on operating expenditures, the hiring freeze and continuing concessions from employee bargaining groups.

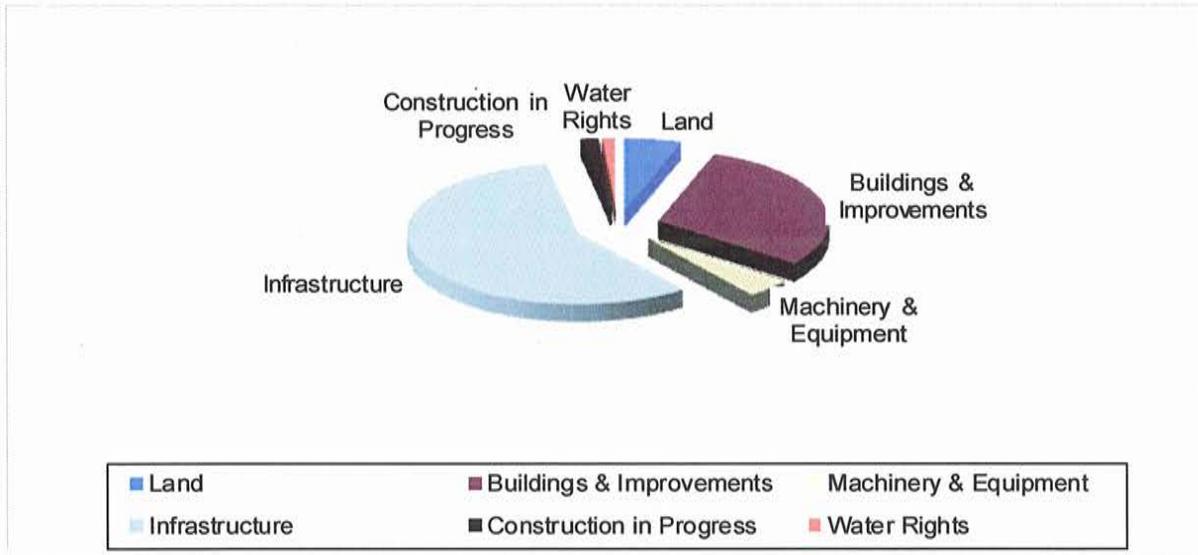
CAPITAL ASSETS

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, 2013, net capital assets of the governmental activities totaled \$135.9 million and the net capital assets of the business-type activities totaled \$97.2 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, 2013:

	Capital Assets					
	(in millions)					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
Land	\$ 18.5	\$ 18.5	\$ 2.6	\$ 2.6	\$ 21.1	\$ 21.1
Buildings & Improvements	26.5	22.1	91.5	90.6	118.0	112.7
Machinery & Equipment	8.8	8.7	8.5	8.4	17.3	17.1
Infrastructure	152.8	137.7	73.9	73.9	226.7	211.6
Construction in Progress	3.4	16.4	2.8	3.3	6.2	19.7
Water Rights	-	-	5.0	5.0	5.0	5.0
Total Capital Assets	210.0	203.4	184.3	183.8	394.3	387.2
Accumulated Depreciation	(74.1)	(71.0)	(87.1)	(82.9)	(161.2)	(153.9)
Net Assets	\$ 135.9	\$ 132.4	\$ 97.2	\$ 100.9	\$ 233.1	\$ 233.3

CITY OF BENICIA
Management's Discussion and Analysis



This year's major capital asset additions were the completion of solar arrays within the City and the Intermodal facilities.

Additional information on the City's capital assets can be found in Note 6 on pages 51-53 of this report.

DEBT ADMINISTRATION

The City uses a variety of indebtedness to finance various capital acquisitions. At June 30, 2013, the City's long-term debt outstanding was \$64.4 million. Of this total, \$29.5 million was in governmental activities and \$34.9 was in business-type activities. The City's governmental activities decreased by \$2.4 million, and business-type activities decreased by \$3.3 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 decreased by \$223 per capita from \$2,605 to \$2,382 from the previous fiscal year.

CITY OF BENICIA Management's Discussion and Analysis

The following is a summary of the City's long-term debt obligations at June 30, 2013:

Long-term Debt
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 3.5	\$ 4.3	\$ -	\$ -	\$ 3.5	\$ 4.3
Pension Obligation Bonds	11.4	12.1	-	-	11.4	12.1
Certificates of Participation	12.6	13.1	-	-	12.6	13.1
Capital Lease Obligations	2.0	2.4	-	-	2.0	2.4
Utility Revenue Bonds	-	-	6.6	7.6	6.6	7.6
Loans Payable	-	-	28.3	30.6	28.3	30.6
Total Indebtedness	\$ 29.5	\$ 31.9	\$ 34.9	\$ 38.2	\$ 64.4	\$ 70.1

Additional information on the City's long-term debt can be found in Note 7 on pages 54-60 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City prepares a 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, including allocating resources and establishing priorities. For fiscal year 2013-14, the General Fund budget included flat projected revenues and a continued containment of budgeted expenditures despite inflationary cost increases. Due to the current economic climate, the City maintained an aggressive soft-hiring freeze throughout the budget period, assumed continued concessions with employee bargaining groups, and assumed a minimum-growth increase in general operating expenditures. The FY 2013-14 City-wide budget includes increased revenues in the Proprietary Funds due to Council-approved rates increases for both water and wastewater services. The City-wide budget also includes major capital investments occurring in the Proprietary Funds as a result of major capital upgrades in the City's water and wastewater assets. The City will also incur some grant-funded transportation-related capital expenditures in the next fiscal year.

The City continues to manage on-going budget challenges, and has done so without a significant decrease in overall net position citywide.

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 POSITION
AND STATEMENT OF ACTIVITIES**

CITY OF BENICIA
STATEMENT OF NET POSITION
JUNE 30, 2013

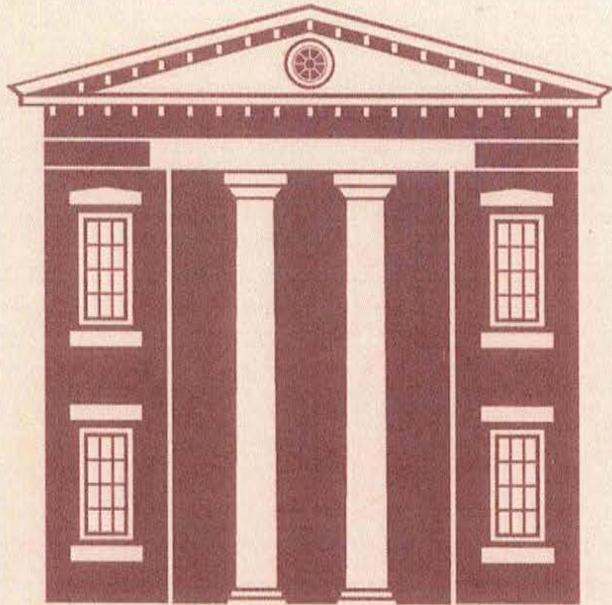
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments available for City operations (Note 3)	\$18,023,096	\$20,584,661	\$38,607,757
Accounts receivable	3,419,796	3,324,527	6,744,323
Interest receivable	2,675	2,426	5,101
Materials, parts and supplies (Note 1H)	15,398	602,582	617,980
Prepaid items (Note 1H)	64,056	75,000	139,056
Internal balances	(570,390)	570,390	
Restricted cash and investments held by fiscal agents (Note 3)	1,197,148		1,197,148
Other assets	190,062	216,074	406,136
Lease receivable		393,437	393,437
Loans receivable (Note 5)	2,654,997	931,690	3,586,687
Prepaid PERS contribution (Note 10)	11,202,426		11,202,426
Capital assets (Note 6):			
Non-depreciable	21,975,438	5,422,037	27,397,475
Depreciable, net of accumulated depreciation	113,904,655	91,828,020	205,732,675
Total Assets	<u>172,079,357</u>	<u>123,950,844</u>	<u>296,030,201</u>
LIABILITIES			
Accounts payable	3,177,917	377,839	3,555,756
Accrued payroll	105,762		105,762
Customer and performance deposits	833,597	119,235	952,832
Interest payable	295,113	314,311	609,424
Unearned revenue		160,037	160,037
General liability claims (Note 12):			
Due within one year	170,300		170,300
Workers compensation claims (Note 12):			
Due within one year	842,031		842,031
Due in more than one year	1,306,969		1,306,969
Accrued compensated absences (Note 1G):			
Due within one year	831,838	263,995	1,095,833
Due in more than one year	273,498		273,498
Net OPEB Liability, due in more than one year (Note 11)	1,431,012		1,431,012
Long-term debt (Note 7):			
Due within one year	2,503,336	3,366,811	5,870,147
Due in more than one year	27,004,636	31,562,067	58,566,703
Total Liabilities	<u>38,776,009</u>	<u>36,164,295</u>	<u>74,940,304</u>
NET POSITION (Note 8)			
Net investments in capital assets	<u>121,948,249</u>	<u>62,321,179</u>	<u>184,269,428</u>
Restricted for:			
Capital projects	1,208,607		1,208,607
Debt service	702,812		702,812
Special revenue projects	1,871,444		1,871,444
Landscaping and Lighting	404,808		404,808
Library	916,460		916,460
Open Space	485,571		485,571
Community Services	726,522		726,522
Total Restricted Net Position	<u>6,316,224</u>		<u>6,316,224</u>
Unrestricted	<u>5,038,875</u>	<u>25,465,370</u>	<u>30,504,245</u>
Total Net Position	<u>\$133,303,348</u>	<u>\$87,786,549</u>	<u>\$221,089,897</u>

See accompanying notes to financial statements

CITY OF BENICIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-type Activities
Governmental Activities:							
Administration	\$3,118,013	\$15,908	\$83,198		(\$3,018,907)	(\$3,018,907)	
Public safety - police	8,229,298	177,489	390,099		(7,661,710)	(7,661,710)	
Public safety - fire	6,362,097	85,498	185,912		(6,090,687)	(6,090,687)	
Parks and community services	5,631,017	1,104,054	1,525,133		(3,001,830)	(3,001,830)	
Public works	3,076,360	727,631	939,811		(1,408,918)	(1,408,918)	
Community development	1,935,323				(1,935,323)	(1,935,323)	
Library	1,927,951	48,360	93,456		(1,786,135)	(1,786,135)	
Economic development	647,573				(647,573)	(647,573)	
General government	3,077,915	300,401	22,121	\$500,000	(2,255,393)	(2,255,393)	
Interest on long-term debt	1,588,003				(1,588,003)	(1,588,003)	
Total Governmental Activities	35,593,550	2,459,341	3,239,730	500,000	(29,394,479)	(29,394,479)	
Business-type Activities:							
Wastewater	7,181,756	7,186,846			\$5,090	5,090	
Water	7,289,049	7,358,983			69,934	69,934	
Benicia Marina	600,429	320,803	68,610		(211,016)	(211,016)	
Transit			121,621		121,621	121,621	
Total Business-type Activities	15,071,234	14,866,632	190,231		(14,371)	(14,371)	
Total	\$50,664,784	\$17,325,973	\$3,429,961	\$500,000	(29,394,479)	(14,371)	(29,408,850)
General revenues:							
Taxes:							
Property taxes					11,835,074	11,835,074	
Sales taxes					7,873,396	7,873,396	
Utility users' tax					4,825,055	4,825,055	
Franchise tax					1,637,825	1,637,825	
Other taxes					2,913,592	2,913,592	
Motor vehicle in-lieu, unrestricted					1,822,267	1,822,267	
Investment earnings					(92)	48,860	
Gain from disposal of capital assets						1,388	
Transfers, net					(671,209)	671,209	
Total general revenues and transfers					30,235,908	721,457	30,957,365
Change in Net Position					841,429	707,086	1,548,515
Net Position-Beginning as restated (Note 1J)					132,461,919	87,079,463	219,541,382
Net Position-Ending					\$133,303,348	\$87,786,549	\$221,089,897

See accompanying notes to financial statements



THE CITY OF
BENICIA
CALIFORNIA

FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal 2013. 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.

GENERAL OBLIGATION BONDS DEBT SERVICE FUND

Accounts for property tax levies for the payment of voter-approved debt principal and interest of the General Obligation Bonds. On June 7, 2012, the City issued General Obligation Refunding Bonds, Series 2012, in the amount of \$4,270,000, bearing interest of 1.25%. The proceeds were used to refund the City's outstanding 1997 General Obligation Wastewater Bonds, Series A and B.

CITY OF BENICIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013

	General	General Obligation Bonds Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments available for City operations (Note 3)	\$7,266,574	\$55,266	\$7,216,834	\$14,538,674
Accounts receivable	1,334,258		1,958,178	3,292,436
Interest receivable	1,478	6	861	2,345
Due from other funds (Note 4B)	1,640,577			1,640,577
Prepaid items (Note 1H)	30,750			30,750
Restricted cash and investments (Note 3)		647,540		647,540
Loans receivable (Note 5)	686,286		1,968,711	2,654,997
Total Assets	\$10,959,923	\$702,812	\$11,144,584	\$22,807,319
LIABILITIES				
Accounts payable	\$1,112,901		\$1,016,309	\$2,129,210
Accrued payroll	105,762			105,762
Customer deposits	2,929		825,668	828,597
Due to other funds (Note 4B)			1,452,422	1,452,422
Advances from other funds (Note 4C)	722,759			722,759
Total Liabilities	1,944,351		3,294,399	5,238,750
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - accounts receivable			268,062	268,062
Unavailable revenue - loans receivable	686,286		1,968,711	2,654,997
Total Deferred Inflows of Resources	686,286		2,236,773	2,923,059
FUND BALANCES				
Fund balance (Note 8):				
Nonspendable	30,750			30,750
Restricted	203,047	\$702,812	4,404,805	5,310,664
Committed	3,097,360		1,480,824	4,578,184
Assigned	1,054,192			1,054,192
Unassigned	3,943,937		(272,217)	3,671,720
Total Fund Balances	8,329,286	702,812	5,613,412	14,645,510
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$10,959,923	\$702,812	\$11,144,584	\$22,807,319

See accompanying notes to financial statements

CITY OF BENICIA
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2013

Total fund balances reported on the Governmental Funds Balance Sheet \$14,645,510

Amounts reported for Governmental Activities in the Statement of Net Position
 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. 115,367,201

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

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 position of the Internal Service Funds are therefore
 included in Governmental Activities in the following line item in the Statement of Net Position.

Cash and investments, available for City Operations	3,484,422
Restricted cash and investments	549,608
Accounts receivable	127,360
Interest receivable	330
Prepaid items	33,306
Materials, parts and supplies	15,398
Prepaid PERS contributions	11,202,426
Capital assets, net of accumulated depreciation	20,512,892
Accounts payable	(1,048,707)
Deposits payable	(5,000)
Internal balances	(35,786)
Workers' compensation claims	(2,149,000)
Interest payable	(145,301)
Long-term debt	(24,114,608)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are unavailable on the Fund Balance Sheets, because they are not available currently,
 are taken into revenue in the Statement of Activities. 2,923,059

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:

Other assets	190,062
Long-term debt	(5,393,364)
Interest payable	(149,812)
Non-current portion of compensated absences	(1,105,336)
OPEB	(1,431,012)
Claims payable	(170,300)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$133,303,348

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, 2013

	General	General Obligation Bonds Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$11,835,074	\$716,586		\$12,551,660
Sales taxes	7,085,187		\$788,209	7,873,396
Utility users' taxes	4,825,055			4,825,055
Franchise tax	1,637,825			1,637,825
Other taxes	931,059			931,059
Assessments			427,664	427,664
Licenses and permits	331,830			331,830
Fines and forfeitures	125,016			125,016
Use of money and property	311,010	(1,674)	38,115	347,451
Revenue from other agencies	2,050,280		2,803,193	4,853,473
Current service charges	1,423,705		196,803	1,620,508
Community donations			82,765	82,765
Other	507,168		997,555	1,504,723
Total Revenues	31,063,209	714,912	5,334,304	37,112,425
EXPENDITURES				
Current:				
Administration	2,943,896		45,887	2,989,783
Public safety - police	8,078,683		302,612	8,381,295
Public safety - fire	6,490,519			6,490,519
Parks and community services	4,619,097		541,011	5,160,108
Public works	1,160,546		326,123	1,486,669
Community development	1,010,550		341,444	1,351,994
Library	1,204,180		757,104	1,961,284
Economic development	599,745		53,975	653,720
General	2,821,213			2,821,213
Capital outlay	248,754		3,186,210	3,434,964
Debt service:				
Principal		695,000	298,334	993,334
Interest and fiscal charges	11,749	31,100	92,656	135,505
Total Expenditures	29,188,932	726,100	5,945,356	35,860,388
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,874,277	(11,188)	(611,052)	1,252,037
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4A)	1,093,745		1,191,352	2,285,097
Transfers (out) (Note 4A)	(1,696,613)		(1,500,000)	(3,196,613)
Total Other Financing Sources (Uses)	(602,868)		(308,648)	(911,516)
NET CHANGE IN FUND BALANCES	1,271,409	(11,188)	(919,700)	340,521
BEGINNING FUND BALANCES, AS RESTATED (NOTE 1J)	7,057,877	714,000	6,533,112	14,304,989
ENDING FUND BALANCES	\$8,329,286	\$702,812	\$5,613,412	\$14,645,510

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, 2013

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 Position 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 \$340,521

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	3,434,964
Non-capitalized capital outlay expenditures were reclassified to various governmental activities	(108,314)
Depreciation expense is deducted from the fund balance	(2,617,224)
(Depreciation expense is net of internal service fund depreciation of \$860,528 which has already been allocated to serviced funds)	

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 Position. 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	993,334
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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):

Unavailable revenue	(450,218)
Interest payable	(12,778)
Compensated absences	2,707
Net OPEB liability	(263,702)
Claims payable	76,351

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 Position - Internal Service Fund	<u>(554,212)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$841,429</u></u>
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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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property	\$12,951,025	\$11,860,000	\$11,835,074	(\$24,926)
Sales	5,667,830	7,085,000	7,085,187	187
Utility users'	5,292,480	4,974,000	4,825,055	(148,945)
Franchise tax	1,841,945	1,600,000	1,637,825	37,825
Other	829,750	930,000	931,059	1,059
Licenses and permits	295,000	295,000	331,830	36,830
Fines and forfeitures	79,000	109,000	125,016	16,016
Use of money and property	593,595	452,000	311,010	(140,990)
Revenue from other agencies	2,083,180	2,028,180	2,050,280	22,100
Current service charges	1,400,950	1,389,500	1,423,705	34,205
Other	91,195	290,090	507,168	217,078
	<u>31,125,950</u>	<u>31,012,770</u>	<u>31,063,209</u>	<u>50,439</u>
EXPENDITURES:				
Current:				
Administration	3,149,995	3,182,855	2,943,896	238,959
Public safety - police	8,841,825	8,101,140	8,078,683	22,457
Public safety - fire	7,210,820	6,555,950	6,490,519	65,431
Parks and community services	4,943,780	4,639,795	4,619,097	20,698
Public works	1,744,225	1,202,675	1,160,546	42,129
Community development	777,300	1,019,525	1,010,550	8,975
Library	1,189,125	1,207,325	1,204,180	3,145
Economic development	512,305	626,620	599,745	26,875
General	1,419,285	2,655,350	2,821,213	(165,863)
Capital outlay	317,940	435,770	248,754	187,016
Debt service:				
Interest and fiscal charges	237,020	17,740	11,749	5,991
	<u>30,343,620</u>	<u>29,644,745</u>	<u>29,188,932</u>	<u>455,813</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	<u>782,330</u>	<u>1,368,025</u>	<u>1,874,277</u>	<u>506,252</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4A)	93,745	1,093,745	1,093,745	
Transfers (out) (Note 4A)	(905,930)	(1,695,585)	(1,696,613)	(1,028)
	<u>(812,185)</u>	<u>(601,840)</u>	<u>(602,868)</u>	<u>(1,028)</u>
NET CHANGE IN FUND BALANCE				
	<u>(\$29,855)</u>	<u>\$766,185</u>	1,271,409	<u>\$505,224</u>
Beginning fund balance, as restated (Note 1J)			<u>7,057,877</u>	
Ending fund balance			<u><u>\$8,329,286</u></u>	

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 2013.

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 remaining balances from prior operation and management of the City transit service, which is now operated by SolTrans, a JPA entered into by the cities of Vallejo and Benicia. This fund was closed in fiscal year 2013.

CITY OF BENICIA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2013

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Wastewater	Water	Benicia Marina	Transit	
ASSETS					
Current Assets:					
Cash and investments (Note 3):					
Available for City operations	\$11,306,940	\$8,734,093			\$20,041,033
Restricted cash and investments held by fiscal agents					\$4,028,050
Accounts receivable	1,526,511	1,612,169	\$185,847		3,324,527
Interest receivable	1,333	1,093			2,426
Materials, parts and supplies (Note 1H)	29,981	572,601			602,582
Prepaid items (Note 1H)			75,000		75,000
Total Current Assets	<u>12,864,765</u>	<u>10,919,956</u>	<u>260,847</u>		<u>24,045,568</u>
Non-Current Assets:					
Long-Term Assets:					
Prepaid PERS contribution (Note 10)					11,202,426
Other assets	119,550	96,524			216,074
Loans receivable (Note 5)	508,180	423,510			931,690
Lease receivable			393,437		393,437
Advances to other funds (Note 4C)	722,759				722,759
Total Long-Term Assets	<u>1,350,489</u>	<u>520,034</u>	<u>393,437</u>		<u>2,263,960</u>
Property, Plant and Equipment (Note 6):					
Land	669,710	1,850,389	63,982		2,584,081
Buildings and improvements	51,036,559	32,556,273	7,933,205		91,526,037
Machinery and equipment	5,907,420	2,574,474			8,481,894
Infrastructure and water rights	42,064,544	36,873,638			78,938,182
Construction in progress	1,023,866	1,814,090			2,837,956
Less: accumulated depreciation	<u>(43,057,123)</u>	<u>(38,775,380)</u>	<u>(5,285,590)</u>		<u>(87,118,093)</u>
Net Property, Plant and Equipment	<u>57,644,976</u>	<u>36,893,484</u>	<u>2,711,597</u>		<u>97,250,057</u>
Total Non-Current Assets	<u>58,995,465</u>	<u>37,413,518</u>	<u>3,105,034</u>		<u>99,514,017</u>
Total Assets	<u>71,860,230</u>	<u>48,333,474</u>	<u>3,365,881</u>		<u>123,559,585</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	113,316	251,012	13,511		377,839
Customer and performance deposits		44,235	75,000		119,235
Interest payable	152,935	28,903	132,473		314,311
Due to other funds (Note 4B)			152,369		152,369
Unearned revenue	160,037				160,037
Workers' compensation claims (Note 12)					842,031
Compensated absences (Note 1G)	127,250	136,745			263,995
Current portion long-term liabilities (Note 7)	1,885,962	1,314,067	166,782		3,366,811
Total Current Liabilities	<u>2,439,500</u>	<u>1,774,962</u>	<u>540,135</u>		<u>4,754,597</u>
Long-Term Liabilities					
Workers' compensation claims (Note 12)					1,306,969
Utility revenue bonds (Note 7)	2,065,457	3,406,137			5,471,594
Loans payable (Note 7)	14,816,104	8,231,531	3,042,838		26,090,473
Lease obligation (Note 7)					161,451
General obligation bonds (Note 7)					12,040,212
Pension obligation bonds (Note 7)					10,346,726
Total Long-Term Liabilities	<u>16,881,561</u>	<u>11,637,668</u>	<u>3,042,838</u>		<u>31,562,067</u>
Total Liabilities	<u>19,321,061</u>	<u>13,412,630</u>	<u>3,582,973</u>		<u>36,316,664</u>
NET ASSETS (Note 8)					
Net investment in capital assets	38,877,453	23,941,749	(498,023)		62,321,179
Restricted for debt service					106
Restricted for capital projects					549,502
Unrestricted	13,661,716	10,979,095	280,931		24,921,742
Total Net Position	<u>\$52,539,169</u>	<u>\$34,920,844</u>	<u>(\$217,092)</u>		<u>\$87,242,921</u>

Some amounts reported for *business-type activities* in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with *business-type activities*.

543,628

Change in Net Position of Business-type Activities

\$87,786,549

See accompanying notes to financial statements

CITY OF BENICIA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds	
	Wastewater	Water	Benicia Marina	Transit		Totals
OPERATING REVENUES						
Charges for services	\$7,034,045	\$7,277,869			\$14,311,914	\$4,950,393
Connection fees	152,509	46,322			198,831	
Rentals			\$320,803		320,803	
Refunds and rebates	292	34,792			35,084	596,108
Total Operating Revenues	7,186,846	7,358,983	320,803		14,866,632	5,546,501
OPERATING EXPENSES						
Wages and benefits	2,239,862	2,205,866			4,445,728	750,174
Materials and supplies	379,808	454,296			834,104	358,145
Operations and maintenance	1,922,829	2,392,273	265,657		4,580,759	296,083
Purchased water		464,442			464,442	
Depreciation	2,200,451	1,816,740	189,612		4,206,803	860,528
Claims and Insurance						1,817,890
Total Cost of Sales and Operating Expenses	6,742,950	7,333,617	455,269		14,531,836	4,082,820
Operating Income (Loss)	443,896	25,366	(134,466)		334,796	1,463,681
NONOPERATING REVENUES (EXPENSES)						
Interest income	16,488	13,250	19,122		48,860	4,738
Interest (expense)	(472,581)	(405,765)	(145,160)		(1,023,506)	(1,421,088)
Amortization of issuance/discount	(23,541)	(35,979)			(59,520)	(18,632)
Intergovernmental revenue			68,610	121,621	190,231	
Pension obligation amortization						(346,467)
Other						126
Gain / (loss) from sale of capital assets	1,388				1,388	66,751
Total Nonoperating Revenues (Expenses)	(478,246)	(428,494)	(57,428)	121,621	(842,547)	(1,714,572)
Income (Loss) Before Transfers	(34,350)	(403,128)	(191,894)	121,621	(507,751)	(250,891)
Transfers in (Note 4A)			171,494	593,460	764,954	240,307
Transfers (out) (Note 4A)	(37,450)	(56,295)			(93,745)	
Net Transfers	(37,450)	(56,295)	171,494	593,460	671,209	240,307
Change in Net Position	(71,800)	(459,423)	(20,400)	715,081	163,458	(10,584)
BEGINNING NET POSITION (DEFICIT), AS RESTATED (NOTE 1J)	52,610,969	35,380,267	(196,692)	(715,081)		9,171,614
ENDING NET POSITION (DEFICIT)	\$52,539,169	\$34,920,844	(\$217,092)			\$9,161,030

Some amounts reported for *business-type activities* in the Statement of Activities are different because the portion of the net income of certain internal service funds is reported with the business-type activities which those funds serviced.

543,628

Change in Net Position of Business-type Activities

\$707,086

See accompanying notes to financial statements

CITY OF BENICIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds	
	Wastewater	Water	Benicia Marina	Transit		Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$6,721,404	\$6,860,798	\$404,433		\$13,986,635	\$5,046,498
Payments to suppliers	(2,323,755)	(3,409,583)	(297,192)		(6,030,530)	(724,489)
Payments to employees	(2,235,903)	(2,206,059)			(4,441,962)	(1,032,823)
Refunds and rebates						429,664
Claims paid						(544,473)
Cash Flows from (used for) Operating Activities	<u>2,161,746</u>	<u>1,245,156</u>	<u>107,241</u>		<u>3,514,143</u>	<u>3,174,377</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund receipts (payments)			(42,522)	(715,081)	(757,603)	240,307
Operating grant and contributions			68,610	121,621	190,231	
Transfers in			171,494	593,460	764,954	
Transfers (out)	(37,450)	(56,295)			(93,745)	
Receipts from (payment to) interfund loans	248,251				248,251	219,580
Principal paid on non-capital debt						(1,060,000)
Interest paid on non-capital debt						(336,860)
Cash Flows from (used for) Noncapital Financing Activities	<u>210,801</u>	<u>(56,295)</u>	<u>197,582</u>		<u>352,088</u>	<u>(936,973)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets		(587,645)			(587,645)	(2,471,332)
Proceeds from sale of capital assets	1,388				1,388	66,751
Savings from capital energy project						
Principal payments on capital debt	(1,843,762)	(1,271,528)	(171,702)		(3,286,992)	(656,681)
Interest paid	(506,104)	(444,349)	(152,243)		(1,102,696)	(722,203)
Cash Flows (used for) Capital and Related Financing Activities	<u>(2,348,478)</u>	<u>(2,303,522)</u>	<u>(323,945)</u>		<u>(4,975,945)</u>	<u>(3,783,465)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	17,621	14,448	19,122		51,191	4,961
Cash Flows from Investing Activities	<u>17,621</u>	<u>14,448</u>	<u>19,122</u>		<u>51,191</u>	<u>4,961</u>
Net Cash Flows	41,690	(1,100,213)			(1,058,523)	(1,541,100)
Cash and investments at beginning of period, as restated (Note 1J)	<u>11,265,250</u>	<u>9,834,306</u>			<u>21,099,556</u>	<u>6,118,758</u>
Cash and investments at end of period	<u>\$11,306,940</u>	<u>\$8,734,093</u>			<u>\$20,041,033</u>	<u>\$4,577,658</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:						
Operating income (loss)	\$443,896	\$25,366	(\$134,466)		\$334,796	\$1,463,681
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation	2,200,451	1,816,740	189,612		4,206,803	860,528
Change in assets and liabilities:						
Receivables, net	(366,624)	(510,979)	83,630		(793,973)	(70,339)
Materials, parts and supplies	757	(134,455)			(133,698)	(1,800)
Other assets	18,877	33,959			52,836	(6,629)
Accounts payable and other accrued expenses	(40,752)	1,924	(31,535)		(70,363)	(61,832)
Accrued compensated absences	3,959	(193)			3,766	
Refundable deposits		16,420			16,420	
Unearned revenue	(98,818)	(3,626)			(102,444)	
Workers' compensation claims						990,768
Cash Flows from (used for) Operating Activities	<u>\$2,161,746</u>	<u>\$1,245,156</u>	<u>\$107,241</u>		<u>\$3,514,143</u>	<u>\$3,174,377</u>

SCHEDULE OF NON CASH ACTIVITY

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 POSITION
 JUNE 30, 2013

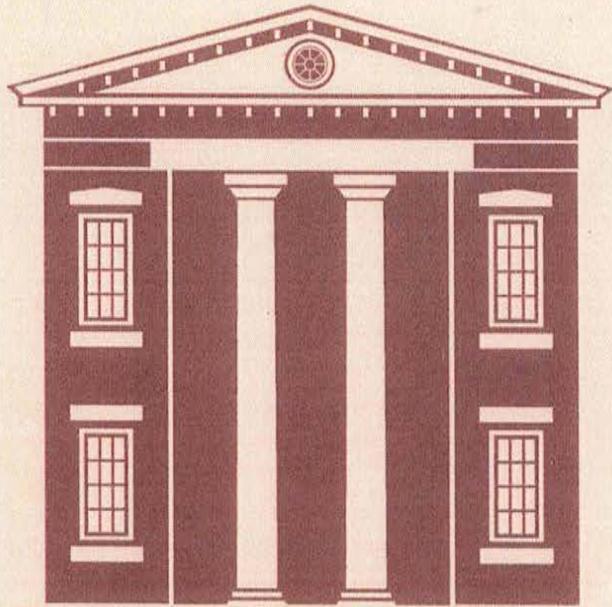
	<u>Affordable Housing Private Purpose Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Restricted cash and investments (Note 3)	\$20,218	\$2,919,854
Interest receivable	<u>2</u>	<u>342</u>
Total Assets	<u>20,220</u>	<u>\$2,920,196</u>
LIABILITIES		
Accounts payable		
Due to bondholders	<u> </u>	<u>2,920,196</u>
Total Liabilities	<u> </u>	<u>\$2,920,196</u>
NET POSITION		
Held in trust for:		
Other governments	<u>20,220</u>	
Total Net Position	<u>\$20,220</u>	

See accompanying notes to financial statements

CITY OF BENICIA
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2013

	Affordable Housing Private Purpose Trust Fund
ADDITIONS	
Use of money and property	\$174
Total Additions	174
CHANGE IN NET POSITION	174
NET POSITION, BEGINNING OF YEAR	20,046
NET POSITION, END OF YEAR	\$20,220

See accompanying notes to financial statements



THE CITY OF
BENICIA
CALIFORNIA

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Background*

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, storm drains, water, wastewater, culture recreation, public improvements, planning and zoning, 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:

Reporting Entity

The accompanying financial statements present the activities of the City of Benicia (the primary government).

Joint Ventures

In addition, the City participates in joint ventures with the Solano Water Authority and the Solano Transportation Authority. The Solano Water Authority was formed to coordinate water procurement and use among the Solano cities and county. The Solano Transportation Authority was established to develop regional strategies and to cooperatively address Solano County transportation issues. See Note 13 for more detailed information regarding these relationships.

Other Related Organization

The City Council is responsible for other related organization board appointments to the Benicia Housing Authority. See Note 18 for more detailed information regarding this relationship.

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 Position 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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

General Obligation Bonds Debt Service Fund – Accounts for property tax levies for the payment of voter-approved debt principal and interest of the General Obligation Bonds. On June 7, 2012, the City issued General Obligation Refunding Bonds, Series 2012, in the amount of \$4,270,000, bearing interest of 1.25%. The proceeds were used to refund the City's outstanding 1997 General Obligation Wastewater Bonds, Series A and B.

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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transit Fund – Accounts for the remaining balances from prior operation and management of the City transit service, which is now operated by SolTrans, a JPA entered into by the cities of Vallejo and Benicia. This fund was closed in fiscal year 2013.

The City also reports the following fund types:

Fiduciary Funds – The City maintains two types of Fiduciary Funds - Trust Fund 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.

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 position 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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Position.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Compensated absences activities were as follows for the year ended June 30, 2013:

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$1,108,043	\$260,229	\$1,368,272
Additions	829,131	147,146	976,277
Payments	(831,838)	(143,380)	(975,218)
Ending Balance	<u>\$1,105,336</u>	<u>\$263,995</u>	<u>\$1,369,331</u>
Current Portion	<u>\$831,838</u>	<u>\$263,995</u>	<u>\$1,095,833</u>

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, Closed Fund and Fund Recategorization*

In fiscal year 2013, the City closed the Transit Enterprise Fund.

In addition, the City combined the Energy Conservation Capital Projects Fund and the Energy Conservation Debt Service Fund to form a new Energy Internal Service Fund. During the recategorization of the funds, the City recorded bond discount and deferred bond issuance costs related to the 2011 Certificates of Participation that were not previously reported in the governmental-wide activities.

The City also combined the Library Book Special Revenue Fund and the Capital License Capital Projects Fund into the General Fund. As a result, July 1, 2012 balances were restated as follows:

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund fund balance, July 1, 2012	\$6,953,982
Added July 1, 2012, fund balances of:	
Library Book Special Revenue Fund	736
Capital License Capital Projects Fund	103,159
	<u>103,159</u>
Total General Fund fund balance, July 1, 2012, as restated	<u>\$7,057,877</u>
Total Governmental Fund fund balances, July 1, 2012	\$17,256,091
Removed July 1, 2012, fund balances of:	
Energy Conservation Capital Projects Fund	(2,935,797)
Energy Conservation Debt Service Fund	(15,305)
	<u>(2,951,102)</u>
Total Governmental Fund fund balances, July 1, 2012, as restated	<u>\$14,304,989</u>
Total Internal Service Fund net positions, July 1, 2012	\$8,973,446
Added July 1, 2012, fund balances of:	
Energy Conservation Capital Projects Fund	2,935,797
Energy Conservation Debt Service Fund	15,305
Added the following balances that were not previously included in the governmental fund financial statements:	
July 1, 2012 capital assets balance	10,020,543
July 1, 2012 long-term debt balance	(13,216,959)
Unamortized bond issuance costs	198,397
Bond discount	245,085
	<u>10,263,970</u>
Total Internal Service Fund net positions, July 1, 2012, as restated	<u>\$9,171,614</u>

As a result of the above adjustments for the unamortized bond issuance costs and bond discount, governmental activities net position, July 1, 2012 was restated as \$132,461,919.

K. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow or resources (revenue) until that time.

The City does not have any items that qualify for reporting in this category this fiscal year.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

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 biennial budget is adopted by City Council resolution prior to July 1.
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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

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.

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	\$38,607,757
Restricted cash and investments held by fiscal agents	1,197,148
Total City cash and investments	39,804,905
Cash and investments	
in Fiduciary Funds (separate statement)	
Trust Fund	20,218
Agency Funds	2,919,854
Total cash and investments	\$42,744,977

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 3 - CASH AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2013, consist of the following:

Cash on hand	\$4,767
Deposits with financial institutions	4,892,603
Investments	<u>37,847,607</u>
Total cash and investments	<u><u>\$42,744,977</u></u>

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.

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

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

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

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

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	\$858,153	\$2,539,253	\$345,772	\$147,176	\$3,890,354
California Local Agency Investment Fund	10,166,415				10,166,415
Corporate Notes			1,561,261	3,762,303	5,323,564
Certificates of Deposit		1,872,637			1,872,637
U.S. Government Agencies	2,976,480	4,410,856	4,143,849	4,353,102	15,884,287
<i>Held by Trustees:</i>					
Money Market Mutual Funds (U.S. Securities)	710,350				710,350
Total Investments	\$14,711,398	\$8,822,746	\$6,050,882	\$8,262,581	\$37,847,607

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, 2013, these investments matured in an average of 278 days.

Money market funds are available for withdrawal on demand and at June 30, 2013, matured in an average of 45 to 53 days.

The City's investments include government mortgage-backed securities in the amount of \$13,599,141 that are highly sensitive to interest rate fluctuations to a greater degree than already indicated above.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

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, 2013, 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, 2013.

Investment Type	Total
<i>Rated AA+:</i>	
U.S. Government-Sponsored Enterprise Agencies	
Non-callable	\$14,184,795
Callable	1,699,492
Corporate Notes	
Non-callable	2,676,259
Callable	224,735
<i>Rated AAAm:</i>	
Money Market Mutual Funds (U.S. Securities)	710,350
<i>Rated AAA:</i>	
Corporate Notes	154,738
<i>Rated AA:</i>	
Corporate Notes	1,011,478
<i>Rated AA-:</i>	
Certificates of Deposit	671,740
Corporate Notes	1,256,354
<i>Rated A-I+:</i>	
Certificates of Deposit	650,572
<i>Rated A-I:</i>	
Certificates of Deposit	550,325
<i>Not rated:</i>	
California Local Agency Investment Fund	10,166,415
<i>Exempt from credit rating disclosure:</i>	
U.S. Treasury Notes	3,890,354
Total Investments	<u><u>\$37,847,607</u></u>

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 3 - CASH AND INVESTMENTS (Continued)

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 Mortgage Corporation	US Government agency securities	\$6,576,266
	Federal National Mortgage Association	US Government agency securities	6,317,268

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, 2013 were as follows:

Fund Making Transfer	Fund Receiving Transfers	Amount Transferred	
General Fund	Non-Major Governmental Funds	\$691,352	(A)(B)(D)(G)
	Benicia Marina Fund	171,494	(A)
	Transit	593,460	(B)
	Internal Service Funds	240,307	(A)
Special Revenue Funds:			
Non-Major Governmental Funds	Non-Major Governmental Funds	500,000	(C)
Capital Projects Funds:			
Non-Major Governmental Funds	General Fund	1,000,000	(A)(C)
Enterprise Funds:			
Wastewater	General Fund	37,450	(E)
Water	General Fund	56,295	(E)
		<u>\$3,290,358</u>	

- (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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

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, 2013, the following funds have balances due to the General Fund:

Special Revenue Fund:	
Miscellaneous Grants	\$64,002
Capital Projects Funds:	
Street Projects	59,973
Intermodal Transportation Fund	1,328,447
Enterprise Fund:	
Benicia Marina	152,369
Internal Service Fund:	
General Services	<u>35,786</u>
Total	<u><u>\$1,640,577</u></u>

C. Advances Between Funds

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 at the current portfolio earning rate and is expected to be fully repaid by 2015. The outstanding balance at June 30, 2013 was \$722,759.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 5 – LOANS RECEIVABLE

At June 30, 2013, the City had the following loans receivable:

	Balance at June 30, 2013		
	Governmental Activities	Business-Type Activities	Total
Housing Rehabilitation Loan Program	\$312,495		\$312,495
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	52,502	86,690	139,192
Total Loans Receivable	2,847,511	1,880,012	4,727,523
Less: Forgivable Amounts	(192,514)	(948,322)	(1,140,836)
Total	\$2,654,997	\$931,690	\$3,586,687

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, 2013, residents owed the City \$312,495 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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

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 loans were later assumed by individual low income and very low-income home buyers (collectively “Hearthstone Village”) within the twelve-unit development. The loans are secured by deeds of trust creating a valid lien, not lower than third priority, upon the related property. The loans were assumed under a ten-year regulatory agreement requiring continued use of the properties for low and very low-income households. This requirement is no longer mandated by the City’s regulatory agreement which expired in May 2013; however, it is the City’s intent that the loans will continue to be deferred while the units are occupied by the low and very low-income owners.

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 repaid 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, 2013, the outstanding amount of this loan was \$1,400,000.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 5 – LOANS RECEIVABLE (Continued)

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. On March 6, 2012, the City Council approved a new payment plan for the remaining balance owed by Suraj Investment Group. The new terms of the agreement calls for monthly payments for seven years with an interest rate of 5.125%. Final payment will be on March 1, 2019. As of June 30, 2013, the outstanding amount was \$139,192.

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:

Buildings and Improvements	15-50 years
Machinery and Equipment	5-30 years
Computer Software	5 years
Treatment Plant, Water & Sewer Pipes	40-60 years
Other Infrastructure	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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 6 – CAPITAL ASSETS (Continued)

A. Capital asset activity during the fiscal year was as follows:

	Balance June 30, 2012	Additions	Retirements	Transfers	Balance June 30, 2013
Governmental Activities:					
Capital assets, not depreciated:					
Land	\$18,545,953				\$18,545,953
Construction in Progress	16,392,773	\$5,230,131		(\$18,193,419)	3,429,485
Total capital assets, not depreciated	<u>34,938,726</u>	<u>5,230,131</u>		<u>(18,193,419)</u>	<u>21,975,438</u>
Buildings and Improvements	22,131,569	57,563		4,262,704	26,451,836
Machinery and Equipment	8,699,703	283,521	(\$471,418)	240,293	8,752,099
Computer Software	51,426	40,965			92,391
Infrastructure	137,689,152	1,283,930		13,690,422	152,663,504
Total cost of depreciable assets	<u>168,571,850</u>	<u>1,665,979</u>	<u>(471,418)</u>	<u>18,193,419</u>	<u>187,959,830</u>
Less accumulated depreciation:					
Buildings and Improvements	(8,397,052)	(728,177)			(9,125,229)
Machinery and Equipment	(6,526,307)	(378,246)	471,418		(6,433,135)
Computer Software	(20,570)	(10,285)			(30,855)
Infrastructure	(56,104,912)	(2,361,044)			(58,465,956)
Total accumulated depreciation	<u>(71,048,841)</u>	<u>(3,477,752)</u>	<u>471,418</u>		<u>(74,055,175)</u>
Net depreciable assets	<u>97,523,009</u>	<u>(1,811,773)</u>		<u>18,193,419</u>	<u>113,904,655</u>
Governmental Activity Capital Assets, Net	<u>\$132,461,735</u>	<u>\$3,418,358</u>			<u>\$135,880,093</u>
Business-Type Activities:					
Capital assets, not depreciated:					
Land and Improvements	\$2,584,081				\$2,584,081
Construction in Progress	3,289,062	\$587,643		(\$1,038,749)	2,837,956
Total capital assets, not depreciated:	<u>5,873,143</u>	<u>587,643</u>		<u>(1,038,749)</u>	<u>5,422,037</u>
Capital assets, being depreciated:					
Buildings and Improvements	90,567,331			958,706	91,526,037
Machinery and Equipment	8,401,851			80,043	8,481,894
Infrastructure	73,938,182				73,938,182
Water Rights	5,000,000				5,000,000
Total cost of depreciable assets	<u>177,907,364</u>			<u>1,038,749</u>	<u>178,946,113</u>
Less accumulated depreciation:					
Buildings and Improvements	(39,084,644)	(2,259,195)			(41,343,839)
Machinery and Equipment	(4,057,560)	(373,109)			(4,430,669)
Infrastructure	(39,169,086)	(1,374,499)			(40,543,585)
Water Rights	(600,000)	(200,000)			(800,000)
Total accumulated depreciation	<u>(82,911,290)</u>	<u>(4,206,803)</u>			<u>(87,118,093)</u>
Net depreciable assets	<u>94,996,074</u>	<u>(4,206,803)</u>		<u>1,038,749</u>	<u>91,828,020</u>
Business-type Activity Capital Assets, Net	<u>\$100,869,217</u>	<u>(\$3,619,160)</u>			<u>\$97,250,057</u>

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 6 – CAPITAL ASSETS (Continued)

B. Project Commitments

At June 30, 2013, the City had outstanding commitments with contractors for the following projects:

Project	Commitment
Street Resurfacing	\$325,172
Urban Waterfront Enhancement	100,168
Intermodal-Phase II	121,855
	\$547,195

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	\$97
Public safety - police	83,638
Public safety - fire	8,382
Parks and community services	481,322
Public works and community development	1,982,116
Library	7,440
General government	54,229
Internal service funds	860,528
Total Governmental Activities	\$3,477,752
Business-type Activities:	
Wastewater	\$2,200,451
Water	1,816,740
Benicia Marina	189,612
Total Business-Type Activities	\$4,206,803

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

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, 2012	Additions/ Accretion	Deletions	Balance at June 30, 2013	Due Within One Year
GOVERNMENTAL ACTIVITY DEBT					
2006 Pension Obligation Bonds					
Series A-1 (Current Interest Bonds)	\$5,625,000			\$5,625,000	
Series A-2 (Capital Appreciation Bonds)	6,523,201	\$363,525	\$1,060,000	5,826,726	\$1,105,000
2011 Certificates of Participation					
Energy Conservation Projects	13,100,000		400,000	12,700,000	425,000
Less unamortized original issue discount	(245,085)		(10,297)	(234,788)	
2012 General Obligation					
Refunding Bonds	4,270,000		695,000	3,575,000	625,000
Casa de Vilarrasa- Capital Lease	1,115,842		64,851	1,050,991	67,818
Fire Engine Capital Lease	232,370		34,699	197,671	36,219
Police and Marina Area Storm Drain					
Improvements Capital Lease	1,000,855		233,483	767,372	244,299
Total Governmental Activity Debt	<u>\$31,622,183</u>	<u>\$363,525</u>	<u>\$2,477,736</u>	<u>\$29,507,972</u>	<u>\$2,503,336</u>
	Balance			Balance	Due Within
	July 1, 2012		Deletions	June 30, 2013	One Year
BUSINESS-TYPE ACTIVITY DEBT					
2002 Water Revenue					
Refunding Bonds	\$4,940,000		\$750,000	\$4,190,000	\$780,000
2005 Wastewater Refunding					
Revenue Bonds	2,685,000		290,000	2,395,000	300,000
Less unamortized original issue discount	(40,090)		(6,684)	(33,406)	
Total utility bonds payable	7,584,910		1,033,316	6,551,594	1,080,000
net of discount					
State of California Marina Loans	3,381,323		171,702	3,209,621	166,783
State Revolving Loan Fund- WWTP	9,951,520		1,028,356	8,923,164	1,046,894
State Revolving Loan Fund- I & I WW	8,004,307		525,406	7,478,901	539,067
State Revolving Loan Fund-					
Water Treatment Plant	9,287,126		521,528	8,765,598	534,067
Total Business-type Activity Debt	<u>\$38,209,186</u>		<u>3,280,308</u>	<u>\$34,928,878</u>	<u>\$3,366,811</u>

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 7 - LONG - TERM DEBT (Continued)

B. 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 fund the unfunded actuarial accrued liability of the Miscellaneous and Safety pension plans through the California Public Employees' Retirement System. The application of the proceeds was treated as employer contributions of that year. Since the amounts were greater than the required pension contributions of that year, the difference resulted in the City reporting a pension asset. As of June 30, 2013, the City's prepaid pension obligation amounted to \$11,202,426.

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 unaccrued discount totaled \$3,433,276 at June 30, 2013. The Bonds do not pay periodic interest. Interest on the Bonds accretes in value at the rates of 5.67% to 6.12%. Repayments of the accreted principal commenced on June 1, 2008.

C. 2011 Certificates of Participation Energy Conservation Projects

On April 7, 2011, the Public Property Financing Corporation of California (Corporation) issued Certificates of Participation (COPs) – 2011 Energy Conservation Projects in the amount of \$13,195,000. The proceeds of the Certificates were used to finance various energy conservation projects throughout the vicinity of City of Benicia, 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.

On April 1, 2011, the City entered into a site and facility lease with the Corporation for real property and site improvements commonly known as City Hall and the Clocktower Fortress. These properties have been pledged as collateral under a separate lease agreement, between the City and the Corporation, which provides lease payments to be used to pay debt service on the 2011 COPs. Upon retirement of the 2011 COPs and related interest, the lease agreement terminates and title to properties reverts to the City.

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.

D. General Obligation Refunding Bonds Series 2012

On June 7, 2012, the City issued General Obligation Refunding Bonds, Series 2012, in the amount of \$4,270,000, bearing interest of 1.25%. The proceeds were used to refund the City's outstanding 1997 General Obligation Wastewater Bonds, Series A and B. Principal payments are due annually on August 1, and interest payable on February 1 and August 1.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 7 - LONG - TERM DEBT (Continued)

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.

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 \$4,646,172 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 2013, gross Water Fund Revenues including operating revenues and non-operating interest earnings totaled \$7,372,233 and operating costs, not including depreciation or amortization, totaled \$5,516,877. Net Revenues available for debt service totaled \$1,855,356 which represented coverage of 1.98% of debt service payment of \$937,295.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 7 – LONG - TERM DEBT (Continued)

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 \$2,742,857 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 2013, Wastewater Fund Revenues including operating revenues and non-operating investment income totaled \$7,203,334 and operating costs, not including depreciation or amortization totaled \$4,542,501. Net Revenues available for debt service totaled \$2,660,833, which represented coverage of 6.8% of debt service payment of \$387,040.

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 and general fund transfers.

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, 2013, the outstanding principal amount was \$8,765,598.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

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
2014	\$625,000	\$40,782
2015	640,000	32,876
2016	650,000	24,813
2017	655,000	16,656
2018	670,000	8,375
2019	335,000	2,094
Total	<u>\$3,575,000</u>	<u>\$125,596</u>

Governmental Activities: Certificates of Participation

Year ending June 30	Principal	Interest
2014	\$425,000	\$692,753
2015	465,000	681,065
2016	535,000	666,418
2017	120,000	647,693
2018	155,000	643,073
2019-2023	1,330,000	3,071,015
2024-2028	2,090,000	2,624,379
2029-2033	3,630,000	1,935,600
2034-2036	3,950,000	489,900
Total	<u>\$12,700,000</u>	<u>\$11,451,896</u>

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 7 – LONG - TERM DEBT (Continued)

Governmental Activities: Pension Obligation Bonds

Year ending June 30	Principal (A)	Interest
2014	\$1,105,000	\$332,415
2015	1,155,001	332,415
2016	1,210,000	332,415
2017	1,310,000	277,811
2018	305,000	217,631
2019-2023	1,830,000	1,088,155
2024-2028	2,385,001	1,088,155
2029-2033	3,060,000	1,061,174
2034-2036	2,525,000	308,657
Total	<u>\$14,885,002</u>	<u>\$5,038,828</u>

(A) Includes unaccreted discount totaling \$3,433,276

Governmental Activities: Capital Leases

Year ending June 30	Principal	Interest
2014	\$348,336	\$87,099
2015	364,207	71,111
2016	380,994	54,390
2017	118,637	40,071
2018	123,958	34,742
2019-2023	463,598	107,955
2024-2028	216,304	12,304
Total	<u>\$2,016,034</u>	<u>\$407,672</u>

Enterprise Activities: Revenue Bonds

Year ending June 30	Principal	Interest
2014	\$1,080,000	\$245,265
2015	1,125,000	203,130
2016	1,170,000	157,551
2017	1,205,000	108,916
2018	1,245,000	57,488
2019-2020	760,000	31,679
Total	<u>\$6,585,000</u>	<u>\$804,029</u>

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 7 – LONG - TERM DEBT (Continued)

Enterprise Activities: Revolving Loans

Year ending June 30	Principal	Interest
2014	\$2,286,811	\$712,486
2015	2,340,048	659,400
2016	2,394,638	604,965
2017	2,450,615	549,148
2018	2,508,021	491,905
2019-2023	11,016,805	1,569,852
2024-2028	5,380,346	322,415
Total	<u>\$28,377,284</u>	<u>\$4,910,171</u>

O. Special Assessment Debt Without City Commitment

At June 30, 2013, the outstanding principal amount of bonded debt issued by special assessment districts in the City was as follows:

McAllister	\$9,145,000
East Second Street	1,150,000
Combined Drake/Gateway	133,000
Fleetside Industrial Refunding	800,000

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 POSITION AND FUND BALANCES

A. Net Position

Net position is the excess of all the City's assets and deferred outflows over all its liabilities and deferred inflow, regardless of fund. Net position is divided into three captions on the Statement of Net Position. These captions apply only to net position, which is determined at the Government-wide level and proprietary funds and are described below:

Net Investment in Capital Assets, describes the portion of net position 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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

Restricted describes the portion of net position 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, debt service requirements and funds restricted to low and moderate income purposes.

Unrestricted describes the portion of net position which is not restricted as to use.

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 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 are comprised of amounts that can only be used for the specific purposes determined by the action that constitutes a binding constraint (i.e. ordinance or resolution) of the City's highest level of decision-making authority; the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.

Assigned fund balances are comprised of amounts intended to be used by the City for specific purposes that 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. The City has, by resolution, authorized the City Manager to assign fund balance.

Unassigned fund balance represents the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Other governmental funds may only report negative unassigned fund balance, which occurs when a fund has a residual deficit after allocation of fund balance to the non-spendable, restricted or committed categories.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2013, are stated below:

Fund Balance Classifications	General Fund	General Obligation Bonds Debt Service Fund	Other Governmental Funds	Total
Nonspendables:				
Items not in spendable form:				
Prepaid expenses	\$30,750			\$30,750
Long-term interfund receivables				
Total Nonspendable Fund Balances	<u>30,750</u>			<u>30,750</u>
Restricted for:				
Debt Service		\$702,812		702,812
St. Catherine's Wood	103,912			103,912
Cable	99,135			99,135
Special Revenue			\$4,404,805	4,404,805
Capital Projects				
Total Restricted Fund Balances	<u>203,047</u>	<u>702,812</u>	<u>4,404,805</u>	<u>5,310,664</u>
Committed to:				
Capital Projects			1,480,824	1,480,824
Emergency Reserves	3,097,360			3,097,360
Total Committed Fund Balances	<u>3,097,360</u>		<u>1,480,824</u>	<u>4,578,184</u>
Assigned to:				
Human Services	16,302			16,302
Arts and Cultural Comm	4,788			4,788
Economic Development	865,164			865,164
Capital License	71,716			71,716
Library Book	10			10
City Operations	96,212			96,212
Total Assigned Fund Balances	<u>1,054,192</u>			<u>1,054,192</u>
Unassigned:				
General Fund	3,943,937			3,943,937
Capital Projects			(272,217)	(272,217)
Total Unassigned Fund Balances	<u>3,943,937</u>		<u>(272,217)</u>	<u>3,671,720</u>
Total Fund Balances	<u>\$8,329,286</u>	<u>\$702,812</u>	<u>\$5,613,412</u>	<u>\$14,645,510</u>

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

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.

An Emergency Reserve is maintained in the General Fund to mitigate all unforeseen events not covered in the Contingency Reserves. The Emergency Reserves shall be appropriated by the City Council to provide for Natural Disaster expenditures of epic proportion, such as an 8.0 Earthquake or 200-Year Flood Event. These funds will only be used by Council formal action and for the purposes stated.

D. *Fund Equity Deficits*

The Street Projects Capital Projects Fund had a deficit fund balance of \$204,970 at June 30, 2013. Grant funds are expected to offset the deficit in fiscal year 2014.

The Intermodal Transportation Capital Projects Fund had a deficit fund balance of \$67,247 at June 30, 2013. Grant funds are expected to offset the deficit in fiscal year 2014.

The Benicia Marina Enterprise Fund had a deficit net position of \$217,092 at June 30, 2013. Management is currently reviewing options to reduce deficit over time with Council approval.

The Insurance Internal Service Fund had deficit net position of \$1,232,513 at June 30, 2013. Management is looking for options to increase service rates and reduce the deficit over time.

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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

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. A third plan was established to implement the provisions of the Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, and is applicable to employees new to CALPERS and hired after December 31, 2012. The Plans' provisions and benefits in effect at June 30, 2013, are summarized as follows:

	Safety		PEPRA		PEPRA-Safety	
	Miscellaneous	Miscellaneous	Miscellaneous	Fire	Police	
Benefit vesting schedule	5 years service					
Benefit payments	monthly for life					
Retirement age	50	55	62	57	57	
Monthly benefits, as a % of annual salary	3%	1.426%-2.418%	2%	2.70%	2.70%	
Required employee contribution rates	9%	8%	6.25%	12.25%	12.25%	
Required employer contribution rates	26.416%	15.187%	15.187%	12.25%	12.25%	

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
<i>Safety Plan</i>			
June 30, 2011	\$1,478,387	100%	0
June 30, 2012	1,540,274	100%	0
June 30, 2013	1,506,006	100%	0
<i>Miscellaneous Plan</i>			
June 30, 2011	\$1,248,955	100%	0
June 30, 2012	1,523,607	100%	0
June 30, 2013	1,525,905	100%	0

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 10 - PENSION PLAN (Continued)

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, 2013 was 22 years for the miscellaneous plan and 19 years for the safety plan.

With the proceeds from the 2006 Pension Obligation Bonds, the City funded the unfunded actuarial accrued liabilities of the pension plans (See Note 7). These prepaid contributions are reflected in the accompanying financial statements as Prepaid PERS Contribution which amounted to \$11,202,426 at June 30, 2013. During fiscal 2012-13, the amortization of the prepayment decreased the actuarially required contributions by \$346,467 to arrive at the Annual Pension Costs of \$3,378,378.

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:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2009	\$67,420,920	\$60,224,044	\$7,196,876	89.3%	\$12,413,592	58.0%
2010	71,953,967	64,246,960	7,707,007	89.3%	11,267,528	68.4%
2011	77,140,133	68,317,491	8,822,642	88.6%	11,310,540	78.0%

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 new State-wide pools. The following 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 State-Wide Pool Safety 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:

State-Wide Pool Safety Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2009	\$9,721,675,347	\$8,027,158,724	\$1,694,516,623	82.6%	\$973,814,168	174.0%
2010	10,165,475,166	8,470,235,152	1,695,240,014	83.3%	955,980,815	177.3%
2011	10,951,745,049	9,135,654,246	1,816,090,803	83.4%	949,833,090	191.2%

The City's Safety Plan represents approximately .71%, .78%, and .73% of the State-wide Safety 3% @ 50 Risk Pool for the years ended June 30, 2011, 2010, and 2009, respectively; based on covered payroll of \$6,715,523, \$7,443,560, and \$7,080,400 for those years.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 10 - PENSION PLAN (Continued)

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:

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual required contribution	\$474,370
Interest on net OPEB obligation	52,529
Adjustment to annual required contribution	<u>(54,311)</u>
Annual OPEB cost (expense)	472,588
Contributions made (including premiums paid)	<u>(208,886)</u>
Increase in net OPEB obligation	263,702
Net OPEB obligation - beginning of year	<u>1,167,310</u>
Net OPEB obligation - end of year	<u><u>\$1,431,012</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$514,209	39%	\$915,566
6/30/2012	444,299	47%	1,167,310
6/30/2013	472,588	44%	1,431,012

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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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 7 percent initially, reduced by decrements of 0.3% per year to an ultimate rate of 5.5 percent after the year 2018. 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.

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 April 1, 2012, actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
6/30/2009	\$0	\$4,401,160	\$4,401,160	0.00%	\$19,529,818	23%
4/1/2012	0	4,716,121	4,716,121	0.00%	16,847,112	28%

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, 2013, the City contributed \$770,018 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, 2013, the City contributed \$112,863 for current year coverage.

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

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

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:

	2013			2012
	Workers' Compensation	General Liability	Total	
Beginning balance	\$1,158,232	\$246,651	\$1,404,883	\$859,071
Liability for current year claims and change in prior year claims estimate	2,185,841	206,962	2,392,803	1,593,076
Claims paid in fiscal year	(1,195,073)	(283,313)	(1,478,386)	(1,047,264)
Ending balance	<u>\$2,149,000</u>	<u>\$170,300</u>	<u>\$2,319,300</u>	<u>\$1,404,883</u>
Claim liabilities due within a year	<u>\$842,031</u>	<u>\$170,300</u>	<u>\$1,012,331</u>	<u>\$742,036</u>

For the years ended June 30, 2013, 2012, and 2011, 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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 13 – JOINT POWERS AUTHORITIES

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 terms.

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). According to the lease agreement, beginning in 2011, the monthly rent is adjusted annually for each succeeding years using the Consumer Price Index for all Urban Consumers (CPI-U). However, BUSD has been billing the City without any CPI adjustments.

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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 16 – VALERO REFINING COMPANY SETTLEMENT AGREEMENT COMMITMENT

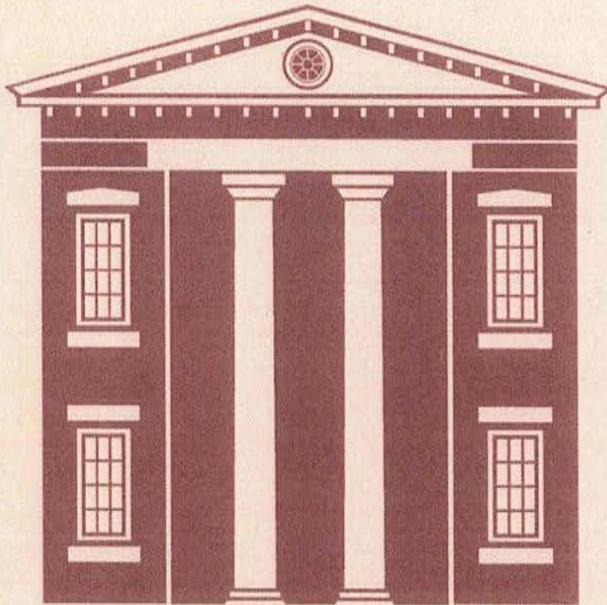
In April 2003, the City approved the Use Permit for the Valero Improvement Project (VIP). This was amended in June 2003 by Valero Refining Company (Valero) Settlement Agreement. In July 2008, the Good Neighbor Steering Committee and Valero entered into an agreement and the Planning Commission then incorporated 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, of which \$6,723,000 is the City's direct share. The commitment does not meet the criteria to be recorded as revenue until eligible project expenditures are incurred. As of June 30, 2013, Valero has paid the City \$4,985,341 of this commitment.

NOTE 17 - MARINA

The City of Benicia contracts with the Benicia Harbor Corporation (BHC) 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. In fiscal year 2012-13, the amount under review was \$185,847. At June 30, 2013, the City received \$43,092 of this amount, which represents the percentage rent for fiscal year 12-13.

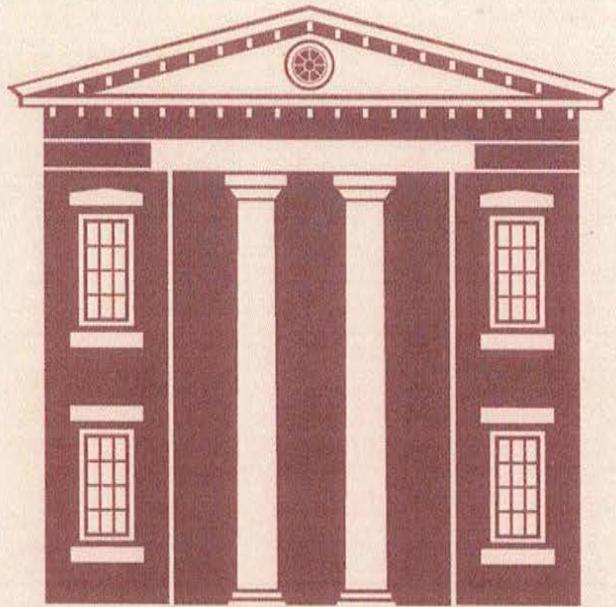
NOTE 18 – OTHER RELATED ORGANIZATIONS

The City Council of the City of Benicia appoints board members of the Benicia Housing Authority (the Authority). The Authority sets policy for, and administers, affordable housing programs within the City of Benicia. The City has related financial transactions with the Authority represented by loans receivable from the Authority in a total amount of \$2,585,000 as of June 30, 2013, and more fully described under Note 5C and F.



THE CITY OF
BENICIA
CALIFORNIA

SUPPLEMENTARY INFORMATION



THE CITY OF
BENICIA
CALIFORNIA

NON-MAJOR GOVERNMENTAL FUNDS

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 the City Cemetery, and also local grant money for a citywide tree maintenance program.

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.

PUBLIC SAFETY GRANTS

Accounts for various public safety grant revenues and their expenditures.

HUMAN SERVICES

Accounts for endowment and restricted donations to support resident assistance programs within the City.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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 miscellaneous recycling and ABAG workplace safety grants.

VALERO GNSC

Accounts for the Valero settlement monies to be used for various water and energy conservation projects.

DEBT SERVICE FUND**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 transfers.

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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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.

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.

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 FUND

Accounts for funding and construction of various intermodal transportation projects. Sources of revenue include 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, 2013

	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	\$911,932	\$73,009	\$150,027	\$105,693
Accounts receivable				179
Interest receivable	110	13	19	13
Loans receivable				
Total Assets	\$912,042	\$73,022	\$150,046	\$105,885
LIABILITIES				
Accounts payable	\$310,710	\$5,960	\$581	
Customer deposits				
Due to other fund				
Total Liabilities	310,710	5,960	581	
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - accounts receivable				
Unavailable revenue - loans receivable				
Total Deferred Inflows of Resources				
FUND BALANCES				
Restricted	601,332	67,062	149,465	\$105,885
Committed				
Unassigned				
Total Fund Balances (Deficits)	601,332	67,062	149,465	105,885
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$912,042	\$73,022	\$150,046	\$105,885

SPECIAL REVENUE FUNDS

East 2nd Street Landscaping and Lighting	Goodyear Road Landscaping and Lighting	Community Development Block Grant	Community Services Program	Library Programs	Library Measure B	Southern Pacific Depot	Public Safety Grants
\$39,450 1,293 5	\$41,524 119 5	\$457,290 37 312,495	\$269,189 32	\$313,894 38	\$511,377 107,197 66	\$155,748 18	\$182,304 137,534 31
<u>\$40,748</u>	<u>\$41,648</u>	<u>\$769,822</u>	<u>\$269,221</u>	<u>\$313,932</u>	<u>\$618,640</u>	<u>\$155,766</u>	<u>\$319,869</u>
			\$26	\$14,595	\$1,517		\$21,154 42,313
			26	14,595	1,517		63,467
		\$312,495					
		312,495					
\$40,748	\$41,648	457,327	269,195	299,337	617,123	\$155,766	256,402
<u>40,748</u>	<u>41,648</u>	<u>457,327</u>	<u>269,195</u>	<u>299,337</u>	<u>617,123</u>	<u>155,766</u>	<u>256,402</u>
<u>\$40,748</u>	<u>\$41,648</u>	<u>\$769,822</u>	<u>\$269,221</u>	<u>\$313,932</u>	<u>\$618,640</u>	<u>\$155,766</u>	<u>\$319,869</u>

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2013

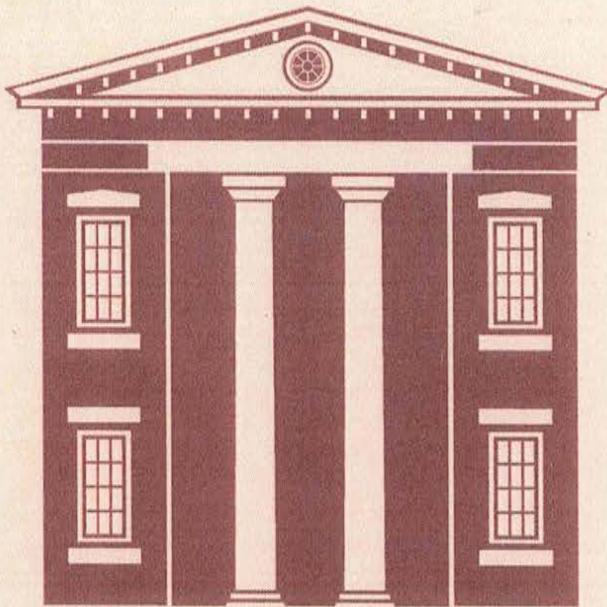
	SPECIAL REVENUE FUNDS			
	Human Services	Developer Deposits	Tourtelot Mitigation	Miscellaneous Grants
ASSETS				
Cash and investments available for City operations	\$156,555	\$826,286	\$485,552	
Accounts receivable		4,683		\$71,150
Interest receivable	19	34	59	
Loans receivable				
Total Assets	\$156,574	\$831,003	\$485,611	\$71,150
LIABILITIES				
Accounts payable		\$47,648	\$40	\$6,583
Customer deposits		783,355		
Due to other fund				64,002
Total Liabilities		831,003	40	70,585
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - accounts receivable				
Unavailable revenue - loans receivable				
Total Deferred Inflows of Resources				
FUND BALANCES				
Restricted	\$156,574		485,571	\$565
Committed				
Unassigned				
Total Fund Balances (Deficit)	156,574		485,571	565
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$156,574	\$831,003	\$485,611	\$71,150

SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS				
Valero GNSC	Casa De Vilarrasa	Traffic Mitigation	Street Projects	Park Dedication	Library Basement Project	Community Center
\$721,098		\$1,090,962		\$9,864	\$289,255	\$75,457
24,032			\$268,062	14,480		
129		130	3	24	34	
		59,266		196,950		
<u>\$745,259</u>		<u>\$1,150,358</u>	<u>\$268,065</u>	<u>\$221,318</u>	<u>\$289,289</u>	<u>\$75,457</u>
\$44,454		\$10,000	\$145,000	\$21,939		\$7,359
			59,973			
<u>44,454</u>		<u>10,000</u>	<u>204,973</u>	<u>21,939</u>		<u>7,359</u>
			268,062			
		59,266		196,950		
		59,266	268,062	196,950		
700,805		1,081,092		2,429	\$289,289	68,098
			(204,970)			
<u>700,805</u>		<u>1,081,092</u>	<u>(204,970)</u>	<u>2,429</u>	<u>289,289</u>	<u>68,098</u>
<u>\$745,259</u>		<u>\$1,150,358</u>	<u>\$268,065</u>	<u>\$221,318</u>	<u>\$289,289</u>	<u>\$75,457</u>

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2013

	CAPITAL PROJECTS FUNDS				
	Community Donations	McAllister Assessment District	Intermodal Transportation Fund	Casa De Vilarrasa	Total Non-major Governmental Funds
ASSETS					
Cash and investments available for City operations		\$350,368			\$7,216,834
Accounts receivable			\$1,329,449		1,958,178
Interest receivable		42			861
Loans receivable				\$1,400,000	1,968,711
Total Assets		\$350,410	\$1,329,449	\$1,400,000	\$11,144,584
LIABILITIES					
Accounts payable		\$310,494	\$68,249		\$1,016,309
Customer deposits					825,668
Due to other fund			1,328,447		1,452,422
Total Liabilities		310,494	1,396,696		3,294,399
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - accounts receivable					268,062
Unavailable revenue - loans receivable				\$1,400,000	1,968,711
Total Deferred Inflows of Resources				1,400,000	2,236,773
FUND BALANCES					
Restricted					4,404,805
Committed		39,916			1,480,824
Unassigned			(67,247)		(272,217)
Total Fund Balances		39,916	(67,247)		5,613,412
Total Liabilities, Deferred Inflows of Resources and Fund Balances		\$350,410	\$1,329,449	\$1,400,000	\$11,144,584



THE CITY OF
BENICIA
CALIFORNIA

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	SPECIAL REVENUE FUNDS			
	Gas Tax	Residential Landscaping and Lighting	Fleetside Landscaping and Lighting	Columbus Parkway Landscaping and Lighting
REVENUES				
Sales tax				
Assessments		\$299,886	\$79,977	\$15,800
Use of money and property	\$1,418	386	381	287
Revenue from other agencies	669,655			
Current service charges				
Community donations				
Other	15,164			
Total Revenues	686,237	300,272	80,358	16,087
EXPENDITURES				
Current:				
Administration				
Public safety - police				
Public safety - fire				
Parks and community services		330,969	93,207	16,414
Public works	301,484			
Community development				
Library				
Economic development				
Capital outlay	546,333			
Debt service:				
Principal repayment				
Interest and fiscal charges				
Total Expenditures	847,817	330,969	93,207	16,414
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(161,580)	(30,697)	(12,849)	(327)
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)				
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	(161,580)	(30,697)	(12,849)	(327)
BEGINNING FUND BALANCES (DEFICITS)	762,912	97,759	162,314	106,212
ENDING FUND BALANCES (DEFICITS)	\$601,332	\$67,062	\$149,465	\$105,885

SPECIAL REVENUE FUNDS

East 2nd Street Landscaping and Lighting	Goodyear Road Landscaping and Lighting	Community Development Block Grant	Community Services Program	Library Programs	Library Measure B	Southern Pacific Depot	Public Safety Grants
					\$788,209		
\$28,001 287	\$4,000 355	\$14,871	\$775	\$987 45,797	1,235	\$6,383	\$2,124 373,994
			38,971 500 5,538	15 81,800			105 1,156
<u>28,288</u>	<u>4,355</u>	<u>14,871</u>	<u>45,784</u>	<u>128,599</u>	<u>789,444</u>	<u>6,383</u>	<u>377,379</u>
							302,231
25,269	4,928					270	
		152,430		124,207	632,897		
			133,441	337	735		82,161
<u>25,269</u>	<u>4,928</u>	<u>152,430</u>	<u>133,441</u>	<u>124,544</u>	<u>633,632</u>	<u>270</u>	<u>384,392</u>
3,019	(573)	(137,559)	(87,657)	4,055	155,812	6,113	(7,013)
		152,430		62,905		10,000	74,000
		152,430		62,905		10,000	74,000
3,019	(573)	14,871	(87,657)	66,960	155,812	16,113	66,987
<u>37,729</u>	<u>42,221</u>	<u>442,456</u>	<u>356,852</u>	<u>232,377</u>	<u>461,311</u>	<u>139,653</u>	<u>189,415</u>
<u>\$40,748</u>	<u>\$41,648</u>	<u>\$457,327</u>	<u>\$269,195</u>	<u>\$299,337</u>	<u>\$617,123</u>	<u>\$155,766</u>	<u>\$256,402</u>

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

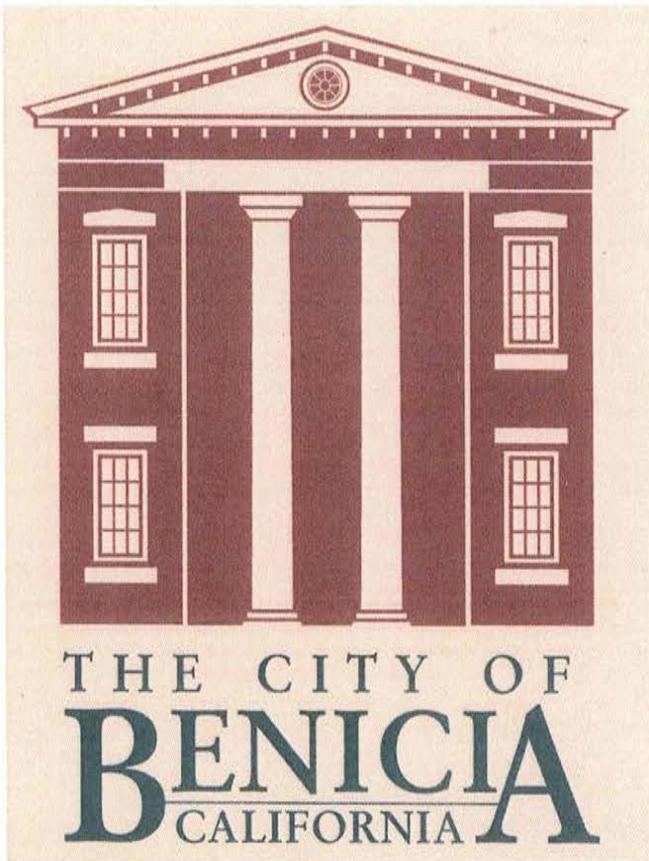
	SPECIAL REVENUE FUNDS			
	Human Services	Developer Deposits	Tourtelot Mitigation	Miscellaneous Grants
REVENUES				
Sales tax				
Assessments				
Use of money and property	\$586		\$1,627	
Revenue from other agencies				\$83,198
Current service charges		\$105,769		
Community donations	360			
Other		54,356		
Total Revenues	946	160,125	1,627	83,198
EXPENDITURES				
Current:				
Administration				43,416
Public safety - police		381		
Public safety - fire				
Parks and community services				
Public works			24,639	
Community development		105,769		
Library				
Economic development		53,975		
Capital outlay				78,858
Debt service:				
Principal repayment				
Interest and fiscal charges				
Total Expenditures		160,125	24,639	122,274
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	946		(23,012)	(39,076)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,028			
Transfers (out)				
Total Other Financing Sources (Uses)	1,028			
NET CHANGE IN FUND BALANCES	1,974		(23,012)	(39,076)
BEGINNING FUND BALANCES (DEFICITS)	154,600		508,583	39,641
ENDING FUND BALANCES (DEFICITS)	\$156,574		\$485,571	\$565

SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS					
		Valero GNSC	Casa De Vilarrasa	Traffic Mitigation	Street Projects	Park Dedication	Library Basement Project
\$1,274			\$608	\$207	\$2,435	\$851	
			30,808	243,936	14,480		
					21,240		
920,341							
921,615		31,416	244,143	38,155	851		
2,471							
69,954							
83,245							
205,063		92,960	372,865	122,138			\$152,311
	\$298,334						
	92,656						
360,733	390,990	92,960	372,865	122,138			152,311
560,882	(390,990)	(61,544)	(128,722)	(83,983)	851		(152,311)
	390,989						500,000
(500,000)							
(500,000)	390,989						500,000
60,882	(1)	(61,544)	(128,722)	(83,983)	851		347,689
639,923	1	1,142,636	(76,248)	86,412	288,438		(279,591)
\$700,805		\$1,081,092	(\$204,970)	\$2,429	\$289,289		\$68,098

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>CAPITAL PROJECTS FUNDS</u>				Total Non-major Governmental Funds
	<u>Community Donations</u>	<u>McAllister Assessment District</u>	<u>Intermodal Transportation Fund</u>	<u>Casa De Vilarrasa</u>	
REVENUES					
Sales tax					\$788,209
Assessments					427,664
Use of money and property	\$5	\$1,031	\$2		38,115
Revenue from other agencies			1,372,133		2,803,193
Current service charges					196,803
Community donations					82,765
Other			1,000		997,555
					<u>5,334,304</u>
Total Revenues	<u>5</u>	<u>1,031</u>	<u>1,373,135</u>		<u>5,334,304</u>
EXPENDITURES					
Current:					
Administration					45,887
Public safety - police					302,612
Public safety - fire					
Parks and community services					541,011
Public works					326,123
Community development					341,444
Library					757,104
Economic development					53,975
Capital outlay	2,295		1,396,713		3,186,210
Debt service:					
Principal repayment					298,334
Interest and fiscal charges					92,656
					<u>5,945,356</u>
Total Expenditures	<u>2,295</u>		<u>1,396,713</u>		<u>5,945,356</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,290)</u>	<u>1,031</u>	<u>(23,578)</u>		<u>(611,052)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					1,191,352
Transfers (out)			(1,000,000)		(1,500,000)
Total Other Financing Sources (Uses)			<u>(1,000,000)</u>		<u>(308,648)</u>
NET CHANGE IN FUND BALANCES	(2,290)	1,031	(1,023,578)		(919,700)
BEGINNING FUND BALANCES (DEFICITS)	<u>2,290</u>	<u>38,885</u>	<u>956,331</u>		<u>6,533,112</u>
ENDING FUND BALANCES (DEFICITS)		<u>\$39,916</u>	<u>(\$67,247)</u>		<u>\$5,613,412</u>



THE CITY OF
BENICIA
CALIFORNIA

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013

	GAS TAX			RESIDENTIAL LANDSCAPING AND LIGHTING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Sales tax						
Assessments				\$299,885	\$299,886	\$1
Use of money and property	\$4,000	\$1,418	(\$2,582)	500	386	(114)
Revenue from other agencies	770,000	669,655	(100,345)			
Current service charges						
Community donations						
Other		15,164	15,164			
Total Revenues	<u>774,000</u>	<u>686,237</u>	<u>(87,763)</u>	<u>300,385</u>	<u>300,272</u>	<u>(113)</u>
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services				335,610	330,969	4,641
Public works	471,400	301,484	169,916			
Community development						
Library				1,000		1,000
Capital outlay	802,420	546,333	256,087			
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	<u>1,273,820</u>	<u>847,817</u>	<u>426,003</u>	<u>336,610</u>	<u>330,969</u>	<u>5,641</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(499,820)</u>	<u>(161,580)</u>	<u>338,240</u>	<u>(36,225)</u>	<u>(30,697)</u>	<u>5,528</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u><u>(\$499,820)</u></u>	<u><u>(161,580)</u></u>	<u><u>\$338,240</u></u>	<u><u>(\$36,225)</u></u>	<u><u>(30,697)</u></u>	<u><u>\$5,528</u></u>
BEGINNING FUND BALANCES (DEFICITS)		<u>762,912</u>			<u>97,759</u>	
ENDING FUND BALANCES (DEFICITS)		<u><u>\$601,332</u></u>			<u><u>\$67,062</u></u>	

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
1,210	381	(829)	900	287	(\$613)	275	287	12
<u>81,185</u>	<u>80,358</u>	<u>(827)</u>	<u>16,700</u>	<u>16,087</u>	<u>(613)</u>	<u>28,275</u>	<u>28,288</u>	<u>13</u>
99,000	93,207	5,793	25,655	16,414	9,241	31,435	25,269	6,166
4,000		4,000	1,000		1,000			
<u>103,000</u>	<u>93,207</u>	<u>9,793</u>	<u>26,655</u>	<u>16,414</u>	<u>10,241</u>	<u>31,435</u>	<u>25,269</u>	<u>6,166</u>
<u>(21,815)</u>	<u>(12,849)</u>	<u>8,966</u>	<u>(9,955)</u>	<u>(327)</u>	<u>9,628</u>	<u>(3,160)</u>	<u>3,019</u>	<u>6,179</u>
<u>(\$21,815)</u>	<u>(12,849)</u>	<u>\$8,966</u>	<u>(\$9,955)</u>	<u>(327)</u>	<u>\$9,628</u>	<u>(\$3,160)</u>	<u>3,019</u>	<u>\$6,179</u>
	<u>162,314</u>			<u>106,212</u>			<u>37,729</u>	
	<u>\$149,465</u>			<u>\$105,885</u>			<u>\$40,748</u>	

(Continued)

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013

	GOODYEAR ROAD LANDSCAPING AND LIGHTING			COMMUNITY DEVELOPMENT BLOCK GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Sales tax						
Assessments	\$4,000	\$4,000				
Use of money and property	375	355	(\$20)	\$17,400	\$14,871	(\$2,529)
Revenue from other agencies						
Current service charges						
Community donations						
Other						
Total Revenues	<u>4,375</u>	<u>4,355</u>	<u>(20)</u>	<u>17,400</u>	<u>14,871</u>	<u>(2,529)</u>
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services	6,240	4,928	1,312			
Public works						
Community development				152,430	152,430	
Library						
Capital outlay	500		500			
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	<u>6,740</u>	<u>4,928</u>	<u>1,812</u>	<u>152,430</u>	<u>152,430</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,365)</u>	<u>(573)</u>	<u>1,792</u>	<u>(135,030)</u>	<u>(137,559)</u>	<u>(2,529)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				152,430	152,430	
Transfers out						
Total Other Financing Sources (Uses)				<u>152,430</u>	<u>152,430</u>	
NET CHANGE IN FUND BALANCES	<u>(\$2,365)</u>	<u>(573)</u>	<u>\$1,792</u>	<u>\$17,400</u>	<u>14,871</u>	<u>(\$2,529)</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>42,221</u>			<u>442,456</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$41,648</u>			<u>\$457,327</u>	

COMMUNITY SERVICES PROGRAM			LIBRARY PROGRAMS			LIBRARY MEASURE B		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$600,000	\$788,209	\$188,209
\$3,925	\$775	(\$3,150)	\$1,500	\$987	(\$513)	2,100	1,235	(865)
29,000	38,971	9,971	39,140	45,797	6,657			
	500	500	70,115	15	15			
500	5,538	5,038	14,400	81,800	11,685			
					(14,400)			
<u>33,425</u>	<u>45,784</u>	<u>12,359</u>	<u>125,155</u>	<u>128,599</u>	<u>3,444</u>	<u>602,100</u>	<u>789,444</u>	<u>187,344</u>
8,000		8,000						
			251,630	124,207	127,423	742,935	632,897	110,038
154,490	133,441	21,049	58,380	337	58,043	25,195	735	24,460
<u>162,490</u>	<u>133,441</u>	<u>29,049</u>	<u>310,010</u>	<u>124,544</u>	<u>185,466</u>	<u>768,130</u>	<u>633,632</u>	<u>134,498</u>
<u>(129,065)</u>	<u>(87,657)</u>	<u>41,408</u>	<u>(184,855)</u>	<u>4,055</u>	<u>188,910</u>	<u>(166,030)</u>	<u>155,812</u>	<u>321,842</u>
			62,905	62,905				
			62,905	62,905				
<u>(\$129,065)</u>	<u>(87,657)</u>	<u>\$41,408</u>	<u>(\$121,950)</u>	<u>66,960</u>	<u>\$188,910</u>	<u>(\$166,030)</u>	<u>155,812</u>	<u>\$321,842</u>
	<u>356,852</u>			<u>232,377</u>			<u>461,311</u>	
	<u>\$269,195</u>			<u>\$299,337</u>			<u>\$617,123</u>	

(Continued)

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013

	SOUTHERN PACIFIC DEPOT			PUBLIC SAFETY GRANTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Sales tax						
Assessments						
Use of money and property	\$2,000	\$6,383	\$4,383	\$680	\$2,124	\$1,444
Revenue from other agencies				414,355	373,994	(40,361)
Current service charges						
Community donations				200	105	(95)
Other					1,156	1,156
Total Revenues	<u>2,000</u>	<u>6,383</u>	<u>4,383</u>	<u>415,235</u>	<u>377,379</u>	<u>(37,856)</u>
EXPENDITURES						
Current:						
Administration						
Public safety - police				395,805	302,231	93,574
Parks and community services	\$17,500	270	17,230			
Public works						
Community development						
Library						
Capital outlay	4,100		4,100	205,215	82,161	123,054
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	<u>21,600</u>	<u>270</u>	<u>21,330</u>	<u>601,020</u>	<u>384,392</u>	<u>216,628</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(19,600)</u>	<u>6,113</u>	<u>25,713</u>	<u>(185,785)</u>	<u>(7,013)</u>	<u>178,772</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	10,000	10,000		74,000	74,000	
Transfers out						
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u></u>	<u>74,000</u>	<u>74,000</u>	<u></u>
NET CHANGE IN FUND BALANCES	<u>(\$9,600)</u>	<u>16,113</u>	<u>\$25,713</u>	<u>(\$111,785)</u>	<u>66,987</u>	<u>\$178,772</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>139,653</u>			<u>189,415</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$155,766</u>			<u>\$256,402</u>	

HUMAN SERVICES			TOURTELOT MITIGATION			MISCELLENOUS GRANTS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$2,000	\$586	(\$1,414)	\$4,340	\$1,627	(\$2,713)	\$83,200	83,198	(2)
2,000	360	(1,640)						
<u>4,000</u>	<u>946</u>	<u>(3,054)</u>	<u>4,340</u>	<u>1,627</u>	<u>(2,713)</u>	<u>83,200</u>	<u>83,198</u>	<u>(2)</u>
						43,980	43,416	564
			5,500	24,639	(19,139)			
			87,845		87,845	78,860	78,858	2
			<u>93,345</u>	<u>24,639</u>	<u>68,706</u>	<u>122,840</u>	<u>122,274</u>	<u>566</u>
4,000	946	(3,054)	(89,005)	(23,012)	65,993	(39,640)	(39,076)	564
1,030	1,028	(2)						
<u>1,030</u>	<u>1,028</u>	<u>(2)</u>						
<u>\$5,030</u>	<u>1,974</u>	<u>(\$3,056)</u>	<u>(\$89,005)</u>	<u>(23,012)</u>	<u>\$65,993</u>	<u>(\$39,640)</u>	<u>(39,076)</u>	<u>\$564</u>
	<u>154,600</u>			<u>508,583</u>			<u>39,641</u>	
	<u>\$156,574</u>			<u>\$485,571</u>			<u>\$565</u>	

(Continued)

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013

	VALERO GNCS			CASA DE VILARRASA		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Sales tax						
Assessments						
Use of money and property		\$1,274	\$1,274			
Revenue from other agencies						
Current service charges						
Community donations						
Other						
	<u>1,768,000</u>	<u>920,341</u>	<u>(847,659)</u>			
Total Revenues	<u>1,768,000</u>	<u>921,615</u>	<u>(846,385)</u>			
EXPENDITURES						
Current:						
Administration	21,435	2,471	18,964			
Public safety - police						
Parks and community services	93,000	69,954	23,046			
Public works						
Community development		83,245	(83,245)			
Library						
Capital outlay	1,197,670	205,063	992,607			
Debt service:						
Principal repayment				\$298,305	\$298,334	(\$29)
Interest and fiscal charges				92,685	92,656	29
	<u>1,312,105</u>	<u>360,733</u>	<u>951,372</u>	<u>390,990</u>	<u>390,990</u>	
Total Expenditures	<u>1,312,105</u>	<u>360,733</u>	<u>951,372</u>	<u>390,990</u>	<u>390,990</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>455,895</u>	<u>560,882</u>	<u>104,987</u>	<u>(390,990)</u>	<u>(390,990)</u>	
OTHER FINANCING SOURCES (USES)						
Transfers in				390,990	390,989	(1)
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>				
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>(500,000)</u>		<u>390,990</u>	<u>390,989</u>	<u>(1)</u>
NET CHANGE IN FUND BALANCES	<u>(\$44,105)</u>	60,882	<u>\$104,987</u>	<u> </u>	(1)	<u>(\$1)</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>639,923</u>			<u>1</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$700,805</u>			<u> </u>	

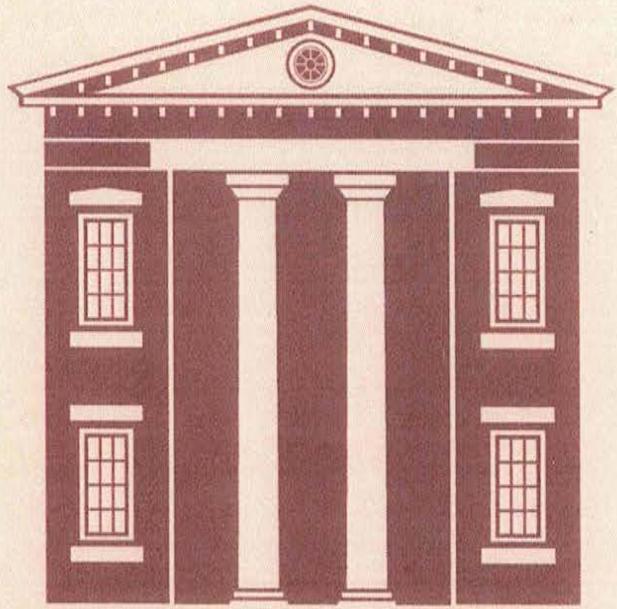
TRAFFIC MITIGATION			STREET PROJECTS			PARK DEDICATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$7,700	\$608	(\$7,092)	\$145,000	\$207	\$207	\$800	\$2,435	\$1,635
2,060	30,808	28,748		243,936	98,936	12,250	14,480	14,480
							21,240	8,990
<u>9,760</u>	<u>31,416</u>	<u>21,656</u>	<u>145,000</u>	<u>244,143</u>	<u>99,143</u>	<u>13,050</u>	<u>38,155</u>	<u>25,105</u>
223,965	92,960	131,005	811,185	372,865	438,320	235,000	122,138	112,862
<u>223,965</u>	<u>92,960</u>	<u>131,005</u>	<u>811,185</u>	<u>372,865</u>	<u>438,320</u>	<u>235,000</u>	<u>122,138</u>	<u>112,862</u>
<u>(214,205)</u>	<u>(61,544)</u>	<u>152,661</u>	<u>(666,185)</u>	<u>(128,722)</u>	<u>537,463</u>	<u>(221,950)</u>	<u>(83,983)</u>	<u>137,967</u>
<u>(\$214,205)</u>	<u>(61,544)</u>	<u>\$152,661</u>	<u>(\$666,185)</u>	<u>(128,722)</u>	<u>\$537,463</u>	<u>(\$221,950)</u>	<u>(83,983)</u>	<u>\$137,967</u>
	<u>1,142,636</u>			<u>(76,248)</u>			<u>86,412</u>	
	<u>\$1,081,092</u>			<u>(\$204,970)</u>			<u>\$2,429</u>	

(Continued)

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013

	LIBRARY BASEMENT PROJECT			COMMUNITY CENTER		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Sales tax						
Assessments						
Use of money and property	\$400	\$851	\$451			
Revenue from other agencies						
Current service charges						
Community donations						
Other						
Total Revenues	<u>400</u>	<u>851</u>	<u>451</u>			
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services						
Public works						
Community development						
Library						
Capital outlay	352,040		352,040	\$207,960	\$152,311	\$55,649
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	<u>352,040</u>		<u>352,040</u>	<u>207,960</u>	<u>152,311</u>	<u>55,649</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(351,640)</u>	<u>851</u>	<u>352,491</u>	<u>(207,960)</u>	<u>(152,311)</u>	<u>55,649</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				500,000	500,000	
Transfers out						
Total Other Financing Sources (Uses)				<u>500,000</u>	<u>500,000</u>	
NET CHANGE IN FUND BALANCES	<u><u>(\$351,640)</u></u>	<u>851</u>	<u><u>\$352,491</u></u>	<u><u>\$292,040</u></u>	<u>347,689</u>	<u><u>\$55,649</u></u>
BEGINNING FUND BALANCES (DEFICITS)		<u>288,438</u>			<u>(279,591)</u>	
ENDING FUND BALANCES (DEFICITS)		<u><u>\$289,289</u></u>			<u><u>\$68,098</u></u>	

COMMUNITY DONATIONS			MCALLISTER ASSESSMENT DISTRICT			INTERMODAL TRANSPORTATION FUND		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$5	\$5	\$360	\$1,031	\$671	\$480,000	1,372,133	892,133
							1,000	
	5	5	360	1,031	671	480,000	1,373,135	892,135
\$7,405	2,295	5,110				2,603,675	1,396,713	1,206,962
7,405	2,295	5,110				2,603,675	1,396,713	1,206,962
(7,405)	(2,290)	5,115	360	1,031	671	(2,123,675)	(23,578)	2,100,097
						(1,000,000)	(1,000,000)	
						(1,000,000)	(1,000,000)	
<u>(\$7,405)</u>	<u>(2,290)</u>	<u>\$5,115</u>	<u>\$360</u>	<u>1,031</u>	<u>\$671</u>	<u>(\$3,123,675)</u>	<u>(1,023,578)</u>	<u>\$2,100,097</u>
	2,290			38,885			956,331	
				<u>\$39,916</u>			<u>(\$67,247)</u>	



THE CITY OF
BENICIA
CALIFORNIA

INTERNAL SERVICE FUNDS

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.

ENERGY FUND

Accounts for the accumulation and allocation of costs for certain energy conservation projects throughout the City; primarily solar panels. The fund operates as an internal electricity-provider to various sites within the City where solar arrays were constructed. Sources of the revenue include service charges to departments and energy rebates.

CITY OF BENICIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2013

	<u>Insurance</u>	<u>General Services</u>	<u>Building and Equipment Management</u>
ASSETS			
Current Assets:			
Cash and investments			
Available for City operations	\$917,952	\$41,022	\$1,667,652
Restricted cash and investments held by fiscal agents			
Accounts receivable			
Interest receivable	6		212
Materials, parts and supplies		15,398	
Prepaid items		33,306	
Total Current Assets	<u>917,958</u>	<u>89,726</u>	<u>1,667,864</u>
Non-Current Assets:			
Prepaid PERS contribution			
Other assets			
Property, plant and equipment:			
Land			
Buildings and improvements			12,343,352
Machinery and equipment			4,177,968
Less: accumulated depreciation			<u>(8,876,388)</u>
Net Property, Plant and Equipment			<u>7,644,932</u>
Total Assets	<u>917,958</u>	<u>89,726</u>	<u>9,312,796</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	1,471	53,940	17,127
Customer and performance deposits			
Interest payable			2,141
Workers' compensation claims	842,031		
Current portion long-term liabilities			36,219
Due to other funds		35,786	
Total Current Liabilities	<u>843,502</u>	<u>89,726</u>	<u>55,487</u>
Long-Term Liabilities:			
Workers' compensation claims	1,306,969		
Lease obligation			161,451
Certificates of participation			
Pension obligation bonds			
Total Long-Term Liabilities	<u>1,306,969</u>		<u>161,451</u>
Total Liabilities	<u>2,150,471</u>	<u>89,726</u>	<u>216,938</u>
NET POSITION			
Net investment in capital assets			7,447,262
Restricted for debt service			
Restricted for capital projects			
Unrestricted	<u>(1,232,513)</u>		<u>1,648,596</u>
Total Net Position	<u>(\$1,232,513)</u>		<u>\$9,095,858</u>

<u>Retirement Stability</u>	<u>Energy</u>	<u>Total</u>
\$1,037,279	\$364,145	\$4,028,050
106	549,502	549,608
126	127,234	127,360
112		330
		15,398
		33,306
<u>1,037,623</u>	<u>1,040,881</u>	<u>4,754,052</u>
11,202,426		11,202,426
	190,062	190,062
	556,909	556,909
	12,643,187	24,986,539
		4,177,968
	(332,136)	(9,208,524)
<u>11,202,426</u>	<u>13,058,022</u>	<u>31,905,380</u>
<u>12,240,049</u>	<u>14,098,903</u>	<u>36,659,432</u>
	976,169	1,048,707
	5,000	5,000
27,701	115,459	145,301
		842,031
1,105,000	425,000	1,566,219
		35,786
<u>1,132,701</u>	<u>1,521,628</u>	<u>3,643,044</u>
		1,306,969
		161,451
	12,040,212	12,040,212
<u>10,346,726</u>		<u>10,346,726</u>
<u>10,346,726</u>	<u>12,040,212</u>	<u>23,855,358</u>
<u>11,479,427</u>	<u>13,561,840</u>	<u>27,498,402</u>
	952,250	8,399,512
106		106
	549,502	549,502
760,516	(964,689)	211,910
<u>\$760,622</u>	<u>\$537,063</u>	<u>\$9,161,030</u>

CITY OF BENICIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

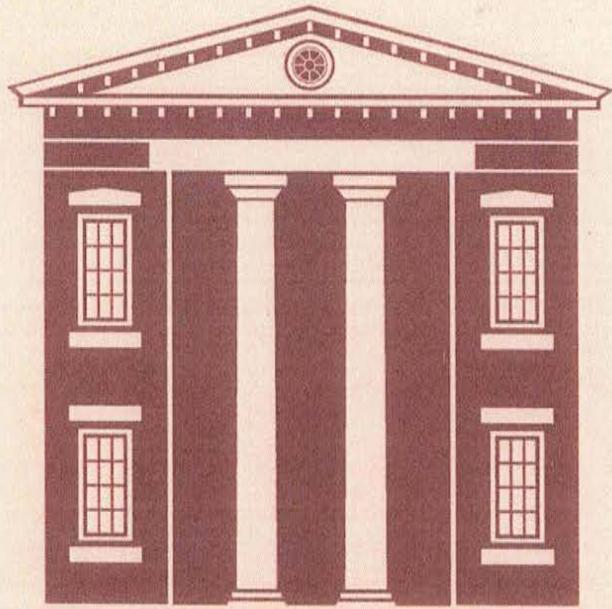
	Insurance	General Services	Building and Equipment Management
OPERATING REVENUES			
Charges for services	\$1,221,194	\$1,202,070	\$707,885
Refunds and rebates	20,803		61,191
Total Operating Revenues	1,241,997	1,202,070	769,076
OPERATING EXPENSES			
Wages and benefits	77,901	672,273	
Materials and supplies		20,257	337,888
Operations and maintenance	60,824	226,891	
Claims and Insurance	1,535,241	282,649	
Depreciation			528,392
Total Operating Expenses	1,673,966	1,202,070	866,280
Operating Income (Loss)	(431,969)		(97,204)
NONOPERATING REVENUES (EXPENSES)			
Interest income	8,052		4,725
Interest expense			(18,200)
Pension obligation amortization			
Amortization of bond issue/discount			
Other			
Gain on sale of capital assets			66,751
Total Nonoperating Revenues (Expenses)	8,052		53,276
Income (Loss) Before Transfers	(423,917)		(43,928)
Transfers in			
Change in Net Position	(423,917)		(43,928)
BEGINNING NET POSITION (DEFICITS), AS RESTATED (Note 1)	(808,596)		9,139,786
ENDING NET POSITION (DEFICITS)	(\$1,232,513)		\$9,095,858

<u>Retirement Stability</u>	<u>Energy</u>	<u>Total</u>
\$1,167,539	\$651,705	\$4,950,393
	514,114	596,108
<u>1,167,539</u>	<u>1,165,819</u>	<u>5,546,501</u>
		750,174
		358,145
	8,368	296,083
		1,817,890
	<u>332,136</u>	<u>860,528</u>
	<u>340,504</u>	<u>4,082,820</u>
<u>1,167,539</u>	<u>825,315</u>	<u>1,463,681</u>
(2,447)	(5,592)	4,738
(700,385)	(702,503)	(1,421,088)
(346,467)		(346,467)
	(18,632)	(18,632)
126		126
		<u>66,751</u>
<u>(1,049,173)</u>	<u>(726,727)</u>	<u>(1,714,572)</u>
<u>118,366</u>	<u>98,588</u>	<u>(250,891)</u>
	<u>240,307</u>	<u>240,307</u>
118,366	338,895	(10,584)
<u>642,256</u>	<u>198,168</u>	<u>9,171,614</u>
<u>\$760,622</u>	<u>\$537,063</u>	<u>\$9,161,030</u>

CITY OF BENICIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	Insurance	General Services	Building and Equipment Management
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$1,241,997	\$1,216,181	\$769,076
Payments to suppliers	(143,308)	(225,689)	(347,124)
Payments to employees	(77,901)	(954,922)	
Refunds and rebates			
Claims paid	(544,473)		
	<u>476,315</u>	<u>35,570</u>	<u>421,952</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund receipts			
Receipts from (payment to) interfund loans	221,981	(2,401)	
Principal paid on non-capital debt			
Interest paid on non-capital debt			
	<u>221,981</u>	<u>(2,401)</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on debt			(256,681)
Interest paid on debt			(18,200)
Acquisition of capital assets			(272,947)
Savings from capital energy project			
Proceeds from sale of capital assets			66,751
			<u>(481,077)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	8,046		4,891
	<u>8,046</u>		<u>4,891</u>
Net Cash Flows			
	706,342	33,169	(54,234)
Cash and investments at beginning of period	211,610	7,853	1,721,886
Cash and investments at end of period	<u>\$917,952</u>	<u>\$41,022</u>	<u>\$1,667,652</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	(\$431,969)		(\$97,204)
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation			528,392
Change in assets and liabilities:			
Materials, parts and supplies		(\$1,800)	
Prepaid items		(6,629)	
Accounts receivable		14,111	
Accounts payable	(82,484)	29,888	(9,236)
Workers' compensation claims	990,768		
Cash Flows from Operating Activities	<u>\$476,315</u>	<u>\$35,570</u>	<u>\$421,952</u>

<u>Retirement Stability</u>	<u>Energy</u>	<u>Total</u>
\$1,167,539	\$651,705 (8,368)	\$5,046,498 (724,489) (1,032,823)
	429,664	429,664 (544,473)
<u>1,167,539</u>	<u>1,073,001</u>	<u>3,174,377</u>
	240,307	240,307 219,580
(1,060,000) (336,860)		(1,060,000) (336,860)
<u>(1,396,860)</u>	<u>240,307</u>	<u>(936,973)</u>
	(400,000) (704,003) (2,198,385)	(656,681) (722,203) (2,471,332)
		<u>66,751</u>
	<u>(3,302,388)</u>	<u>(3,783,465)</u>
<u>(2,384)</u>	<u>(5,592)</u>	<u>4,961</u>
<u>(2,384)</u>	<u>(5,592)</u>	<u>4,961</u>
(231,705)	(1,994,672)	(1,541,100)
<u>1,269,090</u>	<u>2,908,319</u>	<u>6,118,758</u>
<u>\$1,037,385</u>	<u>\$913,647</u>	<u>\$4,577,658</u>
\$1,167,539	\$825,315	\$1,463,681
	332,136	860,528
		(1,800) (6,629)
	(84,450)	(70,339) (61,832)
		<u>990,768</u>
<u>\$1,167,539</u>	<u>\$1,073,001</u>	<u>\$3,174,377</u>



THE CITY OF
BENICIA
CALIFORNIA

AGENCY FUNDS

ASSESSMENT DISTRICTS

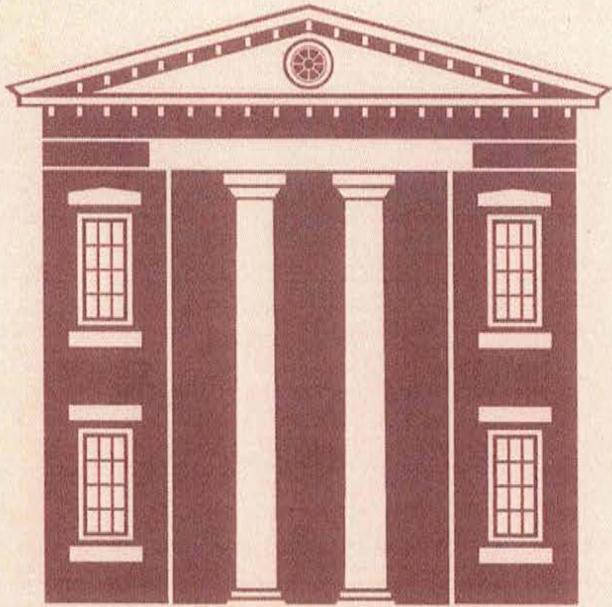
Accounts for the collection of assessments and disbursements to District bondholders for Assessment Districts debt without City commitment.

CITY OF BENICIA
 AGENCY FUNDS
 COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<u>Fleetside Industrial Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$674,196	\$433,890	\$430,406	\$677,680
Interest receivable	149	79	149	79
Total assets	<u>\$674,345</u>	<u>\$433,969</u>	<u>\$430,555</u>	<u>\$677,759</u>
<u>Liabilities</u>				
Accounts payable	\$2,000		\$2,000	
Due to bondholders	672,345	\$433,969	\$428,555	677,759
Total liabilities	<u>\$674,345</u>	<u>\$433,969</u>	<u>\$428,555</u>	<u>\$677,759</u>
<u>East 2nd Street Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$618,555	\$456,551	\$523,928	\$551,178
Interest receivable	136	64	136	64
Total assets	<u>\$618,691</u>	<u>\$456,615</u>	<u>\$524,064</u>	<u>\$551,242</u>
<u>Liabilities</u>				
Accounts payable	98	\$98	\$196	
Due to bondholders	\$618,593	456,517	523,868	551,242
Total liabilities	<u>\$618,691</u>	<u>\$456,615</u>	<u>\$524,064</u>	<u>\$551,242</u>
<u>Combined Drake/Gateway Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$168,497	\$75,234	\$73,132	\$170,599
Interest receivable	37	20	37	20
Total assets	<u>\$168,534</u>	<u>\$75,254</u>	<u>\$73,169</u>	<u>\$170,619</u>
<u>Liabilities</u>				
Accounts payable	\$21		\$21	
Due to bondholders	168,513	\$75,254	\$73,148	170,619
Total liabilities	<u>\$168,534</u>	<u>\$75,254</u>	<u>\$73,169</u>	<u>\$170,619</u>

CITY OF BENICIA
 AGENCY FUNDS
 COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<hr/>				
<u>McAllister Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$1,642,718	\$858,682	\$981,003	\$1,520,397
Interest receivable	362	179	362	179
Total assets	<u>\$1,643,080</u>	<u>\$858,861</u>	<u>\$981,365</u>	<u>\$1,520,576</u>
<u>Liabilities</u>				
Accounts payable	\$136	\$136	\$272	
Due to bondholders	1,642,944	858,725	\$981,093	1,520,576
Total liabilities	<u>\$1,643,080</u>	<u>\$858,861</u>	<u>\$981,365</u>	<u>\$1,520,576</u>
<hr/>				
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Restricted cash and investments	\$3,103,966	\$1,824,357	\$2,008,469	\$2,919,854
Interest receivable	684	342	684	342
Total assets	<u>\$3,104,650</u>	<u>\$1,824,699</u>	<u>\$2,009,153</u>	<u>\$2,920,196</u>
<u>Liabilities</u>				
Accounts payable	\$2,255	\$234	\$2,489	
Due to bondholders	3,102,395	1,824,465	\$2,006,664	2,920,196
Total liabilities	<u>\$3,104,650</u>	<u>\$1,824,699</u>	<u>\$2,009,153</u>	<u>\$2,920,196</u>



THE CITY OF
BENICIA
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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 Position by Component
2. Changes in Net Position
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

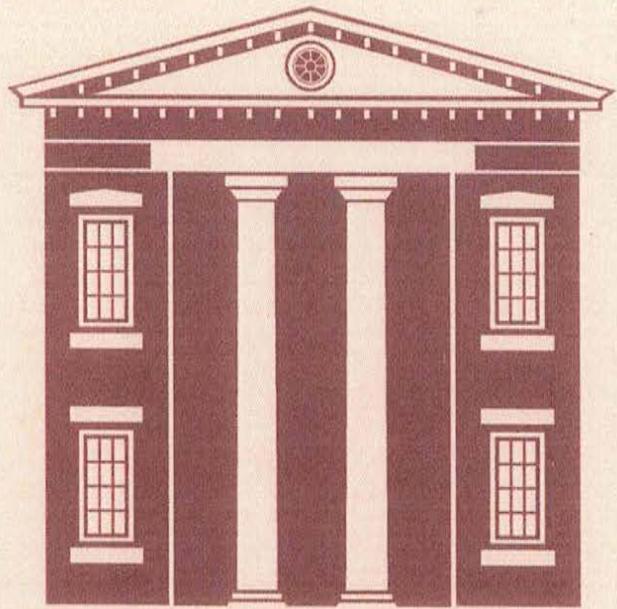
Operating Information

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

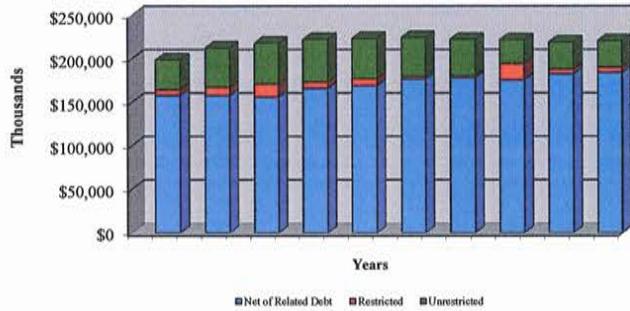
Sources

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
BENICIA
CALIFORNIA

CITY OF BENICIA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$103,928,682	\$106,131,111	\$106,154,667	\$109,082,400	\$110,609,618	\$113,264,434	\$115,359,499	\$112,701,775	\$120,052,758	\$121,948,249
Restricted	6,542,947	8,273,480	14,218,067	7,848,173	8,052,003	3,195,339	2,507,802	19,174,006	5,641,592	6,316,224
Unrestricted	10,649,209	15,644,661	10,153,833	15,361,828	13,489,203	15,465,114	14,171,681	1,081,215	6,767,569	5,038,875
Total governmental activities net position	\$121,120,838	\$130,049,252	\$130,526,567	\$132,292,401	\$132,150,824	\$131,924,887	\$132,038,982	\$132,956,996	\$132,461,919	\$133,303,348
Business-type activities										
Net investment in capital assets	\$53,923,197	\$52,003,981	\$50,368,665	\$56,818,976	\$58,724,744	\$63,624,158	\$62,819,454	63,064,298	62,660,031	\$62,321,179
Restricted	441,326	1,058,372	648,123	360	256	-	-	-	-	-
Unrestricted	23,316,541	29,788,462	36,731,790	33,563,541	32,863,392	29,231,383	27,932,802	26,022,756	24,419,432	25,465,370
Total business-type activities net position	\$77,681,064	\$82,850,815	\$87,748,578	\$90,382,877	\$91,588,392	\$92,855,541	\$90,752,256	\$89,087,054	\$87,079,463	\$87,786,549
Primary government										
Net investment in capital assets	\$157,851,879	\$158,135,092	\$156,523,332	\$165,901,376	\$169,334,362	\$176,888,592	\$178,178,953	175,766,073	182,712,789	\$184,269,428
Restricted	6,984,273	9,331,852	14,866,190	7,848,533	8,052,259	3,195,339	2,507,802	19,174,006	5,641,592	6,316,224
Unrestricted	33,965,750	45,433,123	46,885,623	48,925,369	46,352,595	44,696,497	42,104,483	27,103,971	31,187,001	30,504,245
Total primary government net position	\$198,801,902	\$212,900,067	\$218,275,145	\$222,675,278	\$223,739,216	\$224,780,428	\$222,791,238	\$222,044,050	\$219,541,382	\$221,089,897

CITY OF BENICIA
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$3,300,970	\$2,824,341	\$3,114,153	\$3,404,371	\$3,202,068	\$3,046,735	\$3,118,013
2,095,746	2,384,853	1,821,213				1,935,323
10,439,354	8,774,285	9,150,887	8,898,817	8,896,808	8,812,511	8,229,298
6,335,969	7,089,431	7,212,291	6,744,682	6,925,232	6,503,886	6,362,097
5,966,185	6,650,653	5,999,749	5,867,659	5,714,379	5,744,533	5,631,017
5,605,290	4,273,248	4,186,559	6,017,134	6,113,748	7,621,379	3,076,360
2,153,638	2,349,721	2,403,239	2,117,872	2,600,356	2,081,313	1,927,951
385,726	473,311	536,124	485,052	609,814	474,430	647,573
2,864,213	3,182,776	4,283,723	2,339,200	2,942,788	3,163,220	3,077,915
503,819	472,189	525,341	1,658,589	1,265,618	1,160,564	1,588,003
<u>39,650,910</u>	<u>38,474,808</u>	<u>39,233,279</u>	<u>37,533,376</u>	<u>38,270,811</u>	<u>38,608,571</u>	<u>35,593,550</u>
6,853,399	7,023,768	7,294,741	7,422,265	7,082,311	7,030,478	7,181,756
6,614,679	7,572,285	7,345,574	7,780,492	7,753,095	7,843,223	7,289,049
579,184	624,611	594,863	479,098	564,182	419,517	600,429
<u>1,847,674</u>	<u>1,765,644</u>	<u>1,370,621</u>	<u>1,165,705</u>	<u>1,005,375</u>	<u>72,047</u>	
<u>15,894,936</u>	<u>16,986,308</u>	<u>16,605,799</u>	<u>16,847,560</u>	<u>16,404,963</u>	<u>15,365,265</u>	<u>15,071,234</u>
<u>\$55,545,846</u>	<u>\$55,461,116</u>	<u>\$55,839,078</u>	<u>\$54,380,936</u>	<u>\$54,675,774</u>	<u>\$53,973,836</u>	<u>\$50,664,784</u>
\$32,950	\$56,609	\$41,724	\$16,863	50,305	17,817	\$15,908
1,284,313	1,092,871	771,524				
199,039	190,136	200,824	202,345	155,331	236,101	177,489
196,361	223,919	425,753	171,946	44,626	44,897	85,498
1,768,794	1,226,842	1,687,534	1,707,119	1,181,041	1,106,889	1,104,054
444,159	146,363	265,001	1,123,401	577,489	774,391	727,631
246,302	205,981	186,595	158,938	144,819	101,045	48,360
	1,000	30	52	320		
557,754	712,131	316,230	422,926	667,848	284,818	300,401
1,827,358	1,898,958	2,909,497	2,751,185	2,299,326	3,322,456	3,239,730
	366,550		868,271	4,350,257	1,714,778	500,000
<u>6,557,030</u>	<u>6,121,360</u>	<u>6,804,712</u>	<u>7,423,046</u>	<u>9,471,362</u>	<u>7,603,192</u>	<u>6,199,071</u>
7,223,062	6,955,313	6,897,189	6,522,329	6,620,605	6,543,982	7,186,846
7,465,686	7,141,569	6,772,607	6,610,587	6,379,255	6,569,607	7,358,983
284,187	547,422	323,034	318,767	307,916	141,842	320,803
290,474	332,687	153,573	84,520	88,486		
1,383,596	1,683,891	599,934	809,348	782,879	70,128	190,231
395,571		2,000,000				
<u>17,042,576</u>	<u>16,660,882</u>	<u>16,746,337</u>	<u>14,345,551</u>	<u>14,179,141</u>	<u>13,325,559</u>	<u>15,056,863</u>
<u>\$23,599,606</u>	<u>\$22,782,242</u>	<u>\$23,551,049</u>	<u>\$21,768,597</u>	<u>\$23,650,503</u>	<u>\$20,928,751</u>	<u>\$21,255,934</u>
(\$33,093,880)	(\$32,353,448)	(\$32,428,567)	(\$30,110,330)	(28,799,449)	(31,005,379)	(\$29,394,479)
1,147,640	(325,426)	140,538	(2,502,009)	(2,225,822)	(2,039,706)	(14,371)
<u>(\$31,946,240)</u>	<u>(\$32,678,874)</u>	<u>(\$32,288,029)</u>	<u>(\$32,612,339)</u>	<u>(\$31,025,271)</u>	<u>(\$33,045,085)</u>	<u>(\$29,408,850)</u>

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

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

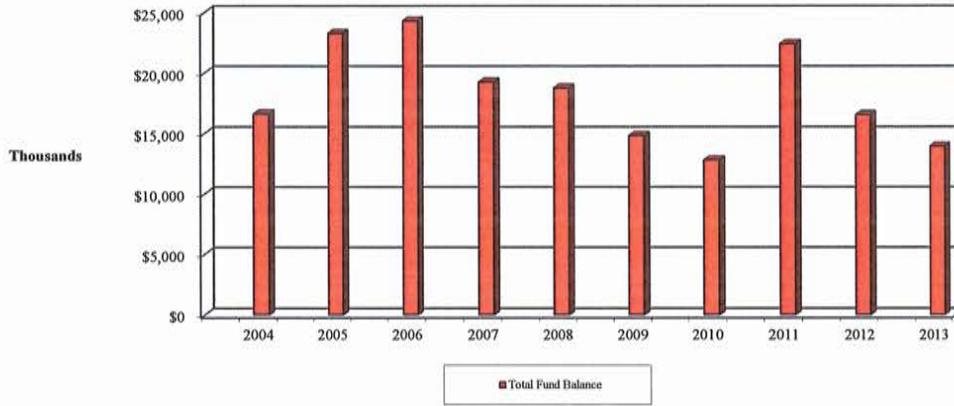
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$13,942,074	\$14,275,801	\$13,812,912	\$13,266,103	\$12,974,217	\$13,447,764	\$11,835,074
6,986,922	7,514,258	7,688,775	7,196,964	6,854,911	6,888,750	7,873,396
5,056,904	4,190,517	4,413,428	4,938,585	5,027,163	5,087,381	4,825,055
	1,589,752	1,851,511	1,292,872	1,570,184	1,598,206	1,637,825
2,131,710	1,644,732	747,468	1,189,561	1,362,982	1,435,854	2,913,592
2,015,234	1,992,604	2,059,561	1,951,715	1,942,991	1,908,529	1,822,267
3,390,122	913,825	851,097	358,210	269,344	195,064	(92)
2,000	21,980			156	20,734	-
77,993	68,402	30,415	30,415	(284,486)	(71,980)	(671,209)
<u>33,602,959</u>	<u>32,211,871</u>	<u>31,455,167</u>	<u>30,224,425</u>	<u>29,717,462</u>	<u>30,510,302</u>	<u>30,235,908</u>
1,559,891	1,593,423	1,151,428	429,139	273,576	196,287	48,860
4,761	5,920	5,598		2,558	(236,152)	1,388
(77,993)	(68,402)	(30,415)	(30,415)	284,486	71,980	671,209
<u>1,486,659</u>	<u>1,530,941</u>	<u>1,126,611</u>	<u>398,724</u>	<u>560,620</u>	<u>32,115</u>	<u>721,457</u>
<u>\$35,089,618</u>	<u>\$33,742,812</u>	<u>\$32,581,778</u>	<u>\$30,623,149</u>	<u>\$30,278,082</u>	<u>\$30,542,417</u>	<u>\$30,957,365</u>
\$509,079	(\$141,577)	(\$973,400)	\$114,095	\$918,013	(\$495,077)	\$841,429
<u>2,634,299</u>	<u>1,205,515</u>	<u>1,267,149</u>	<u>(2,103,285)</u>	<u>(1,665,202)</u>	<u>(2,007,591)</u>	<u>707,086</u>
<u>\$3,143,378</u>	<u>\$1,063,938</u>	<u>\$293,749</u>	<u>(\$1,989,190)</u>	<u>(\$747,189)</u>	<u>(\$2,502,668)</u>	<u>\$1,548,515</u>

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
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
2012	13,447,764	6,888,750	5,087,381	3,034,060	28,457,955
2013	11,835,074	7,873,396	4,825,055	4,551,417	29,084,942

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

Total Fund Balance



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$961,703	\$534,805	\$240,831	\$359,361	\$411,078	\$627,687	\$560,871	\$ -	\$ -	\$ -
Unreserved	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	636,667	30,750
Restricted	-	-	-	-	-	-	-	128,430	162,961	203,047
Committed	-	-	-	-	-	-	-	2,999,973	3,106,627	3,097,360
Assigned	-	-	-	-	-	-	-	200,471	358,928	1,054,192
Unassigned	-	-	-	-	-	-	-	(72,371)	2,792,694	3,943,937
Total General Fund	<u>\$9,288,436</u>	<u>\$9,679,358</u>	<u>\$7,976,927</u>	<u>\$10,287,098</u>	<u>\$9,707,558</u>	<u>\$6,289,984</u>	<u>\$5,945,316</u>	<u>\$5,399,543</u> (a)	<u>7,057,877</u>	<u>\$ 8,329,286</u>
All Other Governmental Funds										
Reserved	\$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	2,159,603	2,680,139	2,877,038	2,532,927	3,169,621	3,406,367	3,639,961	-	-	-
Capital project funds	3,806,758	9,450,507	7,436,806	3,685,773	1,140,250	3,379,820	800,599	-	-	-
Nonspendable	-	-	-	-	-	-	-	1,475	-	-
Restricted	-	-	-	-	-	-	-	5,429,411	4,984,800	4,404,805
Committed	-	-	-	-	-	-	-	2,612,563	2,618,151	1,480,824
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(1,713,546)	(355,839)	(272,217)
Total all other governmental funds	<u>\$7,342,030</u>	<u>\$13,613,233</u>	<u>\$16,340,781</u>	<u>\$8,975,336</u>	<u>\$9,049,333</u>	<u>\$8,545,814</u>	<u>\$6,855,461</u>	<u>\$6,329,903</u>	<u>\$ 7,247,112</u>	<u>\$5,613,412</u>

(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)

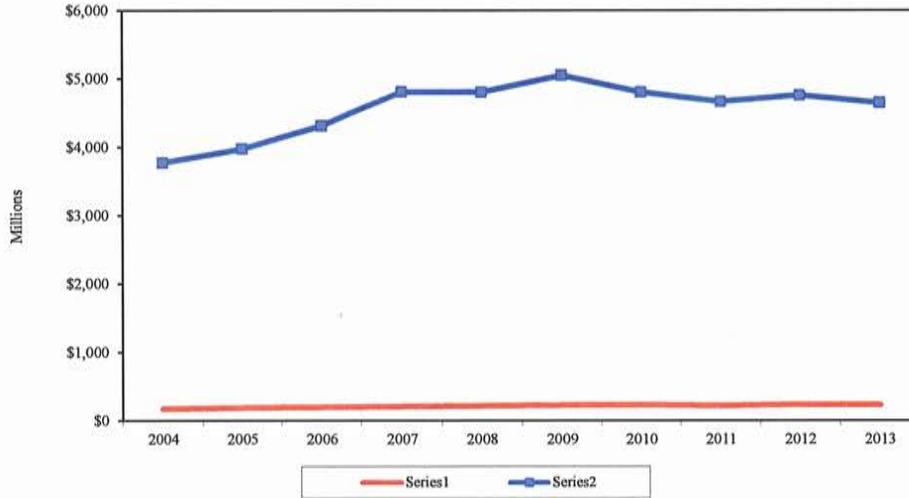
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues				
Taxes	\$19,275,764	\$20,363,436	\$23,184,336	\$27,152,426
Licenses, permits and fees	1,820,934	1,840,903	2,111,252	1,829,485
Fines and forfeitures	113,731	122,161	124,583	109,744
Use of money and property	201,991	588,076	770,987	1,768,089
Intergovernmental revenues	3,311,483	4,439,778	3,279,587	3,278,054
Charges for services	3,040,407	4,917,147	4,146,512	2,856,369
Other	888,187	310,460	385,325	749,500
Total Revenues	<u>28,652,497</u>	<u>32,581,961</u>	<u>34,002,582</u>	<u>37,743,667</u>
Expenditures				
Current:				
Administration	3,188,510	3,808,377	3,440,007	3,256,967
Community development	1,356,782	1,850,714	1,336,391	1,765,245
Public Safety - Police	5,816,993	6,623,787	6,908,386	7,531,759
Public Safety - Fire	4,457,242	5,013,129	5,772,527	6,110,150
Parks & Community Services	4,021,893	3,948,215	4,772,498	5,286,401
Public Works	1,983,554	3,660,641	1,707,728	1,750,115
Library	1,684,413	1,744,702	1,837,995	2,073,228
Economic Development	272,690	159,933	693,089	333,337
General	2,774,007	1,941,904	2,324,258	2,554,884
Capital outlay	2,804,971	6,665,306	3,702,523	11,123,214
Debt service:				
Principal repayment	370,000	395,000	420,000	617,933
Interest and fiscal charges	408,724	388,431	426,508	511,846
Refunding bonds issuance costs				
Total Expenditures	<u>29,139,779</u>	<u>36,200,139</u>	<u>33,341,910</u>	<u>42,915,079</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(487,282)</u>	<u>(3,618,178)</u>	<u>660,672</u>	<u>(5,171,412)</u>
Other Financing Sources (Uses)				
Transfers in	1,303,265	2,359,714	1,743,366	4,382,451
Transfers (out)	(588,800)	(1,751,229)	(3,584,771)	(4,268,313)
Capital lease issued		1,400,000	2,200,000	
Proceeds from bonds issuance				
Bond issue costs		(50,033)		
Refunding bonds issued				
Discount on bond				
Discount on refunding bonds issued				
Contribution from other entity/land owners		8,295,000		
Sale of capital assets	262,896	26,851	5,850	2,000
Total other financing sources (uses)	<u>977,361</u>	<u>10,280,303</u>	<u>364,445</u>	<u>116,138</u>
Net Change in fund balances	<u>\$490,079</u>	<u>\$6,662,125</u>	<u>\$1,025,117</u>	<u>(\$5,055,274)</u>
Debt service as a percentage of noncapital expenditures	3.0%	2.7%	2.9%	3.6%

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,					
2008	2009	2010	2011	2012	2013
\$28,813,851	\$29,080,090	\$27,896,749	\$27,698,473	\$28,289,246	\$28,246,659
349,130	323,241	320,466	315,208	277,267	331,830
128,770	115,596	105,391	99,898	184,084	125,016
1,628,652	1,003,453	587,040	701,264	514,674	347,451
4,576,701	4,451,238	4,855,610	5,200,591	4,931,453	4,853,473
2,310,008	2,344,817	2,234,871	1,485,991	1,507,509	1,620,508
580,013	492,841	1,651,482	1,933,329	2,446,893	1,587,488
<u>38,387,125</u>	<u>37,811,276</u>	<u>37,651,609</u>	<u>37,434,754</u>	<u>38,151,126</u>	<u>37,112,425</u>
2,729,399	2,975,571	3,365,557	3,101,146	2,978,057	2,989,783
2,263,730	2,268,403	-	-	-	1,351,994
8,292,356	8,544,690	8,970,286	8,568,999	8,425,574	8,381,295
6,782,268	6,974,688	6,779,441	6,555,355	6,193,806	6,490,519
5,764,217	5,672,170	5,482,353	5,371,171	5,097,677	5,160,108
1,912,747	2,220,756	4,615,700	2,825,598	2,412,189	1,486,669
2,262,383	2,322,259	2,134,589	2,158,850	2,019,269	1,961,284
466,322	517,268	493,857	458,470	443,384	653,720
3,025,451	4,187,891	2,418,903	2,641,205	2,863,369	2,821,213
4,227,287	4,883,976	4,356,489	7,080,488	9,872,108	3,434,964
698,064	734,049	770,542	807,565	5,435,150	993,334
481,502	451,063	429,328	471,211	1,138,271	135,505
			0	98,550	
<u>38,905,726</u>	<u>41,752,784</u>	<u>39,817,045</u>	<u>40,040,058</u>	<u>46,977,404</u>	<u>35,860,388</u>
<u>(518,601)</u>	<u>(3,941,508)</u>	<u>(2,165,436)</u>	<u>(2,605,304)</u>	<u>(8,826,278)</u>	<u>1,252,037</u>
2,653,351	3,448,918	1,926,107	2,521,117	3,331,208	2,285,097
(2,662,273)	(3,428,503)	(1,795,692)	(2,805,603)	(3,933,188)	(3,196,613)
			13,195,000		
			(235,368)		
				4,270,000	
			(12,328)		
				(21,350)	
<u>21,980</u>			<u>156</u>	<u>20,734</u>	
<u>13,058</u>	<u>20,415</u>	<u>130,415</u>	<u>12,662,974</u>	<u>3,667,404</u>	<u>(911,516)</u>
<u>(\$505,543)</u>	<u>(\$3,921,093)</u>	<u>(\$2,035,021)</u>	<u>\$10,057,670</u>	<u>(\$5,158,874)</u>	<u>\$340,521</u>
3.4%	3.2%	3.4%	3.9%	17.7%	3.5%

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

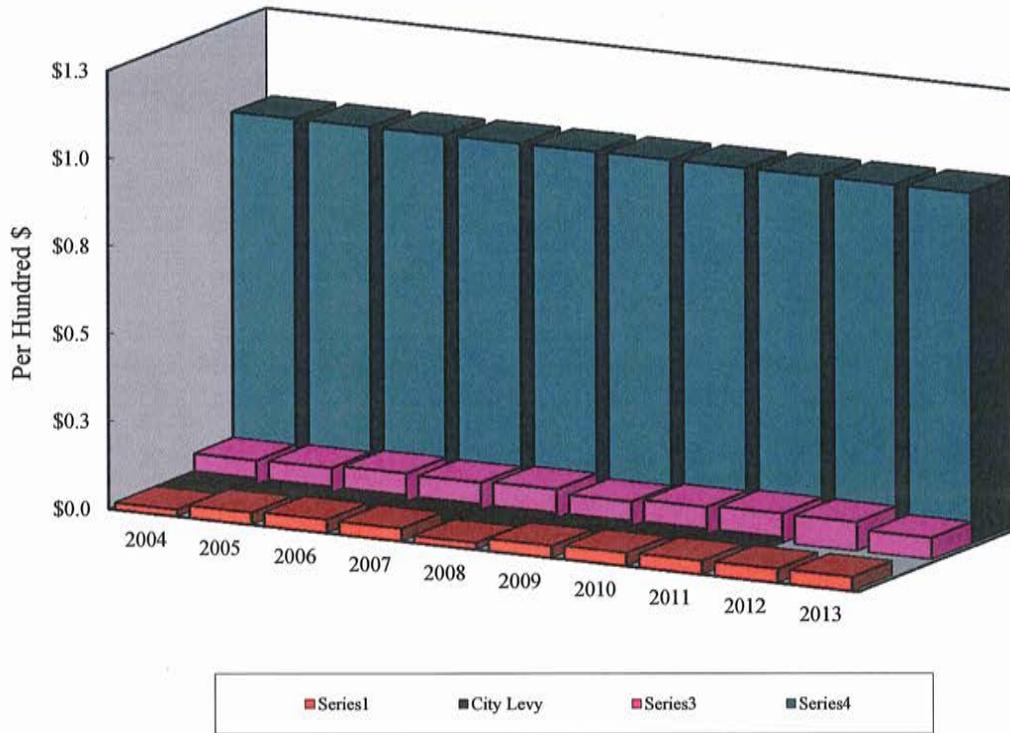


Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2004	2,007,330,232	120,150,588	1,417,063,456	50,007,479	3,594,551,755	179,959,785	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%
2012	2,671,810,615	173,679,880	1,608,049,893	66,734,598	4,520,274,986	238,247,984	4,758,522,970	4,758,522,970	0.26145%
2013	2,585,442,237	172,176,509	1,589,839,265	66,361,809	4,413,819,820	234,346,390	4,648,166,210	4,648,166,210	0.26145%

Source: Solano County Assessor 2003/04 - 2012/13 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
2004	1.0000	0.0701	0.0198	0.0200	1.1099
2005	1.0000	0.0723	0.0192	0.0353	1.1268
2006	1.0000	0.0803	0.0187	0.0387	1.1377
2007	1.0000	0.0774	0.0170	0.0370	1.1314
2008	1.0000	0.0823	0.0157	0.0200	1.1180
2009	1.0000	0.0701	0.0159	0.0350	1.1210
2010	1.0000	0.0788	0.0173	0.0385	1.1345
2011	1.0000	0.0839	0.0171	0.0395	1.1405
2012	1.0000	0.0827	0.0165	0.0402	1.1394
2013	1.0000	0.0621	0.0154	0.0406	1.1181

Source: Solano County Auditor-Controller's Office

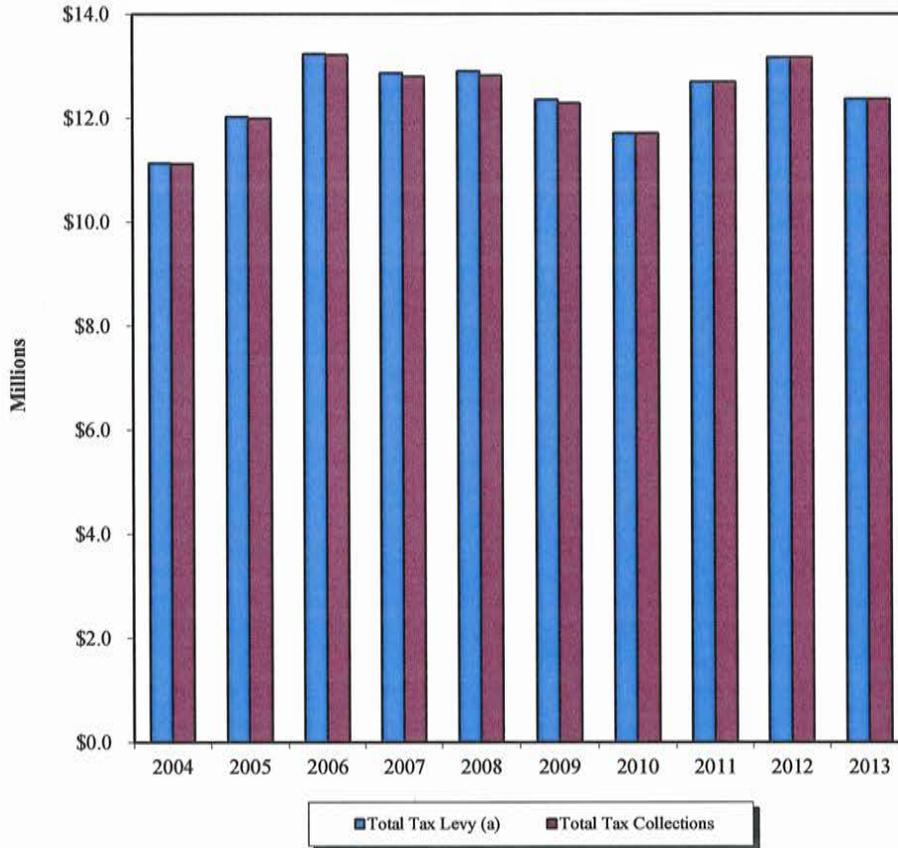
CITY OF BENICIA
Principal Property Taxpayers
Current Year and Ten Years Ago

Taxpayer	2012-2013			2003-04		
	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	\$1,021,804,467	1	21.98%	\$1,025,164,043	1	27.1%
Walton CWCA	145,958,224	2	3.14%			
Benicia Industries	69,624,215	3	1.50%	53,203,315	3	1.41%
Tulloch Construction Inc.	28,935,687	4	0.62%			
WRI West Gate South LP	25,957,894	5	0.56%	22,511,655	4	0.6%
Club Pacifica LLC	22,730,336	6	0.49%			
Gonsalves and Santucci Inc	22,549,409	7	0.49%			
Bebe Studio Realty LLC	16,892,110	8	0.36%			
SPK-Industrial Portfolio LLC	16,000,000	9	0.34%	17,062,560	6	0.5%
Prime Waterview LLC	13,465,684	10	0.29%			
Calwest Industrial Properties LLC				77,701,142	2	2.05%
Cal-Midwest Properties Company				19,522,061	5	0.52%
Lincoln Po Benicia Limited Partners				12,942,009	7	0.34%
Cambridge Circle Investments				12,816,673	8	0.34%
MP Benicia Logistics LLC				12,250,000	9	0.32%
Prime Waterview LLC				11,922,066	10	0.32%
Total	<u>\$1,383,918,026</u>		<u>29.77%</u>	<u>\$1,265,095,524</u>		<u>33.43%</u>

Total Net Assessed Valuation:
Fiscal Year 2012-2013 \$4,648,166,210
Fiscal Year 2003-2004 \$3,784,660,278

Source: HdL, Coren & Cone Report

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



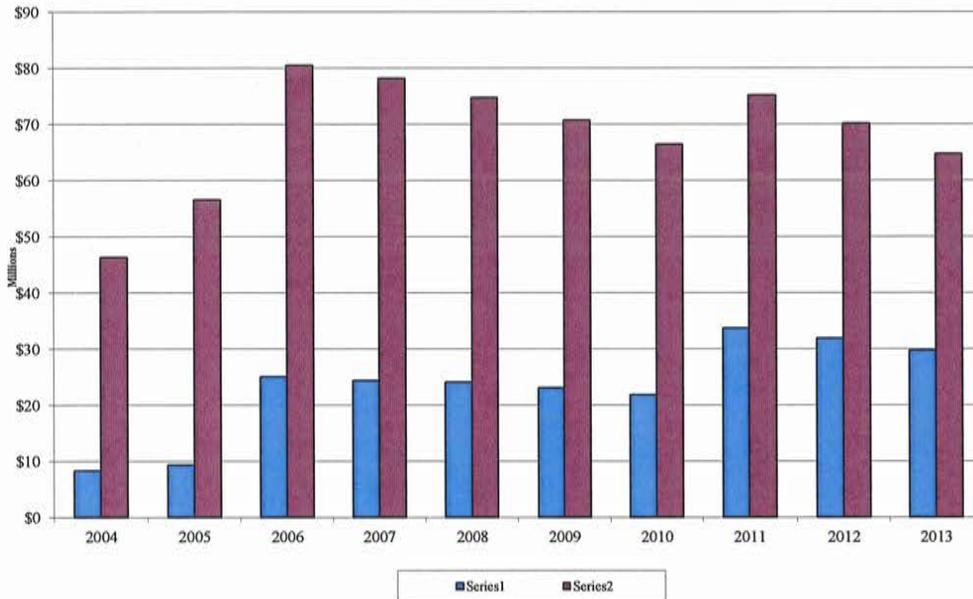
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2004	11,129,665	11,114,556	99.8642%	11,114,556	99.8642%
2005	12,020,080	11,989,000	99.7414%	11,989,000	99.7414%
2006	13,227,173	13,209,063	99.8631%	13,209,063	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%
2012 *	13,162,059	13,162,059	100.0000%	13,162,059	100.0000%
2013 *	12,360,087	12,360,087	100.0000%	12,360,087	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
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
2012	4,270,000	\$12,148,201	2,349,067	31,867,268	13,100,000
2013	3,575,000	\$11,451,726	2,016,035	29,742,761	12,700,000

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)
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	32,820,100	41,460,100	75,135,930	6.26%	2,770.70
2012	4,940,000	2,685,000	30,624,276	38,249,276	70,116,544	5.74%	2,604.72
2013	4,190,000	2,395,000	28,377,285	34,962,285	64,705,046	5.06%	2,382.10

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 133 (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	Pension Obligation Bonds	Certificates of Participation	Capital Leases	Total	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2004	8,300,000	-	-	-	8,300,000	0.22%	307.52
2005	7,905,000	-	-	1,400,000	9,305,000	0.23%	340.56
2006	7,485,000	13,972,596	-	3,600,000	25,057,596	0.58%	917.22
2007	7,045,000	13,891,327	-	3,422,067	24,358,394	0.51%	872.56
2008	6,585,000	14,302,593	-	3,184,003	24,071,596	0.50%	860.38
2009	6,100,000	13,676,377	-	3,262,927	23,039,304	0.46%	823.51
2010	5,590,000	13,273,493	-	2,971,873	21,835,366	0.45%	777.45
2011	5,055,000	12,758,370	13,195,000	2,667,460	33,675,830	0.72%	1,241.83
2012	4,270,000	12,148,201	13,100,000	2,349,067	31,867,268	0.67%	1,183.82
2013	3,575,000	11,451,726	12,700,000	2,016,034	29,742,760	0.64%	1,094.97

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, 2013**

2012-13 Assessed Valuation \$4,648,166,210 (1)

	Total Debt 6/30/2013	Percentage Applicable (2)	City's Share of Debt 6/30/2013
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>			
Solano County Community College District	\$219,921,989	12.321%	\$27,096,588
Benicia Unified School District	28,445,536	99.141%	28,201,189
City of Benicia	3,575,000	100%	3,575,000
City of Benicia 1915 Act Bonds	11,228,000	100%	<u>11,228,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			<u>70,100,777</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
Solano County Certificates of Participation	111,720,000	11.840%	13,227,648
Solano County Pension Obligations	74,285,000	11.840%	8,795,344
Solano County Board of Education Certificates of Participation	1,955,000	11.840%	231,472
City of Benicia Certificates of Participation	14,716,035	100%	14,716,035 (3)
City of Benicia Pension Obligations	9,386,001	100%	<u>11,451,726 (4)</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$48,422,225
TOTAL DIRECT DEBT			29,742,761
TOTAL OVERLAPPING DEBT			<u>88,780,241</u>
COMBINED TOTAL DEBT			<u>118,523,002 (5)</u>

(1) From Summary of TRA Values by Agency report dated 9/12/12.

(2) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(3) Includes capital leases in the amount of \$2,016,035.

(4) Includes accreted value from series A-2 bonds.

(5) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

RATIOS TO 2012-13 ASSESSED VALUATION:

Direct Debt (\$3,575,000)	0.08%
Total Direct and Overlapping Tax and Assessment Debt	1.51%
Total Direct Debt (\$30,163,811)	0.64%
Combined Total Debt	2.55%

Source: California Municipal Statistics, Inc.

**CITY OF BENICIA
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2013**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$4,413,819,820
-----------------------------------------------------------------	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$165,518,243
-------------------------------------------------	---------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$34,311,726
Less Revenue Bonds, Certificate of Participation not subject to limit	30,736,726
Amount of debt subject to limit	3,575,000

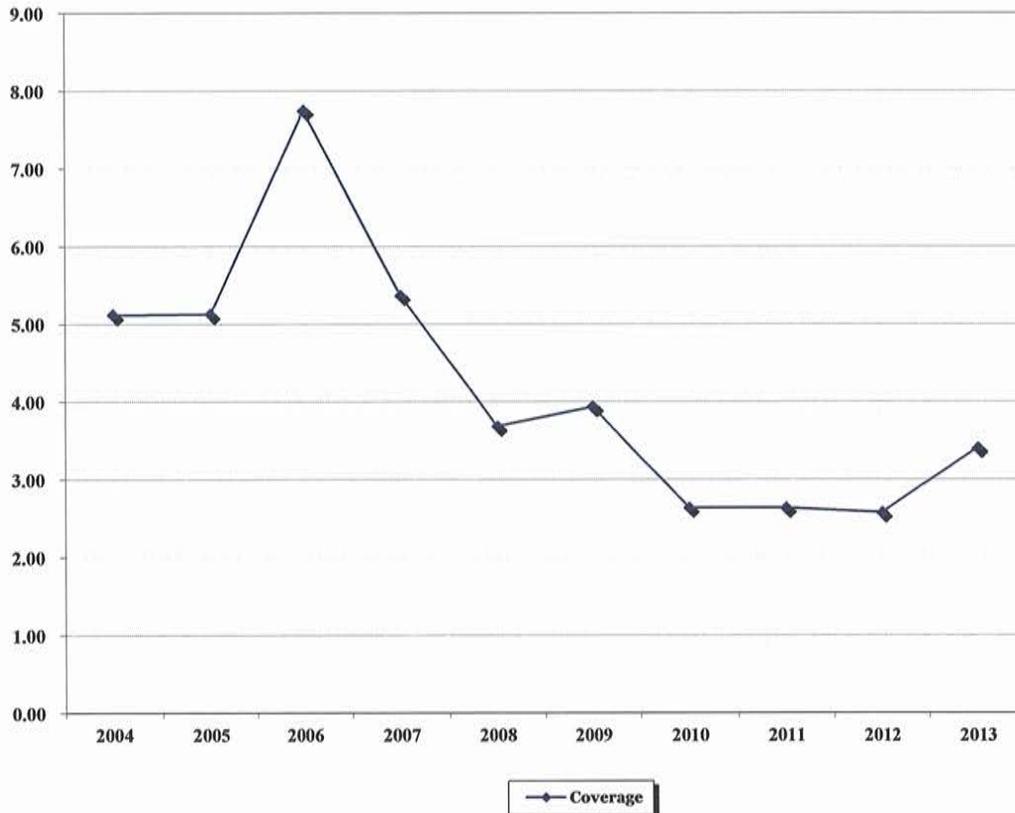
LEGAL BONDED DEBT MARGIN	\$161,943,243
--------------------------	---------------

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
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%
2012	169,510,312	4,270,000	165,240,312	2.58%
2013	165,518,243	3,575,000	161,943,243	2.21%

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)**

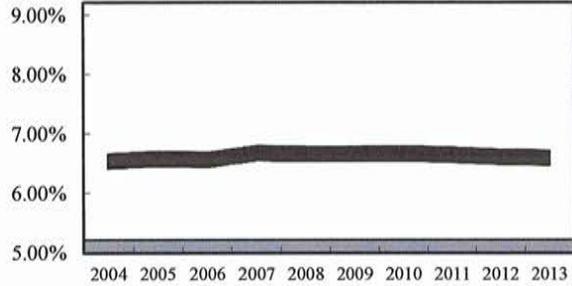


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	14,570	6,349	8,221	965	642	1,607	5.12
2005	15,426	6,837	8,589	1,055	620	1,675	5.13
2006	17,165	6,837	10,328	875	458	1,333	7.75
2007	16,222	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
2012	13,290	9,845	3,445	1,015	321	1,336	2.58
2013	14,577	10,059	4,518	1,040	284	1,324	3.41

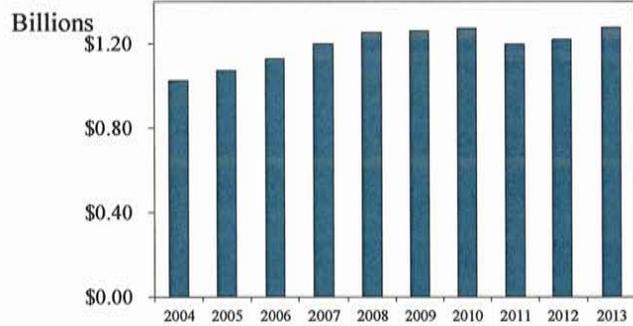
Notes: (1) Includes all Water & Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue
 (2) Includes all Water & Wastewater Operating Expenses less Depreciation and Interest

Source: City of Benicia

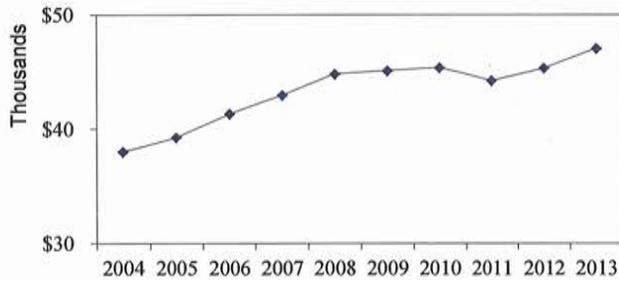
**CITY OF BENICIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



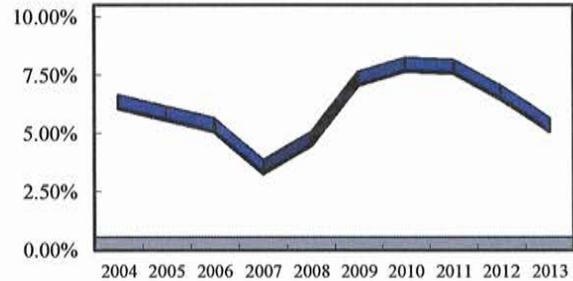
■ City Population as % of County population



■ Total Personal Income



◆ Per Capita Personal Income



■ Unemployment Rate

Fiscal Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%)	County Population	City Population % of County
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%
2012	26,919	1,220,873,617	45,354	6.5%	413,786	6.51%
2013	27,163	1,278,384,030	47,063	5.1%	418,387	6.49%

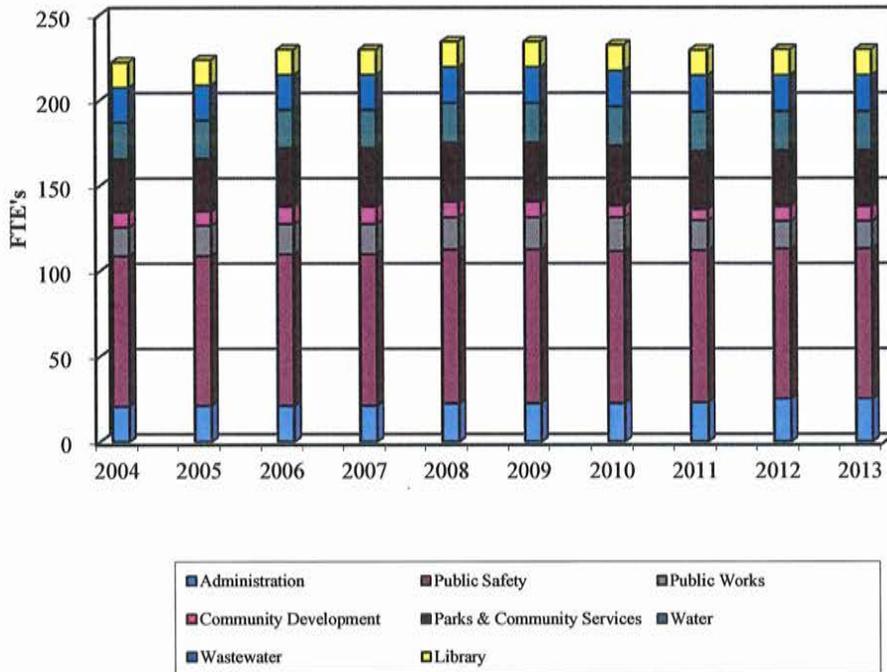
Sources: California State Department of Finance & EDD

CITY OF BENICIA
Principal Employers
Current Year and Nine Years Ago

Employer	2012-13			2003-04		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Valero	500	1	1.9%	500	1	1.8%
Benicia Unified School District	375	2	1.4%	491	2	1.8%
Cytosport	292	3	1.1%	196	6	0.7%
Dunlop	234	4	0.9%	223	8	0.8%
City of Benicia	230	5	0.9%			
Bio-Rad Laboratories Inc.	215	6	0.8%			
Coca-Cola Bottling Co.	162	8	0.6%			
Valley Fine Foods Co. Inc.	148	7	0.6%			
Cycle Gear Inc.	130	9	0.5%			
Pepsi Bottling Group	111	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	<u>2,397</u>		<u>9.0%</u>	<u>2,682</u>		<u>9.9%</u>
Total City Day Population	<u>26,500</u>			<u>27,135</u>		

Source: City of Benicia

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



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function										
Administration	20.75	21.00	21.00	21.00	22.50	22.50	22.50	23.00	25.00	25.00
Public Safety	88.00	88.00	89.00	89.00	90.00	90.00	89.00	89.00	88.00	88.00
Public Works	16.95	17.55	17.45	17.45	18.95	18.95	19.95	17.35	16.03	16.03
Community Development	9.00	8.40	10.50	10.50	9.00	9.00	7.00	6.67	8.97	8.97
Parks & Community Services	31.00	31.00	34.00	34.00	35.00	35.00	35.00	34.00	32.50	32.50
Water	21.45	22.45	22.45	22.45	22.95	22.95	22.95	23.16	23.05	23.05
Wastewater	20.60	20.60	20.60	20.60	21.10	21.10	21.10	21.31	21.20	21.20
Library	14.75	14.75	14.75	14.75	15.00	15.00	15.00	15.00	15.00	15.00
Total	<u>222.50</u>	<u>223.75</u>	<u>229.75</u>	<u>229.75</u>	<u>234.50</u>	<u>234.50</u>	<u>232.50</u>	<u>229.49</u>	<u>229.75</u>	<u>229.75</u>

Source: City of Benicia

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

	Fiscal Year			
	2004	2005	2006	2007
Function/Program				
Public safety:				
Fire:				
Fire calls for service	1,970	1,984	1,703	1,915
Primary fire inspections conducted (estimate)	750	750	750	200
Police:				
Police calls for Service	14,022	14,410	14,981	14,374
Law violations:				
Physical arrests (adult and juvenile)	1,077	1,099	1,036	1,139
Traffic violations	1,679	1,873	2,027	2,649
Parking violations	466	794	759	665
Public Works				
Street resurfacing (miles)	n/a	n/a	1.5	1.0
Potholes repaired (cubic feet) *	n/a	n/a	1,000	1,200
Parks & Community Services:				
Community Services:				
Recreation class programs	822	880	834	978
Recreation class participants	11,375	12,393	11,610	10,482
Library:				
Volumes in Collection (thousands)	106,927	110,214	116,996	113,470
Total Volumes Borrowed (thousands)	34,302	34,164	47,295	320,873
Water				
Water service connections	n/a	n/a	9,380	9,576
Water main breaks	n/a	n/a	11	17
Average daily consumption (thousands of gallons)	n/a	n/a	4,170	4,437
Wastewater				
Storm drain inlets	n/a	n/a	2,000	2,010
Sewer service connections	n/a	n/a	9,380	9,310
Sewer main blockages	n/a	n/a	101	30
Average daily treatment (thousands of gallons)	n/a	n/a	2,860	2,200

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					
2008	2009	2010	2011	2012	2013
2,040	2,243	2,122	2,067	2,238	2,208
200	1,074	935	750	690	401
15,934	17,302	27,029	14,536	12,422	18,867
1,056	838	836	866	734	614
2,208	3,671	2,546	2,346	2,394	1,296
646	434	237	230	206	77
0.3	-	5	0.8	8.9	1.3
1,200	1,200	1,764	1,395	953	999
824	773	800	820	1,104	971
10,622	8,291	8,560	9,137	10,126	9,546
111,145	107,756	106,965	106,264	109,436	99,608
346,106	371,581	384,056	384,134	433,264	474,472
9,370	9,506	9,557	9,547	9,434	9,827
17	14	33	10	15	21
4,610	4,209	3,540	3,808	3,714	4,062
2,040	2,040	2,040	2,040	2,040	2,040
9,109	9,243	9,261	9,278	9,277	9,283
59	51	46	27	24	34
2,600	2,195	2,280	2,433	2,370	2,180

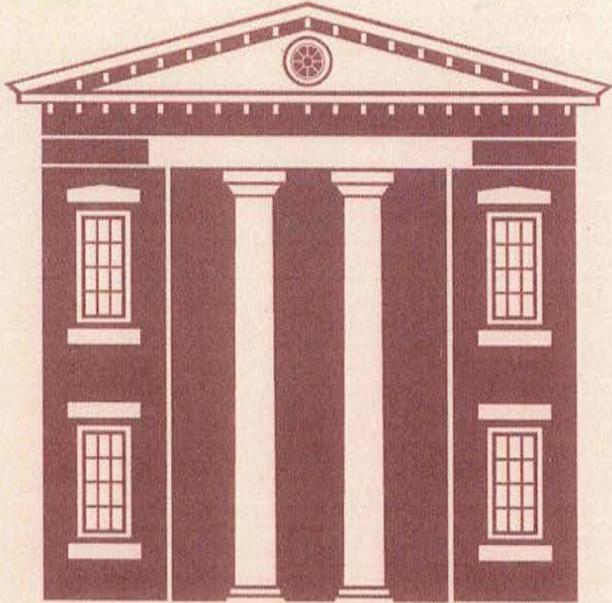
CITY OF BENICIA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year			
	2004	2005	2006	2007
Public safety:				
Fire stations	2	2	2	2
Police stations	1	1	1	1
Police patrol units	11	11	13	13
Public works				
Miles of streets	95	95	95	95
Street lights	2,046	2,046	2,046	2,062
Traffic Signals	10	10	10	10
Parks and recreation:				
Community services:				
City parks	35	35	36	36
City parks acreage	211	214	214	214
Recreation centers	1	1	1	1
Senior citizen centers	1	1	1	1
Regional park acreage	577	577	577	577
Library:				
City libraries	1	1	1	1
Water				
Miles of water mains	158	158	158	158
Fire hydrants	1,245	1,245	1,194	1,203
Maximum daily capacity (millions of gallons)	12	12	12	12
Wastewater				
Miles of sanitary sewers	149	149	149	149
Miles of storm drains	77	77	77	77
Number of treatment plants	1	1	1	1
Maximum daily capacity (millions of gallons)	4.5	4.5	4.5	4.5

Source: City of Benicia

Note: n/a denotes information is not available.

Fiscal Year					
2008	2009	2010	2011	2012	2013
2	2	2	2	2	2
1	1	1	1	1	1
13	13	12	12	11	13
97	97	97	97	97	97
2,100	2,100	2,232	2,232	2,232	2,232
10	10	10	11	11	11
36	36	36	36	36	36
214	214	214	214	214	214
2	2	2	2	2	2
1	1	1	1	1	1
577	577	577	577	577	577
1	1	1	1	1	1
160	160	160	160	160	160
1,259	1,427	1,430	1,428	1,429	1,449
12	12	12	12	12	12
150	150	150	150	150	150
78	78	78	78	78	78
1	1	1	1	1	1
4.5	4.5	4.5	4.5	4.5	4.5



THE CITY OF
BENICIA
CALIFORNIA