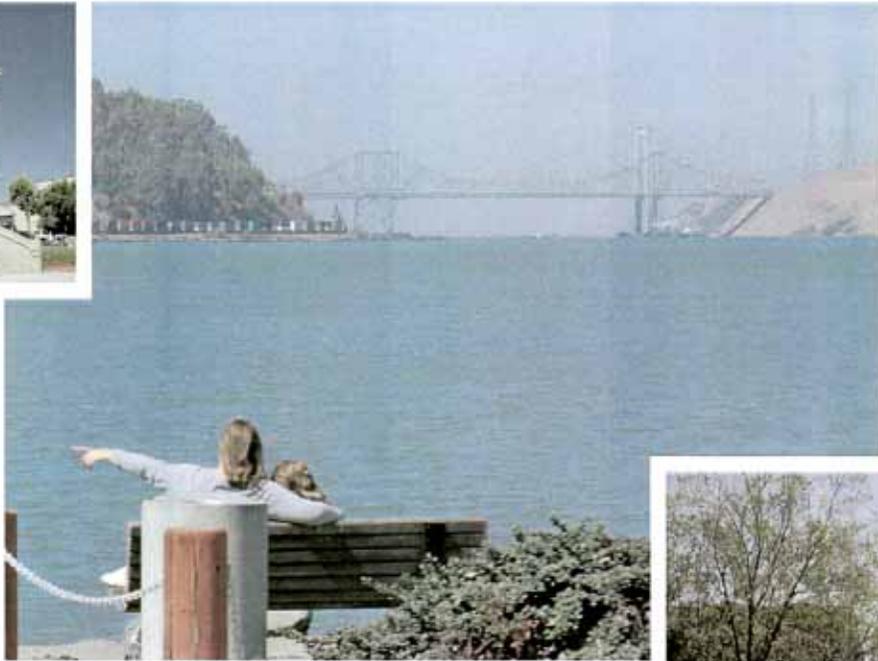


THE CITY OF **BENICIA** CALIFORNIA



**Comprehensive Annual
Financial Report
for the
Fiscal Year Ended
June 30, 2007**

CITY OF BENICIA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007

Prepared by
FINANCE DEPARTMENT

CITY OF BENICIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

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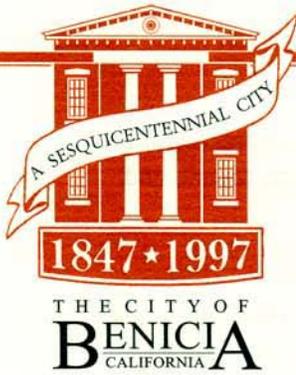
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December 5, 2007

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

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the City of Benicia (the City) for the fiscal year ended June 30, 2007. This CAFR has been prepared by the Finance Department in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB).

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

The City's basic financial statements have been audited by Maze & Associates CPA, a public accounting firm fully licensed and qualified to perform audits of State and local governments within the State of California. The goal of the independent audit is to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2007, are free of material misstatement. The independent auditor's report is presented at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

Benicia, California is located in southern Solano County adjacent to the Carquinez Strait, which is part of the San Francisco Bay. It is a waterfront city, known for 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 27,916.

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 and 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, transit, and general administrative services.

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

Management Summary

Benicia benefits from the stability of its leadership and experience. Elizabeth Patterson, newly elected mayor in November 2007, has been a Council Member since 2003, replacing Steve Messina, who served two 4-year terms as Mayor. Jim Erickson, former City Manager for the City of Millbrae for more than 20 years, was chosen to become the new City Manager after an extensive recruitment process in February 2003. Mr. Erickson leads the executive management team, which includes nine Directors that bring substantial technical expertise and managerial experience to the City of Benicia. With this level of expertise, the City continues its reputation of progressive and business-like management. The City Council and the Executive Management Team stress long-term planning and the ability to turn fiscal challenges into opportunities.

In 2004, the city developed a ten-year General Fund model. This model has become a guide and educational tool for the City's management staff, Council Members and citizens. The City's Audit and Finance Committee also takes a very active role in monitoring the ten-year model and has recommended several enhancements to ensure the viability of the model in forecasting future operational outcomes.

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

By combining the business-like attitude with the ten-year model, taking into account the strategic issues that have been identified, the City now enjoys a \$3,606,392 undesignated General Fund reserve, together with \$1,477,569 for Economic Uncertainty, \$1,477,569 for Exposures Reserve and \$2,955,138 for Emergency Reserve.

ECONOMIC OUTLOOK AND CONDITION

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

The table below illustrates the City's General Fund property, sales and utility tax collections for fiscal years 2002 through 2007:

General Fund Tax Collections 2001-02 Through 2006-07			
Year	Property	Sales	Utility
2001-02	\$ 8,962,542	\$ 3,698,722	\$ 2,644,033
2002-03	10,133,259	3,802,518	2,739,530
2003-04	10,502,276	4,237,439	2,747,951
2004-05	10,774,630	4,567,137	2,826,370
2005-06	11,919,854	5,373,118	3,001,316
2006-07	12,881,657	6,285,439	5,056,904

As the table indicates, property taxes increased \$961,803 (8.07%) in fiscal year 2006-07. This increase reflects \$485,596,050 in added assessed value due to new residential and commercial construction and the existing housing market in Benicia. There is a housing market slowdown anticipated for the coming year, as is experienced throughout the County. Sales tax increased \$912,321 (16.98%) in fiscal year 2006-07. This increase reflects strong performance by many of Benicia's industrial and retail businesses. The long-term economic outlook for the City continues to be strong given the diversity of the City's economic base and the low vacancy rate in the City's Industrial Park. Utility user tax collections increased \$2,055,588 (68.49%). The new Utility User Tax agreement with Valero has generated a one-time revenue stream in the amount of \$1,234,706 to City coffers.

The City's Industrial Park is a model for other California cities on how to transform an abandoned military base into a viable industrial park and local economic catalyst. The Benicia Industrial Park provides a strong sales tax base for the City, generating over 60% of the City's sales tax revenue. Because of Benicia's excellent deep-water harbor facilities along the Carquinez Strait, Valero's Northern California Petroleum Refinery is a major activity in the Park. Amports owns the port facility and maintains a large distribution facility in Benicia, which processes over 150,000 passenger cars and light trucks annually. Other industrial sectors represented in the park include steel and metal fabrication, construction, wine warehousing and distribution and nutraceutical product research, development and manufacturing.

Over the last decade, the total square footage of the Benicia Industrial Park has expanded to over 6,000,000 square feet, over 400 companies, and approximately 7,500 jobs. The types of companies locating in the Industrial Park continue to diversify Benicia's economic base and reflect Benicia's prominence as an industrial center located midway between the Bay Area and Sacramento markets. Access to major Northern California freeways and railways contribute to the success and viability of the Benicia Industrial Park.

Discovery Builders, a major Northern California developer, owns approximately 500 acres adjacent to the Benicia Industrial Park. When approved and developed, the new Benicia Business Park will significantly increase property, sales and utility tax revenue for the City. Consistent with the City's General Plan, the new business park will contain over 4 million square feet of light industrial uses and over 800,000 square feet of commercial space. The environmental review is underway and is expected to be completed in 2008.

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

Employer	Employees	Type of Business
Valero Refining Co	531	Petroleum Refining
Dunlop Manufacturing Inc.	200	Manufacture/Distribute Musical Accessories
Radiator Express Warehouse Inc.	199	Distribute Radiators
Bio-Rad Laboratories Inc.	193	Manufacture Hematology Products
APS West Coast, Inc.	150	Operate Port of Benicia
Coca-Cola Bottling Co.	145	Soft Drink Delivery
Cytosport	145	Dietary Sport & Nutrition Products
The Pepsi Bottling Group	121	Soft Drink Manufacturing
Henry Wine Group	117	Import/Distribute Wine Spirits
Benicia Fabrication & Machine	112	Metal Products Manufacturing
Veolia Industrial Services	102	Industrial Services
PSC Industrial Outsourcing Inc.	95	Industrial Waste Cleaning/Disposal
Philip Services Corp	86	Local Trucking Service
Universal Environmental	84	Industrial Services & Transportation
Rix Industries	80	Manufacture Air Gas Compressors

FINANCIAL GOALS AND STRATEGIES

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

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

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

Balanced Budget

While the City has recovered from the \$1 million annual property tax revenue reduction imposed by the State in fiscal 1994, costly litigations concerning storm drain improvements, and the recent reduction in property valuation for Valero, one of the City's major property taxpayers, it continues to face the challenge of a slowing economy and increased employee benefit costs. Additionally, due to the past and current State of California's budget crises, the City cautiously anticipates the potential loss of additional revenue—whether it is in the form of reduced motor vehicle fees, sales tax, property tax, or on-going grant and allocation programs. In so doing, the City's General Fund reserve has remained in a secure position to weather the fiscal challenges that are anticipated in the next five years.

Benicia Market Analysis

The Benicia industrial market is diverse, strong and reflects the petro-chemical, steel fabrication and machining, construction, environmental engineering and warehouse/distribution sectors. For the last decade, the Benicia Industrial Park has been an attractive alternative to the Contra Costa market due to more affordable rents, access to affordable housing and a skilled and semi-skilled labor pool. The Benicia Industrial Park currently includes approximately 6 million square feet of space and only a few vacant parcels remain. To the west of the Industrial Park, approximately 500 acres owned by Discovery Builders will be available for future industrial development. While other communities are experiencing significant reductions in sales tax revenue, the Benicia Industrial Park remains a stable economic engine for the City. The diversity of Benicia's economic base will continue to enable the City to tolerate fluctuations in the state and national economy. In summary, 2007 was a strong year, as unemployment remained low in Benicia relative to County and State averages.

Housing Opportunities

The City of Benicia completed its Housing Element Report in May 2003. As part of the process, the Association of Bay Area Governments (ABAG) provided each community with a Fair Share Allocation that must be met within an established planning time period, in compliance with state law. The City's Housing Element Fair Share Allocation was established at 413 units and compliance is required by 2007. The City embarked upon an Affordable Housing Strategy wherein the City has facilitated and provided financial incentives to complete the construction of 124 housing units affordable to low and very low-income households since June 30, 2002. These completed units include two Habitat for Humanity sponsored units, two units at Clos du Val, fifty units at Bayridge, twelve units at Hearthstone Village and fifty six units at Burgess Point.

In addition to the affordable housing units, a large, market-rate single-family housing project (Tourtelot) is currently under construction in the Southampton area. Based on projects completed to date and currently under construction, the City of Benicia expects to meet its 1999-2007 ABAG Fair Share Allocation for all income segments within the community.

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

The City is extremely proud of its award winning, 50-acre community park and 570-acre open space area in the northern part of the City. The City is continuing with the renovation and tenant improvements to Mills Elementary School, which will be utilized as a community center. It is currently in the design phase. The 20,000 square foot Skate Park was completed and opened in October 2007. The City is also nearing completion of the renovation of the Benicia High School lower athletic fields.

The City's \$6 million public library facility, opened in 1993, provides patrons with the utmost in modern technology available, including electronic access to the collection of other county and community college libraries. Users are able to borrow audiotapes of books, videotapes of movie classics and music compact discs in addition to having access to 113,000-volume collection of books. The library offers a number of special programs for children, teens and seniors. To further expand library services, the remodeling of the library basement is currently in progress with the design phase being completed.

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

The City's transit system "Benicia Breeze" has evolved into a more efficient transit operation providing improved local flex route service within the City on three routes, regional service between Vallejo and Central Contra Costa County on two routes, supplemental service to Benicia schools on two routes, a local taxi scrip program for seniors and persons with disabilities and a paratransit service for persons who are unable to use fixed route transit due to their disability. Benicia Breeze uses a fleet of seven transit buses and seven cutaway buses, all of which are accessible to bicycles and mobility devices. Benicia Breeze averages about 610 passengers per weekday and carries approximately 13,500 passengers per month.

Growth Pays Its Own Way

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

Intergovernmental Cooperation

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

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

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

Citizen Involvement

The City completed the revision of its General Plan in 1999. Part of this process involved the efforts of the General Plan Oversight Committee. This committee, composed of 17 citizens, played a key role in the formation of the new Plan. During the preparation and approval process, the City conducted an extensive public outreach program in which all segments of the community were invited to participate.

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

FINANCIAL INFORMATION

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

Budgeting Controls

The City maintains budgetary controls. The objective of these budget controls is to ensure compliance with the City Council approved, annual appropriated budget. Activities of the General Fund and Special Revenue Funds, if required, are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Improvement Projects Funds. Budgetary control is maintained at the department level for administrative and operating expenditures and at the project budget total for capital improvements. For administrative and operating budgets, the line-item budget authority is delegated to department managers. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

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

Governmental and Business-Type Activities and Net Assets

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

General Fund Reserves

The City has adopted a fund balance reserve policy establishing a minimum fund balance equal to 20% of the fund's annual operating expenditures 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: Economic Uncertainty of 5%, Liability Exposures Reserve of 5%, Emergency Reserves of 10%. At the end of this fiscal year, the General Fund has maintained the 20% minimum and in addition has an undesignated fund balance of 11%, with 7.4% earmarked for approved projects.

Gann Limit vs. Appropriations Subject to Limit

Proposition 4, the "Gann Initiative," was passed by California voters in 1978 and is intended to limit government appropriations. The appropriations limit is calculated each year based upon fiscal year 1978-79 appropriations, which are modified by the composite consumer price index and population changes that have occurred in subsequent years. The City's appropriations limit and the estimated appropriations subject to the limit for the fiscal year 2006-07 amounted to \$61,992,633 and \$25,664,260, respectively. City appropriations subject to the limit have consistently remained far below the appropriation limits and are not expected to deviate from this trend in the foreseeable future.

Cash Management

The City's cash and investments are managed on a pooled basis. The average investment portfolio was \$57,727,463. The average yield on investment in 2006-07 was 4.45%, average maturity at year-end was approximately a year and three quarters, and total interest earned was \$3,002,244. Investments consisted primarily of money market funds, U.S. government securities and Local Agency Investment Fund (LAIF) deposits managed by the Treasurer of the State of California. These investments are allowed under an investment policy adopted by the City Council that defines eligible investments and maturities of the City's investment portfolio and requires securities be held by the City or by a qualified safekeeping institution and be registered in the City's name.

Debt Administration

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

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Benicia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. 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 15 years and it is our goal to be awarded this Certificate once again. The award demonstrates the City's conformance to the highest level of financial reporting standards, which will likely have a positive influence on the City's financial rating. This will ensure cost savings in the future when the City of Benicia seeks financing for public improvements.

Acknowledgements

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

Respectfully submitted,

A handwritten signature in black ink that reads "R. Sousa". The signature is written in a cursive style with a large, prominent "R" and "S".

Robert Sousa
Finance Director

MUNICIPAL OFFICERS

As of June 30, 2007

CITY COUNCIL (Elected)

Steve Messina, Mayor	November 2007
Alan Schwartzman, Vice Mayor	November 2009
Mark Hughes, Councilmember	November 2009
Elizabeth Patterson, Councilmember	November 2007
Bill Whitney, Councilmember	November 2007

OTHER (Elected)

Lisa Wolfe, City Clerk	November 2007
Virginia Souza, City Treasurer	November 2007

PLANNING COMMISSION (Appointed)

Scott Strawbridge	October 2008
Mike Ioakimedes	October 2007
Kyle Daley	October 2007
Daniel Healy	September 2010
Richard Bortolazzo	September 2010
Fred Railsback	October 2008
Bonnie Silveria	October 2007

PARKS, RECREATION AND CEMETARY COMMISSION (Appointed)

Sandy Moriarty	March 2009
John McGuire	June 2010
Rufus Bunch	January 2011
Annie Lloyd	September 2009
Nancy Cockerham	September 2010
Dan Moitoza	March 2010
Ernie Gutierrez	November 2010
Ellen Quigley	September 2007

APPOINTED OFFICIALS

Jim Erickson	City Manager
Heather McLaughlin	City Attorney

DEPARTMENT HEADS

Robert Sousa	Finance
Dan Schiada	Public Works
Sandra Spagnoli	Police
Ken Hanley	Fire
Michael Alvarez	Parks and Community Services
Anne Cardwell	Interim Human Resources
Diane Smikahl	Library
Charles Knox	Community Development

CITY OF BENICIA

MISSION STATEMENT

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

VISION STATEMENT

Building a great community together by preserving and strengthening:

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

GUIDING PRINCIPLES

- Integrity: doing the right thing, not the easy thing
- Excellence: giving our best always; continuously improving
- Service to the community: being accessible, caring and responsive
- Inclusiveness: seeking involvement of all stakeholders

STRATEGIC ISSUES

- Maintain a Strong Economy
- Strengthen Downtown
- Take Care of Infrastructure
- Protect Community Health and Safety
- Enhance Community Appearance
- Provide More Activities for Our Youth
- Build Community Collaboration
- Promote Continuous Improvement
- Promote Arts, Culture and Continuous Learning

Location Map
City of Benicia



CITY OF BENICIA
ORGANIZATIONAL CHART

JUNE 30, 2007

CITIZENS OF BENICIA

CITY COUNCIL

Steve Messina, Mayor

CITY CLERK

Lisa Wolfe

Alan Schwartzman, Vice Mayor

Mark Hughes

Elizabeth Patterson

Bill Whitney

CITY TREASURER

Virginia Souza

CITY MANAGER

Jim Erickson

CITY ATTORNEY

Heather McLaughlin

POLICE
CHIEF

Sandra
Spagnoli

FIRE
CHIEF

Ken
Hanley

FINANCE
DIRECTOR

Robert
Sousa

PARKS &
COMMUNITY
SERVICES
DIRECTOR

Mike
Alvarez

PUBLIC
WORKS
DIRECTOR

Dan
Schiada

INTERIM
HUMAN
RESOURCES
MANAGER

Anne
Cardwell

LIBRARY
DIRECTOR

Diane
Smikahl

COMMUNITY
DEVELOPMENT
DIRECTOR

Charles
Knox

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, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

ACCOUNTANCY CORPORATION

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**INDEPENDENT AUDITOR'S REPORT ON
BASIC FINANCIAL STATEMENTS**

To the City Council
City of Benicia, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Benicia, California as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

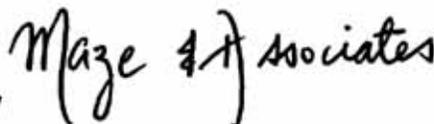
In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Benicia, California as of June 30, 2007 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.

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

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

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

November 9, 2007



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, 2007. 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 \$222.7 million. Of this amount, \$48.9 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$4.4 million due to increases in property and sales taxes, investment earnings and a one-time infusion of additional utility users tax.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$19.3 million, a decrease of \$5.0 million in comparison with the prior year. Approximately 51% of this total, \$9.8 million, is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$3.6 million, with \$2.5 million earmarked for approved projects. Additional designations of \$1.5 million for Economic Uncertainty, \$1.5 million for Exposures Reserve and \$3.0 million for Emergency Reserve have been set-aside to comply with the City's 20% reserve policy.
- The City's total debt decreased by \$2.3 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 Assets reports information about the City as a whole. This statement includes all assets (including infrastructure) as well as all liabilities (including long-term debt) of the City. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating.

In these statements City activities are reported into two categories:

- **Governmental Activities** - Most of the City's basic services are reported in this category, including administration, community development, police, fire, parks and community services,

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Management's Discussion and Analysis

public works, library services, and economic development. Property, sales and utility taxes, user fees, interest income, franchise fees, and state and federal grants are among the revenues that finance these activities.

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

Fund Financial Statements

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

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

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

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

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

CITY OF BENICIA Management's Discussion and Analysis

Assets. These activities are excluded from the City's Government-wide Financial Statements because the City cannot use these assets to finance its operations. However, the City is responsible for ensuring that assets reported in these funds are used for their specified purposes.

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in both the Government-wide Financial Statements and Fund Financial Statements. The notes to the financial statements can be found on pages 33-61 of this report.

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined Net Assets for the year ended June 30, 2007 are summarized below.

Summary of Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 43.4	\$ 45.1	\$ 36.9	\$ 40.4	\$ 80.3	\$ 85.5
Capital assets	119.7	115.2	110.2	105.5	229.9	220.7
Total Assets	163.1	160.3	147.1	145.9	310.2	306.2
Long-term liabilities outstanding	23.9	24.3	50.7	52.7	74.6	77.0
Other liabilities	6.9	5.4	6.0	5.5	12.9	10.9
Total Liabilities	30.8	29.7	56.7	58.2	87.5	87.9
Net Assets:						
Invested in capital assets, net of related debt	109.1	106.2	56.8	50.4	165.9	156.6
Restricted	7.8	14.2	-	0.7	7.8	14.9
Unrestricted	15.4	10.1	33.6	36.7	49.0	46.8
Total Net Assets	\$ 132.3	\$ 130.5	\$ 90.4	\$ 87.8	\$ 222.7	\$ 218.3

The largest portion of the City's net assets (74.5%) reflects its investments in capital assets, less any related debt used to acquire those assets still outstanding. The City uses these capital assets to provide services to citizens and are not available for future spending.

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Restricted net assets represent 3.5% of the total net assets and are subject to external restrictions. The decrease of \$7.1 million in restricted net assets is due to completion of capital projects. These monies will be available for future spending but only for specific projects around the City and for debt payments. The balance of unrestricted net assets, which represents 22.0% of the total assets, may be used to meet the City's ongoing obligations to citizens and creditors.

A Statement of Activities and Changes in Net Assets, as of June 30, 2007, is presented below.

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

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for services	\$ 4.7	\$ 5.6	\$ 15.3	\$ 17.0	\$ 20.0	\$ 22.6
Operating grants and contributions	1.8	1.4	1.4	1.1	3.2	2.5
Capital grants and contributions	-	0.2	0.4	0.3	0.4	0.5
General Revenues:						
Property taxes	13.9	13.1	-	-	13.9	13.1
Sales taxes	7.0	6.0	-	-	7.0	6.0
Utility users' tax	5.1	3.0	-	-	5.1	3.0
Other taxes	2.1	2.1	-	-	2.1	2.1
Motor vehicle license fees	2.0	2.0	-	-	2.0	2.0
Investment earnings	3.4	0.7	1.6	0.8	5.0	1.5
Total Revenues	40.0	34.1	18.7	19.2	58.7	53.3
Expenses:						
Administration	3.3	3.6	-	-	3.3	3.6
Community Development	2.1	1.4	-	-	2.1	1.4
Public Safety - Police	10.4	7.1	-	-	10.4	7.1
Public Safety - Fire	6.3	6.1	-	-	6.3	6.1
Parks and Community Services	6.0	5.4	-	-	6.0	5.4
Public Works	5.6	4.5	-	-	5.6	4.5
Library	2.1	1.9	-	-	2.1	1.9
Economic Development	0.4	0.7	-	-	0.4	0.7
General Government	2.9	2.6	-	-	2.9	2.6
Interest on long-term debt	0.5	0.4	-	-	0.5	0.4
Wastewater	-	-	6.9	6.2	6.9	6.2
Water	-	-	6.6	5.9	6.6	5.9
Benicia Marina	-	-	0.6	0.6	0.6	0.6
Transit	-	-	1.8	1.5	1.8	1.5
Total Expenses	39.6	33.7	15.9	14.2	55.5	47.9
Increase in net assets before transfers	0.4	0.4	2.8	5.0	3.2	5.4
Transfers	0.1	0.1	(0.1)	(0.1)	-	-
Increase in net assets	0.5	0.5	2.7	4.9	3.2	5.4
Net assets - 7/1/06	130.5	130.0	87.7	82.8	218.2	212.8
GASB 34 Implementation Adjustment	1.3	-	-	-	1.3	-
Net assets - 6/30/07	\$ 132.3	\$ 130.5	\$ 90.4	\$ 87.7	\$ 222.7	\$ 218.2

CITY OF BENICIA Management's Discussion and Analysis

Governmental Activities

Total resources available during the year to finance governmental operations were \$170.5 million consisting of Net Assets at July 1, 2006, of \$130.5 million, program revenues of \$6.5 million and general revenues of \$33.5 million.

The cost of all governmental activities this year was \$39.6 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 \$4.7 million, while operating and capital grants and contributions paid for \$1.8 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 \$33.1 million.

Net Cost of Governmental Activities

	Expenses	Program Revenues	Net Revenue (Expense) of Activities
Administration	\$ 3,300,970	\$ 32,950	\$ (3,268,020)
Community Development	2,095,746	1,314,800	(780,946)
Public Safety - Police	10,439,354	745,445	(9,693,909)
Public Safety - Fire	6,335,969	294,441	(6,041,528)
Parks and Community Services	5,966,185	1,769,044	(4,197,141)
Public Works	5,605,290	1,093,435	(4,511,855)
Library	2,153,638	379,848	(1,773,790)
Economic Development	385,726	-	(385,726)
General Government	2,864,213	927,067	(1,937,146)
Interest on long-term debt	503,819	-	(503,819)
	\$ 39,650,910	\$ 6,557,030	\$ (33,093,880)

Business-type Activities

Total resources available during the year to finance Business-Type Activities were \$106.4 million consisting of Net Assets at July 1, 2006, of \$87.7 million, program revenues of \$17.1 million and general revenues of \$1.6 million.

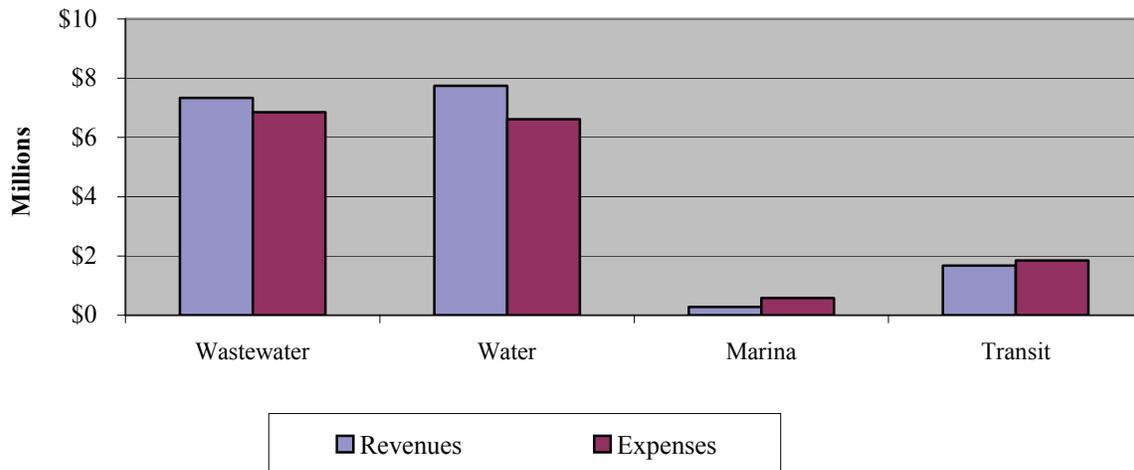
The cost of all Business-Type activities this year was \$15.9 million. As shown in the Statement of Activities and Changes in Net Assets, the amounts paid by users of the systems were \$15.3 million, while operating and capital grants and contributions were \$1.8 million.

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Management's Discussion and Analysis

Net Cost of Business-Type Activities

	Expenses	Program Revenues	Net Revenue (Expense) of Activities
Wastewater	\$ 6,853,399	\$ 7,335,148	\$ 481,749
Water	6,614,679	7,749,171	1,134,492
Benicia Marina	579,184	284,187	(294,997)
Transit	1,847,674	1,674,070	(173,604)
Total	\$ 15,894,936	\$ 17,042,576	\$ 1,147,640

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



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. The City's governmental funds reported a combined fund balance at June 30, 2007, of \$19.3 million, a decrease of \$5.0 million in comparison with the prior year.

CITY OF BENICIA
Management's Discussion and Analysis

General Fund - The General Fund is the chief operating fund of the City. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved and total fund balance to total funding requirements. At the end of the fiscal year, total fund balance of the General Fund was \$10.3 million, of which the unreserved, undesignated portion was \$3.6 million. In compliance with the City's reserve policy, a total of 20% of the annual operating budget has been set-aside for the following: \$1.5 million for Economic Uncertainty, \$1.5 million for Exposures Reserve and \$3.0 million for Emergency Reserve. Total fund balance represents 33% of total general fund expenditures, while unreserved, undesignated together with the 20% reserve set-aside represents 31% of that same amount.

The General Fund realized general tax and other revenues of \$32.3 million during the year to pay for \$29.5 million operating expenditures, realizing a \$2.8 million excess of revenues over expenditures. Stronger than anticipated sales tax and increases in utility users tax, which included a one-time catch-up, provided a boost in revenues. This resulted in a favorable variance from budgeted amounts. Total operating expenditures realized a favorable variance from budgeted amounts due to salary savings and delays in capital expenditures.

Transfers in to the General Fund were significantly higher than budget due to reimbursements from capital lease proceeds for the Police Building renovation and Storm Drain project. Transfers out to other funds were considerably lower than budget due to delays in construction projects. The General Fund continues to have healthy reserves for future emergencies.

McAllister Area Capital Project Fund - Revenue for the year came from investment earnings of \$.07 million and developer contributions of \$.3 million. Capital expenditures for the year, totaling \$3.3 million were significantly higher than previous year's expenditures. This is attributable to developer improvements above and beyond the maximum amount agreed upon during the formation of the district, which is nearing project completion. There is a balance of \$.8 million in the Construction Fund that will be paid to the developers upon completion and acceptance of the infrastructure.

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 \$69.3 million in capital assets, net of accumulated depreciation, financed with \$27.6 million of long-term debt. The fund made debt service payments of \$2.3 million during the year.

Water Fund – The City's water utility fund collected \$7.5 million in user fees to sustain the system. The system has \$36.5 million in capital assets, net of accumulated depreciation, financed with \$19.1 million of long-term debt. The Water Treatment Plant Improvement Project was completed this fiscal year with funding from a State loan in the amount of \$11.7 million. The Water Distribution Improvement Project is currently in progress with funding from reserves. The fund made \$1.4 million in debt service payments for the year.

Benicia Marina – The City's Marina collected \$.3 million in user fees to support its operating and debt service costs. The Marina has \$3.8 million in capital assets, net of accumulated depreciation, financed with \$4.0 million of long-term debt. Debt service payments for the year were \$.3 million. The fund continues to operate at a loss of \$.3 million. The City continues to evaluate options for a long-term operating solution.

CITY OF BENICIA
Management's Discussion and Analysis

Transit – The City's Transit system operates bus, para-transit, taxi service for the citizens of Benicia. The City collected user fees of \$.3 million, which was supplemented by an additional \$1.4 million in federal, state and local grants to support operations. The fund has \$0.6 million in capital assets, net of accumulated depreciation, financed by intergovernmental revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Fiscal year 2006-07 was the second year of a two-year budget. The original budget for 2006-07 was developed in early 2005. The original budget for the General Fund revenues was \$28.1 million, while expenditures were at \$27.5 million. The final budget estimates for revenues was \$32.2 million, an increase of \$4.1 million, and \$30.2 million for expenditures, an increase of \$2.7 million. The main components of the increases are as follows:

- \$1.3 million additional revenues for sales tax in anticipation of a stronger local economy
- \$2.2 million additional revenues for utility users tax in anticipation of a tax agreement that will infuse a one-time catch-up and increases in utility usage
- \$.2 million additional revenues for use of money and property in anticipation of higher market return in investments
- \$.3 million additional revenues for state reimbursements of prior years state cutbacks and takeaways
- \$.9 million additional appropriations for capital outlays such as the patrol laptops for Police, streets and other capital projects
- \$.6 million additional appropriations for salary adjustments for all departments for compliance with negotiated labor agreements
- \$.4 million additional appropriations to the Community Development department for contracted services for the downtown and arsenal area environmental impact review

CAPITAL ASSETS

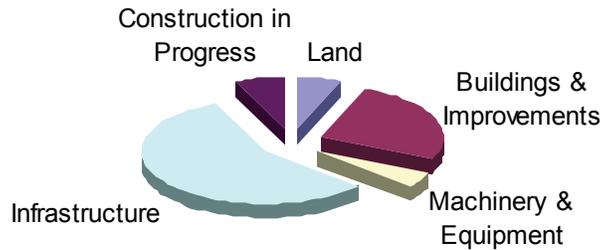
The capital assets of the City are those assets, which are used in the performance of the City's functions including infrastructure assets. This investment in capital assets includes land and easements, infrastructure, buildings and improvements, equipment and construction in progress. The City has fully accounted for its infrastructure, in compliance with GASB 34, increasing its capital assets by \$1.3 million. At June 30, 2007, net capital assets of the governmental activities totaled \$119.7 million and the net capital assets of the business-type activities totaled \$110.2 million. Depreciation on capital assets is recognized in the Government-wide Financial Statements.

CITY OF BENICIA
Management's Discussion and Analysis

The following table provides a breakdown of the City's capital assets at June 30, 2007:

Capital Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 18.0	\$ 18.0	\$ 2.6	\$ 1.5	\$ 20.6	\$ 19.5
Buildings & Improvements	16.5	15.0	85.3	72.3	101.8	87.3
Machinery & Equipment	7.2	7.1	8.6	8.4	15.8	15.5
Infrastructure	124.4	121.8	69.4	69.1	193.8	190.9
Construction in Progress	9.8	7.9	7.7	14.0	17.5	21.9
Total Capital Assets	175.9	169.8	173.6	165.3	349.5	335.1
Accumulated Depreciation	(56.2)	(54.6)	(63.4)	(59.8)	(119.6)	(114.4)
Net Assets	\$ 119.7	\$ 115.2	\$ 110.2	\$ 105.5	\$ 229.9	\$ 220.7



Land	Buildings & Improvements	Machinery & Equipment
Infrastructure	Construction in Progress	

This year's major capital asset additions were:

- Vehicles – Fire rescue vehicle and a Transit bus.
- Construction in progress: McAllister Project Area, Water Distribution Improvement Project, Skate Park, along with other projects currently under construction.

Additional information on the City's capital assets can be found in Note 6 on pages 46-49 of this report.

DEBT ADMINISTRATION

The City uses a variety of indebtedness to finance various capital acquisitions. At June 30, 2007, the City's long-term debt outstanding was \$78.0 million. Of this total, \$24.3 million was in governmental activities and \$53.7 was in business-type activities.

CITY OF BENICIA Management's Discussion and Analysis

The City's governmental activities decreased by \$.8 million, and business-type activities decreased by \$1.6 million as a net result of debt maturities.

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 \$147 per capita from \$2,946 to \$2,799 from the previous fiscal year.

The following is a summary of the City's long-term debt obligations at June 30, 2007:

Long-term Debt
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$ 7.0	\$ 7.5			\$ 7.0	\$ 7.5
Pension Obligation Bonds	13.9	14.0			13.9	14.0
Capital Lease	3.4	3.6			3.4	3.6
Utility Revenue Bonds			12.6	13.7	12.6	13.7
Loans Payable			41.1	41.6	41.1	41.6
Total Indebtedness	\$ 24.3	\$ 25.1	\$ 53.7	\$ 55.3	\$ 78.0	\$ 80.4

Additional information on the City's long-term debt can be found in Note 7 on pages 50-54 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City prepares biennial budget, which focuses on long-term financial viability and allows decision-makers to better understand the on-going impact of current policy decisions. Through the budget, the Council sets the direction of the City, allocates its resources and establishes its priorities. Positive economic indicators such as low unemployment, increase in sales tax and increase in property valuations continue to indicate a healthy economy for Benicia. However, with economic uncertainties caused by the State budget deficit and projected increases in personnel and benefits caution was exercised in developing the budget for fiscal year 2006-07.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**STATEMENT OF NET ASSETS
AND STATEMENT OF ACTIVITIES**

CITY OF BENICIA
STATEMENT OF NET ASSETS
JUNE 30, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments available for City operations (Note 3)	\$25,039,940	\$31,538,066	\$56,578,006
Accounts receivable	1,385,605	2,119,519	3,505,124
Interest receivable	159,898	173,889	333,787
Materials, parts and supplies (Note 1H)	9,565	161,171	170,736
Prepaid items	102,656	100,000	202,656
Internal balances	245,997	(245,997)	
Restricted cash and investments held by fiscal agents (Note 3)	311,603	360	311,963
Deferred charges		609,143	609,143
Lease receivable		489,533	489,533
Loans receivable (Note 5)	2,835,868	1,906,406	4,742,274
Prepaid PERS contribution (Note 10)	13,283,659		13,283,659
Capital assets (Note 6):			
Non-depreciable	27,775,824	10,284,366	38,060,190
Depreciable, net of accumulated depreciation	91,935,074	99,948,924	191,883,998
	<u>163,085,689</u>	<u>147,085,380</u>	<u>310,171,069</u>
Total Assets			
LIABILITIES			
Accounts payable	3,026,192	1,419,693	4,445,885
Accrued payroll	139,366		139,366
Customer and performance deposits	1,005,581	127,004	1,132,585
Interest payable	195,605	462,949	658,554
Unearned revenue		750,620	750,620
General liability claims (Note 11):			
Due within one year	96,034		96,034
Workers compensation claims (Note 11):			
Due within one year	262,959		262,959
Due in more than one year	427,154		427,154
Accrued compensated absences (Note 1G):			
Due within one year	988,305	240,251	1,228,556
Due in more than one year	293,698		293,698
Long-term debt (Note 7):			
Due within one year	1,168,064	2,982,543	4,150,607
Due in more than one year	23,190,330	50,719,443	73,909,773
	<u>30,793,288</u>	<u>56,702,503</u>	<u>87,495,791</u>
Total Liabilities			
NET ASSETS (Note 8)			
Invested in capital assets, net of related debt	109,082,400	56,818,976	165,901,376
Restricted for:			
Capital projects	4,915,911		4,915,911
Debt service	1,409,547	360	1,409,907
Special revenue projects	1,522,715		1,522,715
	<u>7,848,173</u>	<u>360</u>	<u>7,848,533</u>
Total Restricted Net Assets			
Unrestricted	15,361,828	33,563,541	48,925,369
	<u>15,361,828</u>	<u>33,563,541</u>	<u>48,925,369</u>
Unrestricted			
Total Net Assets	<u>\$132,292,401</u>	<u>\$90,382,877</u>	<u>\$222,675,278</u>

See accompanying notes to financial statements

CITY OF BENICIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:						
Administration	\$3,300,970	\$32,950			(\$3,268,020)	(\$3,268,020)
Community development	2,095,746	1,284,313	\$30,487		(780,946)	(780,946)
Public safety - police	10,439,354	199,039	546,406		(9,693,909)	(9,693,909)
Public safety - fire	6,335,969	196,361	98,080		(6,041,528)	(6,041,528)
Parks and community services	5,966,185	1,768,794	250		(4,197,141)	(4,197,141)
Public works	5,605,290	444,159	649,276		(4,511,855)	(4,511,855)
Library	2,153,638	246,302	133,546		(1,773,790)	(1,773,790)
Economic development	385,726				(385,726)	(385,726)
General government	2,864,213	557,754	369,313		(1,937,146)	(1,937,146)
Interest on long-term debt	503,819				(503,819)	(503,819)
Total Governmental Activities	39,650,910	4,729,672	1,827,358		(33,093,880)	(33,093,880)
Business-type Activities:						
Wastewater	6,853,399	7,223,062		\$112,086		\$481,749
Water	6,614,679	7,465,686		283,485		1,134,492
Benicia Marina	579,184	284,187				(294,997)
Transit	1,847,674	290,474	1,383,596			(173,604)
Total Business-type Activities	15,894,936	15,263,409	1,383,596	395,571		1,147,640
Total	\$55,545,846	\$19,993,081	\$3,210,954	\$395,571	(33,093,880)	1,147,640
General revenues:						
Taxes:						
Property taxes					13,942,074	13,942,074
Sales taxes					6,986,922	6,986,922
Utility users' tax					5,056,904	5,056,904
Other taxes					2,131,710	2,131,710
Motor vehicle in-lieu, unrestricted					2,015,234	2,015,234
Investment earnings					3,390,122	1,559,891
Gain from disposal of capital assets					2,000	4,761
Transfers, net					77,993	(77,993)
Total general revenues and transfers					33,602,959	1,486,659
Change in Net Assets					509,079	2,634,299
Net Assets-Beginning					130,526,567	87,748,578
GASB Statement No. 34 Implementation Adjustment (Note 6)					1,256,755	1,256,755
Net Assets-Ending					\$132,292,401	\$90,382,877

See accompanying notes to financial statements

FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal 2007. 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.

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.

CITY OF BENICIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2007

	<u>General</u>	<u>McAllister Assessment District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments available for City operations (Note 3)	\$9,987,429	\$849,675	\$10,967,041	\$21,804,145
Accounts receivable	687,354		698,251	1,385,605
Interest receivable	85,908	424	55,200	141,532
Due from other funds (Note 4B)	675,597			675,597
Prepaid items	74,122			74,122
Restricted cash and investments (Note 3)			280,970	280,970
Loans receivable (Note 5)	966,646		2,061,736	3,028,382
	<u>966,646</u>		<u>2,061,736</u>	<u>3,028,382</u>
Total Assets	<u>\$12,477,056</u>	<u>\$850,099</u>	<u>\$14,063,198</u>	<u>\$27,390,353</u>
LIABILITIES				
Accounts payable	\$987,201	\$829,500	\$1,102,028	\$2,918,729
Accrued payroll	139,366			139,366
Customer deposits	711		1,004,870	1,005,581
Due to other funds (Note 4B)			428,107	428,107
Deferred revenue	966,646		2,573,456	3,540,102
General liability claims (Note 11)	96,034			96,034
	<u>96,034</u>			<u>96,034</u>
Total Liabilities	<u>2,189,958</u>	<u>829,500</u>	<u>5,108,461</u>	<u>8,127,919</u>
FUND BALANCES				
Fund balance (Note 8)				
Reserved for:				
Debt service			1,409,547	1,409,547
Prepaid items	74,122			74,122
Encumbrances	285,239		1,237,089	1,522,328
Open space			110,000	110,000
Unreserved:				
Designated for:				
Future projects	306,448			306,448
Cable grant	104,622			104,622
Economic uncertainty	1,477,569			1,477,569
Exposures reserve	1,477,569			1,477,569
Emergency reserve	2,955,138			2,955,138
Undesignated, reported in:				
General Fund	3,606,391			3,606,391
Special Revenue Funds			2,532,927	2,532,927
Capital Projects Funds		20,599	3,665,174	3,685,773
	<u>3,606,391</u>	<u>20,599</u>	<u>3,665,174</u>	<u>3,685,773</u>
Total Fund Balances	<u>10,287,098</u>	<u>20,599</u>	<u>8,954,737</u>	<u>19,262,434</u>
Total Liabilities and Fund Balances	<u>\$12,477,056</u>	<u>\$850,099</u>	<u>\$14,063,198</u>	<u>\$27,390,353</u>

See accompanying notes to financial statements

CITY OF BENICIA
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET ASSETS
 JUNE 30, 2007

Total fund balances reported on the Governmental Funds Balance Sheet \$19,262,434

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 110,961,066

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal Service Funds are not Governmental Funds. However, they are used by management to charge the costs of certain activities, such as insurance, central services and maintenance to individual Governmental Funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line item in the Statement of Net Assets.

Cash and investments	3,235,795
Restricted cash and investments	30,633
Interest receivable	18,366
Prepaid items	28,534
Materials, parts and supplies	9,565
Prepaid PERS contributions	13,283,659
Capital assets, net of accumulated depreciation	8,749,832
Accounts payable	(107,463)
Internal balances	(1,493)
Workers' compensation claims	(690,113)
Interest payable	(34,174)
Long-term debt	(13,891,327)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets, because they are not available currently, are taken into revenue in the Statement of Activities. 3,540,102

LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Long-term debt	(10,467,067)
Interest payable	(161,431)
Loans receivable	(192,514)
Non-current portion of compensated absences	(1,282,003)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$132,292,401

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, 2007

	General	McAllister Assessment District	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$12,881,657		\$751,966	\$13,633,623
Sales taxes	6,285,439		701,483	6,986,922
Utility users' taxes	5,056,904			5,056,904
Other taxes	1,032,343			1,032,343
Assessments			442,634	442,634
Licenses and permits	1,829,485			1,829,485
Fines and forfeitures	109,744			109,744
Use of money and property	1,135,249	\$74,406	558,434	1,768,089
Revenue from other agencies	2,105,163		1,172,891	3,278,054
Current service charges	1,576,731		1,279,638	2,856,369
Community donations		342,620	102,605	445,225
Other	304,018		257	304,275
	<u>32,316,733</u>	<u>417,026</u>	<u>5,009,908</u>	<u>37,743,667</u>
Total Revenues				
EXPENDITURES				
Current:				
Administration	3,256,967			3,256,967
Community development	1,227,026		538,219	1,765,245
Public safety - police	7,206,040		325,719	7,531,759
Public safety - fire	6,110,150			6,110,150
Parks and community services	4,589,329		697,072	5,286,401
Public works	1,694,070		56,045	1,750,115
Library	1,144,591		928,637	2,073,228
Economic development	333,337			333,337
General	2,554,884			2,554,884
Capital outlay	1,354,565	3,311,378	6,457,271	11,123,214
Debt service:				
Principal			617,933	617,933
Interest and fiscal charges			511,846	511,846
	<u>29,470,959</u>	<u>3,311,378</u>	<u>10,132,742</u>	<u>42,915,079</u>
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>2,845,774</u>	<u>(2,894,352)</u>	<u>(5,122,834)</u>	<u>(5,171,412)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	2,000			2,000
Transfers in (Note 4A)	942,388		3,440,063	4,382,451
Transfers (out) (Note 4A)	(1,479,991)		(2,788,322)	(4,268,313)
	<u>(535,603)</u>		<u>651,741</u>	<u>116,138</u>
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	2,310,171	(2,894,352)	(4,471,093)	(5,055,274)
BEGINNING FUND BALANCES	<u>7,976,927</u>	<u>2,914,951</u>	<u>13,425,830</u>	<u>24,317,708</u>
ENDING FUND BALANCES	<u>\$10,287,098</u>	<u>\$20,599</u>	<u>\$8,954,737</u>	<u>\$19,262,434</u>

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, 2007

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$5,055,274)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to fund balance	7,984,985
Retirements are deducted from fund balance	(2,501,603)
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$465,796 which has already been allocated to serviced funds)	(1,960,015)
Proceeds from sale of capital assets	(2,000)

LONG-TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance	617,933
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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):

Deferred revenue	2,186,936
Loans receivable	(192,514)
Interest payable	8,027
Compensated absences	(219,635)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds.

The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities because they service those activities.

Change in Net Assets - Internal Service Fund	(357,761)
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$509,079
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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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Property	\$12,993,210	\$12,911,560	\$12,881,657	(\$29,903)
Sales	4,977,780	6,251,145	6,285,439	34,294
Utility users'	3,020,550	5,210,315	5,056,904	(153,411)
Other	861,045	952,240	1,032,343	80,103
Licenses and permits	1,896,140	1,912,020	1,829,485	(82,535)
Fines and forfeitures	138,000	141,000	109,744	(31,256)
Use of money and property	612,650	857,670	1,135,249	277,579
Revenue from other agencies	1,959,190	2,302,550	2,105,163	(197,387)
Current service charges	1,498,080	1,489,830	1,576,731	86,901
Other	184,090	186,090	304,018	117,928
	<u>28,140,735</u>	<u>32,214,420</u>	<u>32,316,733</u>	<u>102,313</u>
EXPENDITURES:				
Current:				
Administration	2,467,560	2,653,370	3,256,967	(603,597)
Community development	1,384,140	1,753,970	1,227,026	526,944
Public safety - police	6,978,325	7,222,935	7,206,040	16,895
Public safety - fire	5,948,985	6,483,995	6,110,150	373,845
Parks and community services	4,050,065	4,225,370	4,589,329	(363,959)
Public works	1,751,370	1,797,855	1,694,070	103,785
Library	1,085,435	1,128,795	1,144,591	(15,796)
Economic development	276,110	377,360	333,337	44,023
General	2,722,690	2,757,250	2,554,884	202,366
Capital outlay	826,785	1,763,595	1,354,565	409,030
	<u>27,491,465</u>	<u>30,164,495</u>	<u>29,470,959</u>	<u>693,536</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>649,270</u>	<u>2,049,925</u>	<u>2,845,774</u>	<u>795,849</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	11,030	11,030	2,000	(9,030)
Transfers in (Note 4A)	168,230	654,530	942,388	287,858
Transfers (out) (Note 4A)	(766,850)	(4,322,725)	(1,479,991)	2,842,734
	<u>(587,590)</u>	<u>(3,657,165)</u>	<u>(535,603)</u>	<u>3,121,562</u>
NET CHANGE IN FUND BALANCE	<u>\$61,680</u>	<u>(\$1,607,240)</u>	2,310,171	<u>\$3,917,411</u>
Beginning fund balance			7,976,927	
Ending fund balance			<u>\$10,287,098</u>	

See accompanying notes to financial statements

CITY OF BENICIA
 MCALLISTER ASSESSMENT DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES:			
Use of money and property		\$74,406	\$74,406
Community donations		342,620	342,620
		<u>417,026</u>	<u>417,026</u>
Total Revenues			
EXPENDITURES:			
Capital outlay	\$2,788,885	3,311,378	(522,493)
		<u>3,311,378</u>	
Total Expenditures	<u>2,788,885</u>	<u>3,311,378</u>	<u>(522,493)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,788,885)</u>	<u>(2,894,352)</u>	<u>(105,467)</u>
NET CHANGE IN FUND BALANCES	<u><u>(\$2,788,885)</u></u>	<u>(2,894,352)</u>	<u><u>(\$105,467)</u></u>
Beginning fund balance		<u>2,914,951</u>	
Ending fund balance		<u><u>\$20,599</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 the Enterprise Funds as major funds in fiscal 2007.

WASTEWATER

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

WATER

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

BENICIA MARINA

Accounts for the operation and management of the City Marina.

TRANSIT

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

CITY OF BENICIA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2007

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Fund
	Wastewater	Water	Benicia Marina	Transit	Totals	
ASSETS						
Current Assets:						
Cash and investments (Note 3):						
Available for City operations	\$12,249,010	\$19,195,720	\$93,336		\$31,538,066	\$3,235,795
Held by fiscal agents	92	268			360	30,633
Accounts receivable	742,462	823,326	18,136	\$535,595	2,119,519	
Interest receivable	68,069	105,354	466		173,889	18,366
Materials, parts and supplies	32,234	128,937			161,171	9,565
Prepaid items			100,000		100,000	28,534
Total Current Assets	<u>13,091,867</u>	<u>20,253,605</u>	<u>211,938</u>	<u>535,595</u>	<u>34,093,005</u>	<u>3,322,893</u>
Non-Current Assets:						
Long-Term Assets:						
Prepaid PERS contribution						13,283,659
Deferred charges	232,812	376,331			609,143	
Loans receivable (Note 5)	1,003,019	903,387			1,906,406	
Lease receivable			489,533		489,533	
Total Long-Term Assets	<u>1,235,831</u>	<u>1,279,718</u>	<u>489,533</u>		<u>3,005,082</u>	<u>13,283,659</u>
Property, Plant and Equipment (Note 6):						
Land	669,710	1,850,388	63,983		2,584,081	
Buildings and improvements	51,036,559	26,314,210	7,933,206	5,000	85,288,975	11,906,899
Machinery and equipment	5,381,557	1,968,558		1,329,282	8,679,397	3,108,727
Treatment plant, sewer and water pipe	41,038,750	28,382,522			69,421,272	
Construction in progress	1,086,388	6,613,897			7,700,285	
Less: accumulated depreciation	<u>(29,932,036)</u>	<u>(28,580,246)</u>	<u>(4,147,918)</u>	<u>(780,520)</u>	<u>(63,440,720)</u>	<u>(6,265,794)</u>
Net Property, Plant and Equipment	<u>69,280,928</u>	<u>36,549,329</u>	<u>3,849,271</u>	<u>553,762</u>	<u>110,233,290</u>	<u>8,749,832</u>
Total Non-Current Assets	<u>70,516,759</u>	<u>37,829,047</u>	<u>4,338,804</u>	<u>553,762</u>	<u>113,238,372</u>	<u>22,033,491</u>
Total Assets	<u>83,608,626</u>	<u>58,082,652</u>	<u>4,550,742</u>	<u>1,089,357</u>	<u>147,331,377</u>	<u>25,356,384</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	200,433	949,217		270,043	1,419,693	107,463
Customer and performance deposits		26,276	100,000	728	127,004	
Interest payable	236,002	56,298	170,649		462,949	34,174
Due to other funds (Note 4B)				245,997	245,997	1,493
Deferred revenue	391,834	36,665	220,000	102,121	750,620	
Workers' compensation claims (Note 11)						262,959
Compensated absences (Note 1G)	129,208	111,043			240,251	
Current portion long-term liabilities (Note 7)	<u>1,647,582</u>	<u>1,197,179</u>	<u>137,782</u>		<u>2,982,543</u>	<u>470,000</u>
Total Current Liabilities	<u>2,605,059</u>	<u>2,376,678</u>	<u>628,431</u>	<u>618,889</u>	<u>6,229,057</u>	<u>876,089</u>
Long-Term Liabilities (Note 7)						
Workers' compensation claims (Note 11)						427,154
Utility revenue bonds (Note 7)	3,712,473	7,696,119			11,408,592	
Loans payable (Note 7)	23,862,122	11,449,568	3,999,161		39,310,851	
Pension obligation bonds (Note 7)						13,421,327
Total Long-Term Liabilities	<u>27,574,595</u>	<u>19,145,687</u>	<u>3,999,161</u>		<u>50,719,443</u>	<u>13,848,481</u>
Total Liabilities	<u>30,179,654</u>	<u>21,522,365</u>	<u>4,627,592</u>	<u>618,889</u>	<u>56,948,500</u>	<u>14,724,570</u>
NET ASSETS (Note 8)						
Invested in capital assets, net of related debt	40,058,751	16,206,463		553,762	56,818,976	8,749,832
Restricted for:						
Debt service	92	268			360	30,633
Unrestricted	<u>13,370,129</u>	<u>20,353,556</u>	<u>(76,850)</u>	<u>(83,294)</u>	<u>33,563,541</u>	<u>1,851,349</u>
Total Net Assets	<u>\$53,428,972</u>	<u>\$36,560,287</u>	<u>(\$76,850)</u>	<u>\$470,468</u>	<u>\$90,382,877</u>	<u>\$10,631,814</u>

See accompanying notes to financial statements

CITY OF BENICIA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities-Enterprise Funds				Totals	Governmental Activities- Internal Service Fund
	Wastewater	Water	Benicia Marina	Transit		
OPERATING REVENUES						
Charges for services	\$6,733,625	\$6,956,334		\$278,377	\$13,968,336	\$3,312,789
Connection fees	486,674	502,478			989,152	
Rentals			\$283,861		283,861	
Refunds and rebates	2,763	6,874	326	12,097	22,060	457
Total Operating Revenues	7,223,062	7,465,686	284,187	290,474	15,263,409	3,313,246
OPERATING EXPENSES						
Wages and benefits	2,088,709	2,331,281		14,658	4,434,648	668,597
Materials and supplies	612,020	906,795			1,518,815	771,632
Operations and maintenance	1,284,767	1,127,213	202,915	1,703,940	4,318,835	238,669
Purchased water		423,308			423,308	
Insurance premium						218,624
Claims						294,218
Depreciation	2,140,592	1,158,545	189,612	129,076	3,617,825	465,796
Total Cost of Sales and Operating Expenses:	6,126,088	5,947,142	392,527	1,847,674	14,313,431	2,657,536
Operating Income (Loss)	1,096,974	1,518,544	(108,340)	(1,557,200)	949,978	655,710
NONOPERATING REVENUES (EXPENSES)						
Interest income	550,647	982,105	26,824	315	1,559,891	151,393
Interest (expense)	(703,770)	(593,170)	(186,657)		(1,483,597)	(794,182)
Amortization of issuance cost of debt	(23,541)	(74,367)			(97,908)	
Intergovernmental revenue				1,383,596	1,383,596	
Pension obligation amortization						(340,607)
Gain from sale of capital assets	785			3,976	4,761	6,070
Total Nonoperating Revenues (Expenses)	(175,879)	314,568	(159,833)	1,387,887	1,366,743	(977,326)
Income (Loss) Before Transfers	921,095	1,833,112	(268,173)	(169,313)	2,316,721	(321,616)
Contributions	112,086	283,485			395,571	
Transfers in (Note 4A)				40,237	40,237	147,855
Transfers (out) (Note 4A)	(53,555)	(64,675)			(118,230)	(184,000)
Net Transfers	58,531	218,810		40,237	317,578	(36,145)
Change in Net Assets	979,626	2,051,922	(268,173)	(129,076)	2,634,299	(357,761)
BEGINNING NET ASSETS	52,449,346	34,508,365	191,323	599,544	87,748,578	10,989,575
ENDING NET ASSETS	\$53,428,972	\$36,560,287	(\$76,850)	\$470,468	\$90,382,877	\$10,631,814

See accompanying notes to financial statements

CITY OF BENICIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Fund
	Wastewater	Water	Benicia Marina	Transit	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$7,077,257	\$10,087,262	\$310,097	\$319,240	\$17,793,856	\$3,313,246
Payments to suppliers	(2,090,457)	(2,355,186)	(205,848)	(1,530,289)	(6,181,780)	(975,721)
Payments to employees	(2,059,001)	(2,307,821)		(14,658)	(4,381,480)	(887,221)
Claims paid						(214,347)
Cash Flows from Operating Activities	<u>2,927,799</u>	<u>5,424,255</u>	<u>104,249</u>	<u>(1,225,707)</u>	<u>7,230,596</u>	<u>1,235,957</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
PERS Obligation contribution						
Interfund receipts				190,499	190,499	1,493
Operating grant and contribution				1,052,877	1,052,877	
Transfers in				40,237	40,237	147,855
Transfers (out)	(53,555)	(64,675)			(118,230)	(184,000)
Cash Flows from Noncapital Financing Activities	<u>(53,555)</u>	<u>(64,675)</u>		<u>1,283,613</u>	<u>1,165,383</u>	<u>(34,652)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(305,858)	(7,609,913)		(62,519)	(7,978,290)	(189,447)
Proceeds from sale of capital assets	785			3,976	4,761	6,070
Proceeds of long-term debt, net of discount	44,244	960,621			1,004,865	
Principal payments on long-term debt	(1,638,715)	(968,721)	(131,849)		(2,739,285)	
Interest paid	(716,174)	(600,357)	(192,096)		(1,508,627)	
Cash Flows from Capital and Related Financing Activities	<u>(2,615,718)</u>	<u>(8,218,370)</u>	<u>(323,945)</u>	<u>(58,543)</u>	<u>(11,216,576)</u>	<u>(183,377)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Principal paid in non-capital debt						(440,000)
Interest paid on non-capital debt						(401,277)
Interest received	574,024	965,959	27,521	637	1,568,141	144,169
Cash Flows from Investing Activities	<u>574,024</u>	<u>965,959</u>	<u>27,521</u>	<u>637</u>	<u>1,568,141</u>	<u>(697,108)</u>
Net Cash Flows	<u>832,550</u>	<u>(1,892,831)</u>	<u>(192,175)</u>		<u>(1,252,456)</u>	<u>320,820</u>
Cash and investments at beginning of period	<u>11,416,552</u>	<u>21,088,819</u>	<u>285,511</u>		<u>32,790,882</u>	<u>2,945,608</u>
Cash and investments at end of period	<u>\$12,249,102</u>	<u>\$19,195,988</u>	<u>\$93,336</u>		<u>\$31,538,426</u>	<u>\$3,266,428</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:						
Operating income (loss)	\$1,096,974	\$1,518,544	(\$108,340)	(\$1,557,200)	\$949,978	\$655,710
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation	2,140,592	1,158,545	189,612	129,076	3,617,825	465,796
Change in assets and liabilities:						
Receivables, net	(217,077)	2,583,791	25,910		2,392,624	
Materials, parts and supplies	(3,647)	(14,588)			(18,235)	1,158
Other assets	18,877	68,721			87,598	4,119
Accounts payable and other accrued expenses	(208,900)	47,997	(2,933)	173,915	10,079	29,303
Accrued compensated absences	29,708	23,460			53,168	
Refundable deposits		1,120		(264)	856	
Deferred revenue	71,272	36,665		28,766	136,703	
Workers' compensation claims						79,871
Cash Flows from Operating Activities	<u>\$2,927,799</u>	<u>\$5,424,255</u>	<u>\$104,249</u>	<u>(\$1,225,707)</u>	<u>\$7,230,596</u>	<u>\$1,235,957</u>
NONCASH TRANSACTIONS:						
Interest accretion on non-capital debt						(358,731)
Contributions and transfers of capital assets	<u>\$112,086</u>	<u>\$283,485</u>			<u>\$395,571</u>	

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 and the Benicia Historical Museum.

CITY OF BENICIA
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2007

	<u>Affordable Housing Private Purpose Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Restricted cash and investments (Note 3)	\$17,731	\$3,213,378
Accounts receivable		40
Interest receivable	96	17,115
	<u>17,827</u>	<u>17,115</u>
Total Assets	<u>17,827</u>	<u>\$3,230,533</u>
 LIABILITIES		
Accounts payable		\$11,623
Due to foundation		127,650
Due to bondholders		3,091,260
		<u>3,091,260</u>
Total Liabilities		<u>\$3,230,533</u>
 NET ASSETS		
Held in trust for:		
Other governments	<u>17,827</u>	
Total Net Assets	<u>\$17,827</u>	

See accompanying notes to financial statements

CITY OF BENICIA
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2007

	Affordable Housing Private Purpose Trust Fund
ADDITIONS	
Use of money and property	\$758
Total Additions	758
CHANGE IN NET ASSETS	758
NET ASSETS, BEGINNING OF YEAR	17,069
NET ASSETS, END OF YEAR	\$17,827

See accompanying notes to financial statements

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

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

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

C. Major Funds

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

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

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

McAllister Assessment District Capital Projects Fund – This 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.

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

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

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

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

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

The City also reports the following fund types:

Fiduciary Funds – The City maintains two types of Fiduciary Funds - Trust Funds and Agency Funds. Trust Funds account for activities of individual private trust funds for the benefit of the Affordable Housing. Agency Funds are used to account for assets held by the City as an agent for the Benicia Historical Museum, 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.

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

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

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

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

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

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

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

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. *Property Tax Revenues*

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

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

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

F. *Revenue Recognition For Water and Sewer*

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

G. *Compensated Absences*

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

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

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences activity was as follows for the year ended June 30, 2007:

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$1,062,368	\$187,083	\$1,249,451
Additions	1,207,940	265,698	1,473,638
Payments	(988,305)	(212,530)	(1,200,835)
Ending Balance	<u>\$1,282,003</u>	<u>\$240,251</u>	<u>\$1,522,254</u>
Current Portion	<u>\$988,305</u>	<u>\$240,251</u>	<u>\$1,228,556</u>

H. Materials, Parts and Supplies

Materials, parts and supplies are held for consumption and are valued at cost using the first-in-first-out (FIFO) basis.

I. New Funds and Fund Name Changes

The Library Project Capital Project Fund was established to account for the remodeling cost of the Library basement.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

A. Budgeting Procedures

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

1. The City Manager submits to the City Council a proposed bi-annual operating budget for the next two fiscal years commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The bi-annual budget is adopted by City Council resolution prior to July 1.
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 only within a department and within a fund. Any transfer between departments, if any, must be approved by the City Council.
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. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities at that date.

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

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.

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 Manager, Treasurer, Finance, City Attorney and City Clerk.

B. *Excess of Expenditures over Appropriations*

The Library Book Special Revenue Fund had expenditures in excess of budget in the amount of \$16. The FEMA Special Revenue Fund had expenditure in excess of budget in the amount of \$5,934. Sufficient revenues were available in both funds to cover these expenditures.

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 invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain 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.

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

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	\$56,578,006
Restricted cash and investments, held by fiscal agents	311,963
Total City cash and investments	56,889,969
Cash and investments	
reported in Fiduciary Funds (separate statement)	3,231,109
Total cash and investments	\$60,121,078

Cash and Investments as of June 30, 2007 consist of the following:

Cash on hand	\$10,572
Deposits with financial institutions	323,853
Investments	59,786,653
Total cash and investments	\$60,121,078

Cash and Investments Available for 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%	\$1 Million
State Local Agency Investment Fund	N/A	N/A	N/A	\$40 Million per account
Money Market Funds	N/A	AAA	20%	Lesser of 10% or \$5 Million

CITY OF BENICIA
Notes to Basic Financial Statements

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

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	More than 36 Months	Total
U.S. Treasury Notes	\$2,496,290	\$995,940	\$1,494,770		\$4,987,000
California Local Agency Investment Fund	27,624,574				27,624,574
Money Market Mutual Funds (U.S. Securities)	793,282				793,282
U.S. Government Agencies	10,937,520	11,668,374	1,496,720	\$1,967,220	26,069,834
Held by Trustees:					
Money Market Mutual Funds (U.S. Securities)	311,963				311,963
Total Investments	<u>\$42,163,629</u>	<u>\$12,664,314</u>	<u>\$2,991,490</u>	<u>\$1,967,220</u>	<u>\$59,786,653</u>

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, 2007, these investments matured in an average of 176 days.

Money market funds are available for withdrawal on demand and at June 30, 2007, matured in an average of 23 days.

The City's investments include the following investments that are highly sensitive to interest rate fluctuations to a greater degree than already indicated above:

Highly Sensitive Investments	Fair Value at Year End
Government Mortgage - Backed Securities	\$22,117,009

CITY OF BENICIA
Notes to Basic Financial Statements

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, 2007 for all U.S. Treasury Notes and U.S. Government Agencies Securities are AAA as provided by Standard and Poor's investment rating system. The Local Agency Investment Fund and Money Market Mutual Funds were not rated as of June 30, 2007.

G. Concentration of Credit Risk

Included in the table at 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 Farm Credit Bank	US Government agency securities	\$3,952,825
	Federal Home Loan Bank	US Government agency securities	7,453,750
	Federal Home Loan Mortgage Corporation	US Government agency securities	7,422,232
	Federal National Mortgage Association	US Government agency securities	7,241,027

CITY OF BENICIA
Notes to Basic Financial Statements

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, 2007 were as follows:

Fund Making Transfer	Fund Receiving Transfers	Amount Transferred	
General Fund	Non-Major Governmental Funds	\$1,291,899	(A) (B) (C)
	Internal Service Fund	147,855	(B)
	Transit Fund	40,237	(B)
Special Revenue Funds:			
Non-Major Governmental Funds	General Fund	50,000	(A)
	Non-Major Governmental Funds	320,660	(A)(B)
Capital Projects Funds:			
Non-Major Governmental Funds	General Fund	287,857	(B)
	Non-Major Governmental Funds	150,489	(B)(D)
Debt Service Funds:			
Non-Major Governmental Funds	General Fund	486,301	(B)
	Non-Major Governmental Funds	1,493,015	(C)
Enterprise Funds:			
Wastewater Fund	General Fund	53,555	(E)
Water Fund	General Fund	64,675	(E)
Internal Service Fund	Non-Major Governmental Funds	184,000	(B)
		<u>\$4,570,543</u>	

- (A) Transfer to fund City operations.
- (B) Transfer to fund capital improvements.
- (C) Transfer to fund debt service payments.
- (D) Transfer to close fund.
- (E) Transfer to fund administrative expenses.

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, 2007 the following funds have balances due to the General Fund.

Capital Projects Fund	
Street Projects Fund	\$428,107
Enterprise Fund	
Transit Fund	245,997
Internal Service Fund	
General Services Fund	<u>1,493</u>
Total	<u><u>\$675,597</u></u>

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 5 – LOANS RECEIVABLE

At June 30, 2007, the City had the following housing related loans receivable:

	Balance at June 30, 2007		
	Governmental Activities	Business-Type Activities	Total
Housing Rehabilitation Loan Program	\$319,066		\$319,066
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	1,404,399		1,404,399
Fee Deferrals			
William Thomason	4,218	207	4,425
Suraj Investments, LLC	68,307	112,877	181,184
Bruce Blankenhorn	149,878		149,878
Total Loans Receivable	<u>3,028,382</u>	<u>1,906,406</u>	<u>4,934,788</u>
Less: Forgivable Amounts	<u>(192,514)</u>	<u>(948,322)</u>	<u>(1,140,836)</u>
Total	<u><u>\$2,835,868</u></u>	<u><u>\$958,084</u></u>	<u><u>\$3,793,952</u></u>

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, 2007, residents owed the City \$319,066 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 is 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

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 is to provide funding for the purchase of building permits by Benicia Housing Partners. Benicia Housing Authority makes annual payments from funds received from Benicia Housing Partners based upon a loan agreement. Such payments continue until the loan and interest is paid in full or the remaining principal and interest is due in full on the earliest of: 1) the date of any transfer not authorized by the City, 2) the date of any default, or 3) December 31, 2035.

D. *Hearthstone Village, Affordable Housing Affiliation*

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

E. *Bay Ridge Affordable Housing*

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

F. *Casa de Vilarrasa, Benicia Housing Authority*

On January 6, 2005, the City authorized a loan to Benicia Housing Authority in the amount up to \$1.4 million. The loan bears simple interest not to exceed 10% a year and is unsecured. The loan is 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 Benicia Housing Authority an additional \$4,399 in fiscal year 2007. As of June 30, 2007, the outstanding amount of this loan was \$1,404,399.

G. *Fee Deferrals*

On March 20th, 2003, the City authorized an agreement with William Thomason to defer developer fees in the amount of \$4,425 for sewer connection and traffic fees associated with the 153 West E Street construction project. The City deferred the fees in the form of a loan receivable as of June 30, 2007. Fees are due in full by January 20, 2008 or at occupancy.

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 5 – LOANS RECEIVABLE (Continued)

On September 19, 2006, the City authorized a fee deferral payment agreement, secured by a deed of trust, with Suraj Investment Group, LLC to defer developer fees in the amount of \$213,328. The fees are deferred in the form of a loan receivable for water, sewer, capital license, and traffic impact fees associated with the commercial project located at 1375 East 5th Street. As of June 30, 2007, the developer had incurred deferred permit fees of \$181,184. Repayment of the loan is due in eight annual installments of \$26,666 plus interest of 5.125% beginning at the issuance of the building permit.

On September 5, 2006, the City authorized a special fee deferral payment agreement, secured by a deed of trust, with Bruce Blankenhorn to defer developer fees in the amount of \$149,878. The fees are deferred in the form of a loan receivable for development impact fees and pro-rata improvement costs of the East N Street residential project located at 660/670 East N Street. Repayment of the loan is due in five equal annual installments of \$23,980 subsequent to the issuance of the building permit. Additionally, a down payment of \$29,975 is due to the City as a condition preceding the issuance of a certificate of occupancy on the first unit of the East N Street project.

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

NOTE 6 – CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

	Balance June 30, 2006	GASB 34 Adjustment	Additions	Retirements	Transfers	Balance June 30, 2007
Governmental Activities:						
Non-Depreciable Assets:						
Land	\$17,989,044					\$17,989,044
Construction in Progress	7,890,580		\$7,979,747	(\$1,504,333)	(\$4,579,214)	9,786,780
Total Non-Depreciable Assets	<u>25,879,624</u>		<u>7,979,747</u>	<u>(1,504,333)</u>	<u>(4,579,214)</u>	<u>27,775,824</u>
Capital Assets being Depreciated:						
Buildings and Improvements	15,054,500				1,417,370	16,471,870
Machinery and Equipment	7,074,199		189,445	(96,041)		7,167,603
Infrastructure	121,764,663	\$2,425,811	8,000	(2,902,521)	3,161,844	124,457,797
Total Capital Assets being Depreciated	<u>143,893,362</u>	<u>2,425,811</u>	<u>197,445</u>	<u>(2,998,562)</u>	<u>4,579,214</u>	<u>148,097,270</u>
Less Accumulated Depreciation for:						
Buildings and Improvements	(5,061,260)		(431,560)			(5,492,820)
Machinery and Equipment	(4,825,166)		(327,925)	96,041		(5,057,050)
Infrastructure	(44,677,435)	(1,169,056)	(1,705,918)	1,940,083		(45,612,326)
Total Accumulated Depreciation	<u>(54,563,861)</u>	<u>(1,169,056)</u>	<u>(2,465,403)</u>	<u>2,036,124</u>		<u>(56,162,196)</u>
Net Depreciable Assets	<u>89,329,501</u>	<u>1,256,755</u>	<u>(2,267,958)</u>	<u>(962,438)</u>	<u>4,579,214</u>	<u>91,935,074</u>
Governmental Activity Capital Assets, Net	<u>\$115,209,125</u>	<u>\$1,256,755</u>	<u>\$5,711,789</u>	<u>(\$2,466,771)</u>		<u>\$119,710,898</u>
Business-Type Activities:						
Non-Depreciable Assets:						
Land and Improvements	\$1,464,221		\$1,119,860			\$2,584,081
Construction in Progress	13,966,146		6,746,449		(\$13,012,310)	7,700,285
Total Non-Depreciable Assets	<u>15,430,367</u>		<u>7,866,309</u>		<u>(13,012,310)</u>	<u>10,284,366</u>
Capital Assets being Depreciated:						
Buildings and Improvements	72,359,106				12,929,868	85,288,974
Machinery and Equipment	8,384,008		295,389			8,679,397
Infrastructure	69,126,668		212,163		82,442	69,421,273
Total Capital Assets being Depreciated	<u>149,869,782</u>		<u>507,552</u>		<u>13,012,310</u>	<u>163,389,644</u>
Less Accumulated Depreciation for:						
Buildings and Improvements	(26,043,011)		(1,913,880)			(27,956,891)
Machinery and Equipment	(2,604,306)		(411,311)			(3,015,617)
Infrastructure	(31,175,578)		(1,292,634)			(32,468,212)
Total Accumulated Depreciation	<u>(59,822,895)</u>		<u>(3,617,825)</u>			<u>(63,440,720)</u>
Net Depreciable Assets	<u>90,046,887</u>		<u>(3,110,273)</u>		<u>13,012,310</u>	<u>99,948,924</u>
Business-type Activity Capital Assets, Net	<u>\$105,477,254</u>		<u>\$4,756,036</u>			<u>\$110,233,290</u>

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 6 – CAPITAL ASSETS (Continued)

B. GASB 34 Implementation

During the fiscal year ended June 30, 2007, the City completed a capital asset valuation study to comply with the requirements of GASB 34. The results of this study were included in the City’s financial reports which resulted in accounting adjustments in governmental activities and reported as GASB 34 Implementation Adjustments at June 30, 2007.

C. Project Commitments

At June 30, 2007, the City had outstanding commitments with contractors for the following projects:

Project	Commitment
Water Plan and Distribution	\$1,363,479
Park Road Bike Lane	34,910
State Park Road	23,240
Skate Park	443,627
Mills Community Center	190,654
Commandant's Residence	76,303
Camel Barn	17,164
City Hall Bathrooms	191,927
Safe Routes to School	100,935
	\$2,442,239

D. 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.

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 6 – CAPITAL ASSETS (Continued)

E. 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:

	<u>Depreciation</u>
Governmental Activities:	
Administration	\$14,996
Community development	323,463
Public safety - police	57,044
Public safety - fire	94,225
Parks and community services	190,121
Public works	1,743,006
Library	10,074
General government	32,474
Total Governmental Activities	\$2,465,403
Business-type Activities:	
Wastewater	\$2,140,592
Water	1,158,545
Benicia Marina	189,613
Transit	129,075
Total Business-Type Activities	\$3,617,825

CITY OF BENICIA
Notes to Basic Financial Statements

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

	Original Issue Amount	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007	Current Portion
GOVERNMENTAL ACTIVITY DEBT						
LONG-TERM DEBT						
1997 General Obligation						
Wastewater Bonds, Series A, 4.4-7.0%, due 08/01/17	\$5,000,000	\$3,635,000		\$225,000	\$3,410,000	\$235,000
1997 General Obligation						
Wastewater Bonds, Series B, 4.125-7%, due 08/01/18	5,000,000	3,850,000		215,000	3,635,000	225,000
2006 Pension Obligation Bonds						
Series A-1 (Current Interest Bonds) 5.69-5.93%, due 06/30/36	7,430,000	7,430,000		440,000	6,990,000	
Series A-2 (Capital Appreciation Bonds) 5.67-6.12%, due 06/30/32	6,562,596	6,542,596	\$358,731		6,901,327	470,000
Casa de Vilarrasa- Capital Lease,						
4.50%, due 03/01/25	1,400,000	1,400,000			1,400,000	51,888
Other Capital Lease:						
Police and Marina Area Storm Drain Improvements, 4.58%, due 05/16/16	2,200,000	2,200,000		177,933	2,022,067	186,176
Total Governmental Activity Debt		<u>\$25,057,596</u>	<u>\$358,731</u>	<u>\$1,057,933</u>	<u>\$24,358,394</u>	<u>\$1,168,064</u>

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 7 - LONG TERM DEBT (Continued)

	Original Issue Amount	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007	Current Portion
BUSINESS-TYPE ACTIVITY DEBT						
ENTERPRISE FUND DEBT						
1967 Water Facilities						
Improvement Bonds, 5.4-5.5%, due 09/02/07	\$4,650,000	\$545,000		\$265,000	\$280,000	\$280,000
2002 Water Revenue						
Refunding Bonds, 1.2-4.4%, due 11/01/17	10,805,000	9,005,000		635,000	8,370,000	650,000
2005 Wastewater Refunding Revenue Bonds						
2.7-4.15%, due 12/01/19	4,260,000	4,260,000		245,000	4,015,000	245,000
Less unamortized original issue discount		(91,718)		(10,310)	(81,408)	
Total utility bonds payable, net of discount		<u>13,718,282</u>		<u>1,134,690</u>	<u>12,583,592</u>	<u>1,175,000</u>
State of California Marina Loans, 4.5%, due 08/01/27	6,046,730	4,268,792		131,849	4,136,943	137,782
State Revolving Loan Fund- WWTP, 1.8%, due 12/19/20	20,129,576	15,750,263		923,802	14,826,461	940,458
State Revolving Loan Fund- I & I, 2.6% Due 04/10/25	11,296,658	10,845,035	\$44,244	451,036	10,438,243	462,124
State Revolving Loan Fund- Water Treatment Plant 2.39% Due 7/1/27	13,600,000	<u>10,756,126</u>	<u>960,621</u>		<u>11,716,747</u>	<u>267,179</u>
Total loans payable		<u>41,620,216</u>	<u>1,004,865</u>	<u>1,506,687</u>	<u>41,118,394</u>	<u>1,807,543</u>
Total Business-type Activity Debt		<u>\$55,338,498</u>	<u>\$1,004,865</u>	<u>\$2,641,377</u>	<u>\$53,701,986</u>	<u>\$2,982,543</u>

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 7 - LONG TERM DEBT (Continued)

B. 1997 General Obligation Wastewater Bonds

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

C. 2006 Pension Obligation Bonds

On June 15, 2006, the California Statewide Communities Development Authority issued the 2006 Series A-1 Current Interest Bonds and Series A-2 Capital Appreciation Bonds in the amounts of \$27,985,000 and \$34,828,647, of which \$7,430,000 and \$6,542,596 were the City's portion. The bond proceeds were used to prepay the unfunded liability of the Miscellaneous and Safety pension plans through the California Public Employees' Retirement System. As of June 30, 2007, the City's prepaid pension obligation amounted to \$13,283,659.

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 \$6,035,675 at June 30, 2007. The Bonds do not pay periodic interest. Interest on the Bonds will accrete in value at the rates of 5.67% to 6.12%. Repayments of the accreted principal will commence June 1, 2008.

D. 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.

E. 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.

F. 1967 Water Facilities Improvement Bonds

In 1967, the City issued \$3,060,000 and \$1,590,000, respectively of Water Facilities Improvement Bonds Series A and Series B to finance the acquisition, construction and improvement of the City's water treatment facilities. These bonds are special obligations of the City payable solely from available net revenue of the water operation. Principal and interest are payable semi-annually on March 2 and September 2 through 2007.

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 7 - LONG TERM DEBT (Continued)

G. 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 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.

H. 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.

I. 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.

J. 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.

K. 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.

L. 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 Wastewater 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 City will eventually borrow the maximum amount of \$13,600,000. As of June 30, 2007, the outstanding principal amount is \$11,716,747.

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 7 - LONG TERM DEBT (Continued)

M. Debt Service Requirements

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

For the Year Ending June 30	Governmental Activities				Business-Type Activities	
	Outstanding Bonds		Capital Leases		Principal	Interest
	Principal (A)	Interest	Principal	Interest		
2008	\$930,000	\$736,877	\$238,064	\$152,926	\$2,982,543	\$1,333,039
2009	1,195,000	715,527	249,049	141,941	3,044,511	1,418,372
2010	1,395,000	656,833	260,541	130,448	3,118,660	1,341,421
2011	1,460,000	632,505	272,565	118,424	3,194,044	1,260,146
2012	1,575,000	564,658	285,143	105,848	3,285,703	1,174,667
2013-2017	9,165,001	2,316,936	1,355,817	322,450	17,741,374	4,450,438
2018-2022	2,890,000	1,136,251	443,419	128,133	14,394,436	2,051,928
2023-2027	2,270,001	1,088,155	317,469	25,465	5,935,151	557,342
2028-2032	2,895,000	1,088,155			86,972	3,914
2033-2036	3,215,000	499,307				
Total	\$26,990,002	\$9,435,204	\$3,422,067	\$1,125,635	53,783,394	\$13,591,267
					81,408	
					\$53,701,986	

Less unamortized original issue discount

Net long-term debt of business-type activities

(A) Includes unaccreted discount totaling \$6,053,675

N. Special Assessment Debt Without City Commitment

At June 30, 2007, the outstanding principal amount of bonded debt issued by special assessment districts in the City was as follows:

McAllister	\$11,105,000
East Second Street	3,470,000
Combined Drake/Gateway	584,000
Fleetside Industrial Refunding	2,785,000

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.

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 8 – NET ASSETS AND FUND BALANCES

A. Net Assets

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

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

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

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

B. Fund Balance Reserves

Reserves are placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity that provided the funds. The City cannot modify or remove these reserves. At June 30, 2007, reserves included the following:

Debt Service reserve are the balance of debt service funds legally restricted for the payment of principal and interest on long-term debt, or the portion of proprietary funds retained earnings reserved to retire bond principal.

Prepaid Items reserve is the portion of fund balance set aside to indicate these items do not represent available, spendable resources even though they are a component of assets.

Encumbrances reserve represents the portion of fund balance set aside for open purchase orders.

Open Space reserve is the portion of fund balance set aside for open space improvement.

Loans Receivable reserve indicates that the portions of fund balance is set aside and does not represent available, spendable resources even though they are a component of assets.

C. Fund Balance Designations

Designations are imposed by City Council to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Council action. At June 30, 2007, designations included the following:

Designated for *future projects* includes \$12,230 for Benicia Arsenal, \$70,000 for Clocktower improvements, \$165,235 for street projects and \$58,983 for various small capital projects.

Designated for the *cable grant* is the portion of fund balance to be used for communication equipment purchases.

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

Designated for *economic uncertainty* is to mitigate the affects of major economic uncertainties, local disasters, and other severe financial hardships resulting from unforeseen changes in revenues and/or expenditures.

Designated for *exposures reserve* is a set aside of resources for potential costs not covered by the City's insurance programs.

Designated for *emergency reserve* it to mitigate all unforeseen events not covered in Economic Uncertainty and Exposures Reserve.

D. Fund Equity Deficits

The Developer Deposits Special Revenue Fund had a deficit fund balance of \$24 at June 30, 2007. This will be offset by developer reimbursements in fiscal year 2008.

The Street Projects and Storm Drain Capital Project Funds had a deficit fund balance of \$508,006 and \$90,559 respectively at June 30, 2007. Future grant revenues are expected to offset these deficits in fiscal year 2008.

The Benicia Marina Enterprise Fund had a deficit fund balance of \$76,850 at June 30, 2007. Future rental revenues are expected to offset this deficit in fiscal year 2008.

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

NOTE 10 - PENSION PLAN

CALPERS Safety and Miscellaneous Employees Plans

The City participates in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding for city's contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS. The Plans' provisions and benefits in effect at June 30, 2007, are summarized as follows:

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of annual salary	3%	1.426%-2.418%
Required employee contribution rates	9%	7%
Required employer contribution rates	31.575%	14.392%

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

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability.

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, 2007 was 16 years for the miscellaneous plan and 17 years for the safety plan.

The City prepaid its pension contributions with proceeds from the 2006 Pension Obligation Bonds (See Note 7). These prepaid contributions are reflected in the accompanying financial statements as Prepaid PERS Contribution which amounted to \$13,283,659 at June 30, 2007. During fiscal 2006-07, the amortization of the prepayment increased the actuarially required contributions by \$340,607 to arrive at Annual Pension Costs of \$2,710,242. For years prior to fiscal 2006-07, Annual Pension Costs equal the Actuarially Required Contributions disclosed above.

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 10 - PENSION PLAN (Continued)

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
2003	\$33,792,454	\$29,269,778	\$4,522,676	86.6%	\$8,440,604	53.6%
2004	38,425,034	31,733,986	6,691,048	82.6%	9,017,330	74.2%
2005	43,013,766	35,158,198	7,855,568	81.7%	9,449,115	83.1%

As required by State law, effective July 1, 2005, the City's Safety Plan was terminated, and the Safety employees in the plan were required by CALPERS to join a State-wide pool. One of the conditions of entry was for the City to adjust and true-up any unfunded liabilities or overfunded assets in the former Plan, either by paying cash or by increasing or decreasing its future contribution rates through a Side Fund offered by CALPERS. The Safety Plan was under-funded at June 30, 2004. The amount of this under-funding is accounted for separately and is to be used by CALPERS to reduce future City contributions to the Plan over the next 10 years.

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.

Actuarially required employer contributions for both Plan's for fiscal years 2007, 2006 and 2005 were \$2,710,242, \$3,343,387, and \$2,728,978, respectively.

NOTE 11 - HEALTH, GENERAL LIABILITY AND WORKERS' COMPENSATION COVERAGE

A. Coverages

City employees are covered under a medical and prescriptions policy with coverage limited to \$2,000,000 in the aggregate. 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 \$750,000,000 above the City's deductible of \$1,000 to \$250,000, for property damage. 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, 2007, the City contributed \$711,381 for current year coverage.

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 11 - HEALTH, GENERAL LIABILITY AND WORKERS' COMPENSATION COVERAGE
(Continued)

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, 2007, the City contributed \$106,894 for current year coverage.

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

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:

	2007			2006
	Workers' Compensation	General Liability	Total	
Beginning balance	\$610,242	\$534,765	\$1,145,007	\$787,481
Liability for current year claims and change in prior year claims estimate	374,089	(348,265)	25,824	600,754
Claims paid in fiscal year	(294,218)	(90,466)	(384,684)	(243,228)
Ending balance	<u>\$690,113</u>	<u>\$96,034</u>	<u>\$786,147</u>	<u>\$1,145,007</u>
Claim liabilities due within a year	<u>\$262,959</u>	<u>\$96,034</u>	<u>\$358,993</u>	<u>\$900,313</u>

For the years ended June 30, 2007, 2006, and 2005, the amount of settlements did not exceed insurance coverage.

NOTE 12 - 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.

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 12 - JOINT POWERS AUTHORITIES (Continued)

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.

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 13 – OPERATING LEASE

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

The annual rent for said property shall be One Hundred Twenty Thousand Dollars (\$120,000), payable in equal monthly payments of Ten Thousand Dollars (\$10,000). Beginning in 2011, the monthly rent will be adjusted annually for each succeeding years using the Consumer Price Index for all Urban Consumers (CPI-U) San Francisco – Oakland – San Jose Metropolitan Area as published for June 2011 (or the nearest preceding month if not published for that month). The first such adjustment shall occur on July 1, 2011. Subsequent yearly adjustment calculation shall be determined by the April index and become effective on July 1 for each succeeding year of the lease.

City shall 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 building, 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 shall maintain the existing premises and BUSD shall have no maintenance or repair obligations with respect to the premises being leased.

CITY OF BENICIA
Notes to Basic Financial Statements

NOTE 14 – 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.

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 childcare facilities in the City and the City Cemetery.

LIBRARY BOOK

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

LIBRARY PROGRAMS

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

LIBRARY MEASURE B

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

SOUTHERN PACIFIC DEPOT

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

POLICE AND FIRE SAFETY GRANTS

Accounts for various public safety grant revenues and their expenditures.

HUMAN SERVICES

Accounts for citizen donations and General Fund allocations to assist residents 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.

BUSD FIELD MAINTENANCE

Accounts for the upgrade and maintenance of four public-use school district sport fields and is funded by contributions from the General fund.

FEMA

Accounts for monies received and expended under the Federal Emergency Management Agency Grant program.

DEBT SERVICE FUNDS**1997 WASTEWATER GENERAL OBLIGATION BOND**

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

CASA DE VILARRASA

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

CAPITAL PROJECTS FUNDS**TRAFFIC MITIGATION**

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

STREET PROJECTS

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

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

CAPITAL LICENSE

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

PARK DEDICATION

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

LIBRARY BASEMENT PROJECT

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

STORM DRAIN IMPROVEMENTS

Accounts for costs of replacing storm drains throughout the City.

COMMUNITY CENTER

Accounts for expenditures for the proposed Community Center. Sources of funding include proceeds from the sale of City owned land and investment earnings.

COMMUNITY DONATIONS

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

POLICE PUBLIC SAFETY BUILDING

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

INTERMODAL TRANSPORTATION CENTER

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

CASA DE VILARRASA

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

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

	SPECIAL REVENUE FUNDS				
	Gas Tax	Residential Landscaping and Lighting	Fleetside Landscaping and Lighting	Columbus Parkway Landscaping and Lighting	East 2nd Street Landscaping and Lighting
ASSETS					
Cash and investments available for City operations	\$39,658	\$208,356	\$76,309	\$67,874	\$36,187
Accounts receivable					
Interest receivable	97	1,276	459	368	204
Restricted cash and investments					
Loans receivable					
Total Assets	\$39,755	\$209,632	\$76,768	\$68,242	\$36,391
LIABILITIES					
Accounts payable	\$14,901	\$7,700	\$5,235	\$115	\$882
Customer deposits					
Due to other funds					
Deferred revenue					
Total Liabilities	14,901	7,700	5,235	115	882
FUND EQUITY					
Fund balances					
Reserved for:					
Encumbrances	8,035				
Debt service					
Open Space					
Unreserved:					
Undesignated	16,819	201,932	71,533	68,127	35,509
Total Fund Balances	24,854	201,932	71,533	68,127	35,509
Total Liabilities and Fund Balances	\$39,755	\$209,632	\$76,768	\$68,242	\$36,391

SPECIAL REVENUE FUNDS

Goodyear Road Landscaping and Lighting	Community Development Block Grant	Community Services Program	Library Book	Library Programs	Library Measure B	Southern Pacific Depot
\$33,895	\$368,885	\$132,457	\$30,740	\$175,922	\$306,620	\$126,919
184	1,333 3,091 319,066	696	160	3,988 1,776	30,077 2,567	677
<u>\$34,079</u>	<u>\$692,375</u>	<u>\$133,153</u>	<u>\$42,265</u>	<u>\$181,686</u>	<u>\$339,264</u>	<u>\$127,596</u>
\$77			\$242	\$9,263	\$30,254	
	<u>\$319,066</u>		<u>11,365</u>			
<u>77</u>	<u>319,066</u>		<u>11,607</u>	<u>9,263</u>	<u>30,254</u>	
						\$14,539
<u>34,002</u>	<u>373,309</u>	<u>\$133,153</u>	<u>30,658</u>	<u>172,423</u>	<u>309,010</u>	<u>113,057</u>
<u>34,002</u>	<u>373,309</u>	<u>133,153</u>	<u>30,658</u>	<u>172,423</u>	<u>309,010</u>	<u>127,596</u>
<u>\$34,079</u>	<u>\$692,375</u>	<u>\$133,153</u>	<u>\$42,265</u>	<u>\$181,686</u>	<u>\$339,264</u>	<u>\$127,596</u>

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

SPECIAL REVENUE FUNDS

	Police and Fire Safety Grants	Human Services	Developer Deposits	Tourtlot Mitigation	BUSD Field Maintenance
ASSETS					
Cash and investments available for City operations	\$209,991	\$121,699	\$1,098,936	\$692,894	\$10,572
Accounts receivable	64,978	4,363			
Interest receivable	1,153	732	3,105	3,762	
Restricted cash and investments					
Loans receivable					
Total Assets	<u>\$276,122</u>	<u>\$126,794</u>	<u>\$1,102,041</u>	<u>\$696,656</u>	<u>\$10,572</u>
LIABILITIES					
Accounts payable	\$46,572	\$9,371	\$125,363	\$884	\$10,572
Customer deposits	28,168		976,702		
Due to other funds					
Deferred revenue					
Total Liabilities	<u>74,740</u>	<u>9,371</u>	<u>1,102,065</u>	<u>884</u>	<u>10,572</u>
FUND EQUITY					
Fund balances					
Reserved for:					
Encumbrances				41,158	
Debt service					
Open Space					
Unreserved:					
Undesignated	201,382	117,423	(24)	654,614	
Total Fund Balances (Deficit)	<u>201,382</u>	<u>117,423</u>	<u>(24)</u>	<u>695,772</u>	
Total Liabilities and Fund Balances	<u>\$276,122</u>	<u>\$126,794</u>	<u>\$1,102,041</u>	<u>\$696,656</u>	<u>\$10,572</u>

SPECIAL REVENUE FUND	DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS			
	1997 Wastewater General Obligation Bond	Casa De Vilarrasa	Traffic Mitigation	Street Projects	Capital License	Park Dedication
FEMA	\$1,126,637		\$2,774,027		\$585,837	\$1,044,221
	6,031		14,852	\$594,845	2,524	4,993
		\$277,879	70,630		63,725	196,950
	<u>\$1,132,668</u>	<u>\$277,879</u>	<u>\$2,859,509</u>	<u>\$594,845</u>	<u>\$652,086</u>	<u>\$1,246,164</u>
	\$1,000		\$213,199	\$163,024		\$178,976
			70,630	428,107		
				511,720	\$63,725	196,950
	<u>1,000</u>		<u>283,829</u>	<u>1,102,851</u>	<u>63,725</u>	<u>375,926</u>
	1,131,668	\$277,879	50,331	131,862	192,644	536,243
						110,000
			2,525,349	(639,868)	395,717	223,995
	<u>1,131,668</u>	<u>277,879</u>	<u>2,575,680</u>	<u>(508,006)</u>	<u>588,361</u>	<u>870,238</u>
	<u>\$1,132,668</u>	<u>\$277,879</u>	<u>\$2,859,509</u>	<u>\$594,845</u>	<u>\$652,086</u>	<u>\$1,246,164</u>

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

CAPITAL PROJECTS FUNDS

	Library Basement Project	Storm Drain Improvements	Community Center	Community Donations
ASSETS				
Cash and investments available for City operations	\$300,000	\$64,900	\$270,642	\$20,387
Accounts receivable				
Interest receivable			1,873	902
Restricted cash and investments				
Loans receivable				
Total Assets	\$300,000	\$64,900	\$272,515	\$21,289
LIABILITIES				
Accounts payable		\$155,459	\$128,737	\$202
Customer deposits				
Due to other funds				
Deferred revenue				
Total Liabilities		155,459	128,737	202
FUND EQUITY				
Fund balances				
Reserved for:				
Encumbrances		23,495	201,604	9,114
Debt service				
Open Space				
Unreserved:				
Undesignated	300,000	(114,054)	(\$57,826)	11,973
Total Fund Balances	300,000	(90,559)	143,778	21,087
Total Liabilities and Fund Balances	\$300,000	\$64,900	\$272,515	\$21,289

CAPITAL PROJECTS FUNDS

<u>Police Public Safety Building</u>	<u>Intermodal Transportation Center</u>	<u>Casa De Vilarrasa</u>	<u>Total Non-major Governmental Funds</u>
\$30,618	\$1,011,858		\$10,967,041
	5,476		698,251
			55,200
			280,970
		\$1,400,000	2,061,736
<u>\$30,618</u>	<u>\$1,017,334</u>	<u>\$1,400,000</u>	<u>\$14,063,198</u>
			\$1,102,028
			1,004,870
			428,107
		\$1,400,000	2,573,456
		<u>1,400,000</u>	<u>5,108,461</u>
\$28,064			1,237,089
			1,409,547
			110,000
<u>2,554</u>	<u>\$1,017,334</u>		<u>6,198,101</u>
<u>30,618</u>	<u>1,017,334</u>		<u>8,954,737</u>
<u>\$30,618</u>	<u>\$1,017,334</u>	<u>\$1,400,000</u>	<u>\$14,063,198</u>

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

	SPECIAL REVENUE FUNDS				
	Gas Tax	Residential Landscaping and Lighting	Fleetside Landscaping and Lighting	Columbus Parkway Landscaping and Lighting	East 2nd Street Landscaping and Lighting
REVENUES					
Property taxes					
Sales tax					
Assessments		\$299,886	\$95,026	\$15,721	\$28,001
Use of money and property	\$10,295	7,447	2,986	2,657	1,375
Revenue from other agencies	508,639				
Current service charges					
Community donations					
Other					
Total Revenues	<u>518,934</u>	<u>307,333</u>	<u>98,012</u>	<u>18,378</u>	<u>29,376</u>
EXPENDITURES					
Current:					
Public safety					
Parks and community services		312,859	103,674	6,757	25,720
Public works					
Library					
Community development					
Capital outlay	836,131				
Debt service:					
Principal repayment					
Interest and fiscal charges					
Total Expenditures	<u>836,131</u>	<u>312,859</u>	<u>103,674</u>	<u>6,757</u>	<u>25,720</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(317,197)</u>	<u>(5,526)</u>	<u>(5,662)</u>	<u>11,621</u>	<u>3,656</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers (out)					
Total Other Financing Sources (Uses)					
NET CHANGE IN FUND BALANCES	(317,197)	(5,526)	(5,662)	11,621	3,656
BEGINNING FUND BALANCES (DEFICITS)	<u>342,051</u>	<u>207,458</u>	<u>77,195</u>	<u>56,506</u>	<u>31,853</u>
ENDING FUND BALANCES (DEFICITS)	<u><u>\$24,854</u></u>	<u><u>\$201,932</u></u>	<u><u>\$71,533</u></u>	<u><u>\$68,127</u></u>	<u><u>\$35,509</u></u>

SPECIAL REVENUE FUNDS

Goodyear Road Landscaping and Lighting	Community Development Block Grant	Community Services Program	Library Book	Library Programs	Library Measure B	Southern Pacific Depot
					\$701,483	
\$4,000 1,376	\$56,158	\$5,050	\$1,595	\$15,094 63,255 162,778 71,818 144	18,353	\$27,383
<u>5,376</u>	<u>56,158</u>	<u>30,761</u>	<u>8,833</u>	<u>313,089</u>	<u>719,949</u>	<u>27,383</u>
1,090		202				
			25,016	295,191	608,430	
						12,226
<u>1,090</u>		<u>202</u>	<u>25,016</u>	<u>295,191</u>	<u>608,430</u>	<u>12,226</u>
4,286	56,158	30,559	(16,183)	17,898	111,519	15,157
				105,050 (250,000)	(120,660)	
				(144,950)	(120,660)	
4,286	56,158	30,559	(16,183)	(127,052)	(9,141)	15,157
<u>29,716</u>	<u>317,151</u>	<u>102,594</u>	<u>46,841</u>	<u>299,475</u>	<u>318,151</u>	<u>112,439</u>
<u>\$34,002</u>	<u>\$373,309</u>	<u>\$133,153</u>	<u>\$30,658</u>	<u>\$172,423</u>	<u>\$309,010</u>	<u>\$127,596</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, 2007

	SPECIAL REVENUE FUNDS				
	Police and Fire Safety Grants	Human Services	Developer Deposits	Tourtelot Mitigation	BUSD Field Maintenance
REVENUES					
Property taxes					
Sales tax					
Assessments					
Use of money and property	\$9,558	\$5,705		\$30,454	
Revenue from other agencies	278,071				
Current service charges	121,497		\$398,853		
Community donations	300	30,487			
Other					
Total Revenues	<u>409,426</u>	<u>36,192</u>	<u>398,853</u>	<u>30,454</u>	
EXPENDITURES					
Current:					
Public safety	325,719				
Parks and community services					\$246,770
Public works				42,516	
Library					
Community development		139,187	399,032		
Capital outlay	54,846				
Debt service:					
Principal repayment					
Interest and fiscal charges					
Total Expenditures	<u>380,565</u>	<u>139,187</u>	<u>399,032</u>	<u>42,516</u>	<u>246,770</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>28,861</u>	<u>(102,995)</u>	<u>(179)</u>	<u>(12,062)</u>	<u>(246,770)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in		81,300			246,770
Transfers (out)					
Total Other Financing Sources (Uses)		<u>81,300</u>			<u>246,770</u>
NET CHANGE IN FUND BALANCES	28,861	(21,695)	(179)	(12,062)	
BEGINNING FUND BALANCES (DEFICITS)	<u>172,521</u>	<u>139,118</u>	<u>\$155</u>	<u>707,834</u>	
ENDING FUND BALANCES (DEFICITS)	<u>\$201,382</u>	<u>\$117,423</u>	<u>(\$24)</u>	<u>\$695,772</u>	

SPECIAL REVENUE FUND	DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS			
	1997 Wastewater General Obligation Bond	Casa De Vilarrasa	Traffic Mitigation	Street Projects	Capital License	Park Dedication
FEMA						
	\$751,966					
\$20,848	36,138	\$60,752	\$130,666	\$119,790	\$20,635	\$39,198
			246,159		130,895	75,000
						186,507
<u>20,848</u>	<u>788,104</u>	<u>60,752</u>	<u>376,825</u>	<u>119,790</u>	<u>151,530</u>	<u>300,705</u>
13,529						
			702,443	529,451	197,395	767,549
	440,000	177,933				
	350,100	161,746				
<u>13,529</u>	<u>790,100</u>	<u>339,679</u>	<u>702,443</u>	<u>529,451</u>	<u>197,395</u>	<u>767,549</u>
<u>7,319</u>	<u>(1,996)</u>	<u>(278,927)</u>	<u>(325,618)</u>	<u>(409,661)</u>	<u>(45,865)</u>	<u>(466,844)</u>
		281,078			134,000	434,489
		(1,979,316)				
		(1,698,238)			134,000	434,489
7,319	(1,996)	(1,977,165)	(325,618)	(409,661)	88,135	(32,355)
<u>(7,319)</u>	<u>1,133,664</u>	<u>2,255,044</u>	<u>2,901,298</u>	<u>(98,345)</u>	<u>500,226</u>	<u>902,593</u>
	<u>\$1,131,668</u>	<u>\$277,879</u>	<u>\$2,575,680</u>	<u>(\$508,006)</u>	<u>\$588,361</u>	<u>\$870,238</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, 2007

	CAPITAL PROJECTS FUNDS			
	Library Basement Project	Storm Drain Improvements	Community Center	Community Donations
REVENUES				
Property taxes				
Sales tax				
Assessments				
Use of money and property		\$4,348	\$15,648	\$7,411
Revenue from other agencies				
Current service charges				
Community donations				
Other				
Total Revenues		4,348	15,648	7,411
EXPENDITURES				
Current:				
Public safety				
Parks and community services				
Public works				
Library				
Community development				
Capital outlay		1,853,242	227,747	7,582
Debt service:				
Principal repayment				
Interest and fiscal charges				
Total Expenditures		1,853,242	227,747	7,582
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
		(1,848,894)	(212,099)	(171)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$300,000	1,046,164		
Transfers (out)				(150,489)
Total Other Financing Sources (Uses)	300,000	1,046,164		(150,489)
NET CHANGE IN FUND BALANCES	300,000	(802,730)	(212,099)	(150,660)
BEGINNING FUND BALANCES (DEFICITS)		712,171	355,877	171,747
ENDING FUND BALANCES (DEFICITS)	\$300,000	(\$90,559)	\$143,778	\$21,087

CAPITAL PROJECTS FUNDS

<u>Police Public Safety Building</u>	<u>Intermodal Transportation Center</u>	<u>Casa De Vilarrasa</u>	<u>Total Non-major Governmental Funds</u>
			\$751,966
			701,483
			442,634
\$4,667	\$43,485		558,434
107,288			1,172,891
			1,279,638
			102,605
			257
<u>111,955</u>	<u>43,485</u>		<u>5,009,908</u>
			325,719
			697,072
			56,045
			928,637
985,319		\$283,340	538,219
			6,457,271
			617,933
			511,846
<u>985,319</u>		<u>283,340</u>	<u>10,132,742</u>
<u>(873,364)</u>	<u>43,485</u>	<u>(283,340)</u>	<u>(5,122,834)</u>
811,212			3,440,063
<u>(287,857)</u>			<u>(2,788,322)</u>
<u>523,355</u>			<u>651,741</u>
(350,009)	43,485	(283,340)	(4,471,093)
<u>380,627</u>	<u>973,849</u>	<u>283,340</u>	<u>13,425,830</u>
<u>\$30,618</u>	<u>\$1,017,334</u>		<u>\$8,954,737</u>

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	GAS TAX			RESIDENTIAL LANDSCAPING AND LIGHTING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax						
Assessments				\$300,000	\$299,886	(\$114)
Use of money and property	\$2,000	\$10,295	\$8,295	2,000	7,447	5,447
Revenue from other agencies	615,500	508,639	(106,861)			
Current service charges						
Community donations						
Other						
Total Revenues	<u>617,500</u>	<u>518,934</u>	<u>(98,566)</u>	<u>302,000</u>	<u>307,333</u>	<u>5,333</u>
EXPENDITURES						
Current:						
Public safety - police						
Parks and community services				345,330	312,859	32,471
Public Works						
Library						
Community development						
Capital outlay	1,022,830	836,131	186,699			
Debt service:						
Principal repayment						
Interest, fiscal charges, and issuance costs						
Total Expenditures	<u>1,022,830</u>	<u>836,131</u>	<u>186,699</u>	<u>345,330</u>	<u>312,859</u>	<u>32,471</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(405,330)</u>	<u>(317,197)</u>	<u>88,133</u>	<u>(43,330)</u>	<u>(5,526)</u>	<u>37,804</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u><u>(\$405,330)</u></u>	<u><u>(317,197)</u></u>	<u><u>\$88,133</u></u>	<u><u>(\$43,330)</u></u>	<u><u>(5,526)</u></u>	<u><u>\$37,804</u></u>
BEGINNING FUND BALANCES (DEFICITS)		<u>342,051</u>			<u>207,458</u>	
ENDING FUND BALANCES (DEFICITS)		<u><u>\$24,854</u></u>			<u><u>\$201,932</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)
\$95,000	\$95,026	\$26	\$15,800	\$15,721	(\$79)	\$28,000	\$28,001	\$1
300	2,986	2,686	500	2,657	2,157	500	1,375	875
<u>95,300</u>	<u>98,012</u>	<u>2,712</u>	<u>16,300</u>	<u>18,378</u>	<u>2,078</u>	<u>28,500</u>	<u>29,376</u>	<u>876</u>
148,520	103,674	44,846	30,790	6,757	24,033	38,910	25,720	13,190
<u>148,520</u>	<u>103,674</u>	<u>44,846</u>	<u>30,790</u>	<u>6,757</u>	<u>24,033</u>	<u>38,910</u>	<u>25,720</u>	<u>13,190</u>
<u>(53,220)</u>	<u>(5,662)</u>	<u>47,558</u>	<u>(14,490)</u>	<u>11,621</u>	<u>26,111</u>	<u>(10,410)</u>	<u>3,656</u>	<u>14,066</u>
<u>(\$53,220)</u>	<u>(5,662)</u>	<u>\$47,558</u>	<u>(\$14,490)</u>	<u>11,621</u>	<u>\$26,111</u>	<u>(\$10,410)</u>	<u>3,656</u>	<u>\$14,066</u>
	<u>77,195</u>			<u>56,506</u>			<u>31,853</u>	
	<u>\$71,533</u>			<u>\$68,127</u>			<u>\$35,509</u>	

(Continued)

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	GOODYEAR ROAD LANDSCAPING AND LIGHTING			COMMUNITY DEVELOPMENT BLOCK GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax						
Assessments	\$4,000	\$4,000				
Use of money and property	200	1,376	\$1,176	\$44,200	\$56,158	\$11,958
Revenue from other agencies						
Current service charges						
Community donations						
Other						
Total Revenues	<u>4,200</u>	<u>5,376</u>	<u>1,176</u>	<u>44,200</u>	<u>56,158</u>	<u>11,958</u>
EXPENDITURES						
Current:						
Public safety - police						
Parks and community services	12,155	1,090	11,065			
Public Works						
Library						
Community development				57,400		57,400
Capital outlay						
Debt service:						
Principal repayment						
Interest, fiscal charges, and issuance costs						
Total Expenditures	<u>12,155</u>	<u>1,090</u>	<u>11,065</u>	<u>57,400</u>		<u>57,400</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,955)</u>	<u>4,286</u>	<u>12,241</u>	<u>(13,200)</u>	<u>56,158</u>	<u>69,358</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u>(\$7,955)</u>	<u>4,286</u>	<u>\$12,241</u>	<u>(\$13,200)</u>	<u>56,158</u>	<u>\$69,358</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>29,716</u>			<u>317,151</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$34,002</u>			<u>\$373,309</u>	

COMMUNITY SERVICES PROGRAM			LIBRARY BOOK			LIBRARY PROGRAMS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$70	\$5,050	\$4,980	\$1,000	\$1,595	\$595	\$2,285	\$15,094	\$12,809
5,000	25,711	20,711	27,090	7,238	(19,852)	65,255	63,255	(2,000)
						120,000	162,778	42,778
						64,565	71,818	7,253
							144	144
<u>5,070</u>	<u>30,761</u>	<u>25,691</u>	<u>28,090</u>	<u>8,833</u>	<u>(19,257)</u>	<u>252,105</u>	<u>313,089</u>	<u>60,984</u>
34,270	202	34,068						
			25,000	25,016	(16)	389,715	295,191	94,524
<u>34,270</u>	<u>202</u>	<u>34,068</u>	<u>25,000</u>	<u>25,016</u>	<u>(16)</u>	<u>389,715</u>	<u>295,191</u>	<u>94,524</u>
(29,200)	30,559	59,759	3,090	(16,183)	(19,273)	(137,610)	17,898	155,508
						105,050	105,050	
						(250,000)	(250,000)	
						(144,950)	(144,950)	
<u>(\$29,200)</u>	<u>30,559</u>	<u>\$59,759</u>	<u>\$3,090</u>	<u>(16,183)</u>	<u>(\$19,273)</u>	<u>(\$282,560)</u>	<u>(127,052)</u>	<u>\$155,508</u>
	102,594			46,841			299,475	
	<u>\$133,153</u>			<u>\$30,658</u>			<u>\$172,423</u>	

(Continued)

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>LIBRARY MEASURE B</u>			<u>SOUTHERN PACIFIC DEPOT</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES						
Property taxes						
Sales tax	\$547,290	\$701,483	\$154,193			
Assessments						
Use of money and property	335	18,353	18,018	\$23,180	\$27,383	\$4,203
Revenue from other agencies						
Current service charges						
Community donations						
Other		113	113			
Total Revenues	<u>547,625</u>	<u>719,949</u>	<u>172,324</u>	<u>23,180</u>	<u>27,383</u>	<u>4,203</u>
EXPENDITURES						
Current:						
Public safety - police						
Parks and community services						
Public Works						
Library	674,725	608,430	66,295			
Community development						
Capital outlay				32,500	12,226	20,274
Debt service:						
Principal repayment						
Interest, fiscal charges, and issuance costs						
Total Expenditures	<u>674,725</u>	<u>608,430</u>	<u>66,295</u>	<u>32,500</u>	<u>12,226</u>	<u>20,274</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(127,100)</u>	<u>111,519</u>	<u>238,619</u>	<u>(9,320)</u>	<u>15,157</u>	<u>24,477</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	<u>(295,660)</u>	<u>(120,660)</u>	<u>175,000</u>			
Total Other Financing Sources (Uses)	<u>(295,660)</u>	<u>(120,660)</u>	<u>175,000</u>			
NET CHANGE IN FUND BALANCES	<u><u>(\$422,760)</u></u>	<u><u>(9,141)</u></u>	<u><u>\$413,619</u></u>	<u><u>(\$9,320)</u></u>	<u><u>15,157</u></u>	<u><u>\$24,477</u></u>
BEGINNING FUND BALANCES (DEFICITS)		<u>318,151</u>			<u>112,439</u>	
ENDING FUND BALANCES (DEFICITS)		<u><u>\$309,010</u></u>			<u><u>\$127,596</u></u>	

POLICE AND FIRE SAFETY GRANTS			HUMAN SERVICES			TOURTELOT MITIGATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$635	\$9,558	\$8,923	\$1,200	\$5,705	\$4,505	\$4,500	\$30,454	\$25,954
273,260	278,071	4,811						
93,300	121,497	28,197						
	300	300	35,475	30,487	(4,988)			
			1,500		(1,500)			
<u>367,195</u>	<u>409,426</u>	<u>42,231</u>	<u>38,175</u>	<u>36,192</u>	<u>(1,983)</u>	<u>4,500</u>	<u>30,454</u>	<u>25,954</u>
403,295	325,719	77,576						
						170,165	42,516	127,649
			152,100	139,187	12,913			
127,755	54,846	72,909						
<u>531,050</u>	<u>380,565</u>	<u>150,485</u>	<u>152,100</u>	<u>139,187</u>	<u>12,913</u>	<u>170,165</u>	<u>42,516</u>	<u>127,649</u>
<u>(163,855)</u>	<u>28,861</u>	<u>192,716</u>	<u>(113,925)</u>	<u>(102,995)</u>	<u>10,930</u>	<u>(165,665)</u>	<u>(12,062)</u>	<u>153,603</u>
30		(30)	81,300	81,300				
<u>30</u>		<u>(30)</u>	<u>81,300</u>	<u>81,300</u>				
<u>(\$163,825)</u>	28,861	<u>\$192,686</u>	<u>(\$32,625)</u>	(21,695)	<u>\$10,930</u>	<u>(\$165,665)</u>	(12,062)	<u>\$153,603</u>
	172,521			139,118			707,834	
	<u>\$201,382</u>			<u>\$117,423</u>			<u>\$695,772</u>	

(Continued)

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	BUSD FIELD MAINTENANCE			FEMA		Variance Positive (Negative)
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	
REVENUES						
Property taxes						
Sales tax						
Assessments						
Use of money and property						
Revenue from other agencies					\$20,848	\$20,848
Current service charges						
Community donations						
Other						
Total Revenues					20,848	20,848
EXPENDITURES						
Current:						
Public safety - police						
Parks and community services	\$431,400	\$246,770	\$184,630			
Public Works				\$7,595	13,529	(5,934)
Library						
Community development						
Capital outlay						
Debt service:						
Principal repayment						
Interest, fiscal charges, and issuance costs						
Total Expenditures	431,400	246,770	184,630	7,595	13,529	(5,934)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(431,400)	(246,770)	184,630	(7,595)	7,319	14,914
OTHER FINANCING SOURCES (USES)						
Transfers in	431,400	246,770	(184,630)			
Transfers (out)						
Total Other Financing Sources (Uses)	431,400	246,770	(184,630)			
NET CHANGE IN FUND BALANCES				(\$7,595)	7,319	\$14,914
BEGINNING FUND BALANCES (DEFICITS)					(7,319)	
ENDING FUND BALANCES (DEFICITS)						

1997 WASTEWATER GENERAL OBLIGATION BOND			CASA DE VILARRASA		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$759,300	\$751,966	(\$7,334)			
8,000	36,138	28,138	\$500	\$60,752	\$60,252
<u>767,300</u>	<u>788,104</u>	<u>20,804</u>	<u>500</u>	<u>60,752</u>	<u>60,252</u>
440,000	440,000		177,935	177,933	2
<u>350,470</u>	<u>350,100</u>	<u>370</u>	<u>161,745</u>	<u>161,746</u>	<u>(1)</u>
<u>790,470</u>	<u>790,100</u>	<u>370</u>	<u>339,680</u>	<u>339,679</u>	<u>1</u>
<u>(23,170)</u>	<u>(1,996)</u>	<u>21,174</u>	<u>(339,180)</u>	<u>(278,927)</u>	<u>60,253</u>
			276,680	281,078	4,398
			<u>(486,300)</u>	<u>(1,979,316)</u>	<u>(1,493,016)</u>
			<u>(209,620)</u>	<u>(1,698,238)</u>	<u>(1,488,618)</u>
<u>(\$23,170)</u>	<u>(1,996)</u>	<u>\$21,174</u>	<u>(\$548,800)</u>	<u>(1,977,165)</u>	<u>(\$1,428,365)</u>
	<u>1,133,664</u>			<u>2,255,044</u>	
	<u>\$1,131,668</u>			<u>\$277,879</u>	

INTERNAL SERVICE FUND

INSURANCE FUND

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

GENERAL SERVICES

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

BUILDING AND EQUIPMENT MANAGEMENT

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

RETIREMENT STABILITY FUND

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

CITY OF BENICIA
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007

	Insurance	General Services	Building & Equipment Management	Retirement Stability Fund	Total
ASSETS					
Current Assets:					
Cash and investments					
Available for City operations	\$776,468	\$35	\$1,568,759	\$890,533	\$3,235,795
Restricted cash and investments held by fiscal agents				30,633	30,633
Interest receivable	4,063		7,898	6,405	18,366
Materials, parts and supplies		9,565			9,565
Prepaid items		26,034		2,500	28,534
	<u>780,531</u>	<u>35,634</u>	<u>1,576,657</u>	<u>930,071</u>	<u>3,322,893</u>
Total Current Assets					
Non-Current Assets:					
Prepaid PERS contribution				13,283,659	13,283,659
Property, plant and equipment:					
Buildings and improvements			11,906,899		11,906,899
Machinery and equipment			3,108,727		3,108,727
Less: accumulated depreciation			(6,265,794)		(6,265,794)
			<u>8,749,832</u>	<u>13,283,659</u>	<u>22,033,491</u>
Net Property, Plant and Equipment					
	<u>780,531</u>	<u>35,634</u>	<u>10,326,489</u>	<u>14,213,730</u>	<u>25,356,384</u>
Total Assets					
LIABILITIES					
Current Liabilities:					
Accounts payable	26,583	34,141	46,739		107,463
Interest payable				34,174	34,174
Workers' compensation claims	262,959				262,959
Current portion long-term liabilities				470,000	470,000
Due to other funds		1,493			1,493
	<u>289,542</u>	<u>35,634</u>	<u>46,739</u>	<u>504,174</u>	<u>876,089</u>
Total Current Liabilities					
Long-Term Liabilities:					
Workers' compensation claims	427,154				427,154
Pension obligation bonds				13,421,327	13,421,327
	<u>427,154</u>			<u>13,421,327</u>	<u>13,848,481</u>
Total Long-Term Liabilities					
Total Liabilities					
	<u>716,696</u>	<u>35,634</u>	<u>46,739</u>	<u>13,925,501</u>	<u>14,724,570</u>
NET ASSETS					
Invested in capital assets, net of related debt			8,749,832		\$8,749,832
Restricted for debt service				30,633	30,633
Unrestricted	63,835		1,529,918	257,596	1,851,349
	<u>63,835</u>		<u>1,529,918</u>	<u>257,596</u>	<u>1,851,349</u>
Total Net Assets					
	<u>\$63,835</u>	<u>35,634</u>	<u>\$10,279,750</u>	<u>\$288,229</u>	<u>\$10,631,814</u>

CITY OF BENICIA
INTERNAL SERVICE FUND
COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Insurance</u>	<u>General Services</u>	<u>Building & Equipment Management</u>	<u>Retirement Stability Fund</u>	<u>Total</u>
OPERATING REVENUES					
Charges for services	\$514,877	\$902,429	\$625,302	\$1,270,181	\$3,312,789
Refunds and rebates	457				457
Total Operating Revenues	<u>515,334</u>	<u>902,429</u>	<u>625,302</u>	<u>1,270,181</u>	<u>3,313,246</u>
OPERATING EXPENSES					
Wages and benefits	62,954	605,643			668,597
Materials and supplies		24,718	333,829	413,085	771,632
Operations and maintenance	78,318	160,351			238,669
Insurance premium	106,894	111,730			218,624
Claims	294,218				294,218
Depreciation			465,796		465,796
Total Operating Expenses	<u>542,384</u>	<u>902,442</u>	<u>799,625</u>	<u>413,085</u>	<u>2,657,536</u>
Operating Income (Loss)	<u>(27,050)</u>	<u>(13)</u>	<u>(174,323)</u>	<u>857,096</u>	<u>655,710</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	29,097	13	58,165	64,118	151,393
Interest expense				(794,182)	(794,182)
Pension obligation amortization				(340,607)	(340,607)
Gain on sale of capital assets			6,070		6,070
Total Nonoperating Revenues (Expenses)	<u>29,097</u>	<u>13</u>	<u>64,235</u>	<u>(1,070,671)</u>	<u>(977,326)</u>
Income (Loss) Before Transfers	<u>2,047</u>		<u>(110,088)</u>	<u>(213,575)</u>	<u>(321,616)</u>
Transfers in			147,855		147,855
Transfers (out)			(184,000)		(184,000)
Net Transfers			<u>(36,145)</u>		<u>(36,145)</u>
Change in Net Assets	2,047		(146,233)	(213,575)	(357,761)
BEGINNING NET ASSETS	<u>61,788</u>		<u>10,425,983</u>	<u>501,804</u>	<u>10,989,575</u>
ENDING NET ASSETS	<u>\$63,835</u>		<u>\$10,279,750</u>	<u>\$288,229</u>	<u>\$10,631,814</u>

CITY OF BENICIA
INTERNAL SERVICE FUND
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	Insurance	General Services	Building & Equipment Management	Retirement Stability Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$515,334	\$902,429	\$625,302	\$1,270,181	\$3,313,246
Payments to suppliers	(71,181)	(200,208)	(288,747)	(415,585)	(975,721)
Payments to employees	(169,848)	(717,373)			(887,221)
Claims paid	(214,347)				(214,347)
Cash Flows from Operating Activities	59,958	(15,152)	336,555	854,596	1,235,957
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
PERS obligation contribution					
Interfund receipts		1,493			1,493
Transfers in			147,855		147,855
Transfers out			(184,000)		(184,000)
Cash Flows from Noncapital Financing Activities		1,493	(36,145)		(34,652)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets			(189,447)		(189,447)
Proceeds from sale of capital assets			6,070		6,070
Cash Flows from Capital and Related Financing Activities			(183,377)		(183,377)
CASH FLOWS FROM INVESTING ACTIVITIES					
Principal paid in non-capital debt				(440,000)	(440,000)
Interest paid on non-capital debt				(401,277)	(401,277)
Interest received	27,870	13	55,673	60,613	144,169
Cash Flows from Investing Activities	27,870	13	55,673	(780,664)	(697,108)
Net Cash Flows	87,828	(13,646)	172,706	73,932	320,820
Cash and investments at beginning of period	688,640	13,681	1,396,053	847,234	2,945,608
Cash and investments at end of period	<u>\$776,468</u>	<u>\$35</u>	<u>\$1,568,759</u>	<u>\$921,166</u>	<u>\$3,266,428</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	(\$27,050)	(\$13)	(\$174,323)	\$857,096	\$655,710
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation			465,796		465,796
Change in assets and liabilities:					
Materials, parts and supplies		1,158			1,158
Prepaid items		6,619		(\$2,500)	4,119
Accounts payable	7,137	(22,916)	45,082		29,303
Workers' compensation claims	79,871				79,871
Cash Flows from Operating Activities	\$59,958	(15,152)	\$336,555	\$854,596	\$1,235,957
NONCASH TRANSACTIONS:					
Interest accretion on non-capital debt				(\$358,731)	(\$358,731)

FIDUCIARY FUNDS

BENICIA HISTORICAL MUSEUM

Accounts for the funds of the Benicia Historical Museum.

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
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
<u>Benicia Historical Museum</u>				
<u>Assets</u>				
Restricted cash and investments	\$158,944	\$139,750	\$160,128	\$138,566
Interest receivable		667		667
Accounts receivable	126	40	126	40
Total assets	<u>\$159,070</u>	<u>\$140,457</u>	<u>\$160,254</u>	<u>\$139,273</u>
<u>Liabilities</u>				
Accounts payable	\$9,404	\$11,623	\$9,404	\$11,623
Due to foundation	149,666	128,834	150,850	127,650
Total liabilities	<u>\$159,070</u>	<u>\$140,457</u>	<u>\$160,254</u>	<u>\$139,273</u>
<u>Fleetside Industrial Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$558,876	\$449,929	\$425,363	\$583,442
Interest receivable	2,340	3,114	2,340	3,114
Total assets	<u>\$561,216</u>	<u>\$453,043</u>	<u>\$427,703</u>	<u>\$586,556</u>
<u>Liabilities</u>				
Accounts payable	\$1,500		\$1,500	
Due to bondholders	559,716	\$453,043	426,203	\$586,556
Total liabilities	<u>\$561,216</u>	<u>\$453,043</u>	<u>\$427,703</u>	<u>\$586,556</u>
<u>East 2nd Street Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$641,143	\$498,711	\$482,120	\$657,734
Interest receivable	2,685	3,512	2,685	3,512
Total assets	<u>\$643,828</u>	<u>\$502,223</u>	<u>\$484,805</u>	<u>\$661,246</u>
<u>Liabilities</u>				
Accounts payable	\$1,500		\$1,500	
Due to bondholders	642,328	\$502,223	483,305	\$661,246
Total liabilities	<u>\$643,828</u>	<u>\$502,223</u>	<u>\$484,805</u>	<u>\$661,246</u>

CITY OF BENICIA
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
<u>Combined Drake/Gateway Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$236,333	\$143,716	\$144,593	\$235,456
Interest receivable	992	1,261	992	1,261
Total assets	<u>\$237,325</u>	<u>\$144,977</u>	<u>\$145,585</u>	<u>\$236,717</u>
<u>Liabilities</u>				
Accounts payable	\$1,500		\$1,500	
Due to bondholders	235,825	\$144,977	144,085	\$236,717
Total liabilities	<u>\$237,325</u>	<u>\$144,977</u>	<u>\$145,585</u>	<u>\$236,717</u>
<u>McAllister Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$1,536,011	\$927,364	\$865,195	\$1,598,180
Interest receivable	6,477	8,561	6,477	8,561
Total assets	<u>\$1,542,488</u>	<u>\$935,925</u>	<u>\$871,672</u>	<u>\$1,606,741</u>
<u>Liabilities</u>				
Accounts payable	\$1,500		\$1,500	
Due to bondholders	1,540,988	\$935,925	870,172	\$1,606,741
Total liabilities	<u>\$1,542,488</u>	<u>\$935,925</u>	<u>\$871,672</u>	<u>\$1,606,741</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Restricted cash and investments	\$3,131,307	\$2,159,470	\$2,077,399	\$3,213,378
Accounts receivable	126	40	126	40
Interest receivable	12,494	17,115	12,494	17,115
Total assets	<u>\$3,143,927</u>	<u>\$2,176,625</u>	<u>\$2,090,019</u>	<u>\$3,230,533</u>
<u>Liabilities</u>				
Accounts payable	\$15,404	\$11,623	\$15,404	\$11,623
Due to foundation	149,666	128,834	150,850	127,650
Due to bondholders	2,978,857	2,036,168	1,923,765	3,091,260
Total liabilities	<u>\$3,143,927</u>	<u>\$2,176,625</u>	<u>\$2,090,019</u>	<u>\$3,230,533</u>

STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

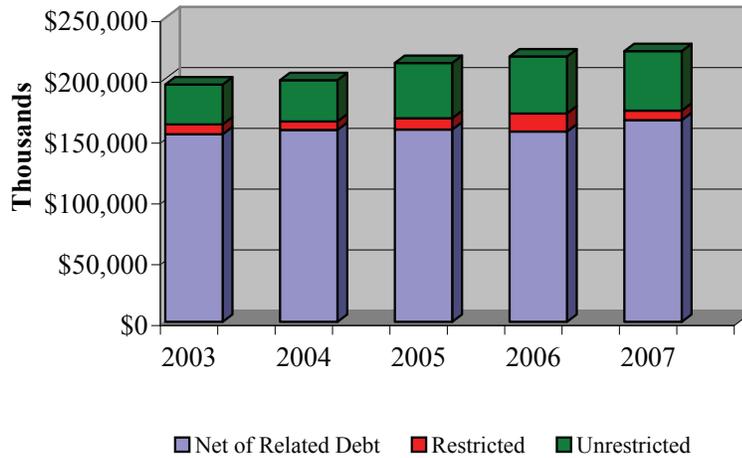
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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

Sources

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

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



	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<i>Governmental activities</i>					
Invested in capital assets, net of related debt	\$104,537,453	\$103,928,682	\$106,131,111	\$106,154,667	\$109,082,400
Restricted	6,580,574	6,542,947	8,273,480	14,218,067	7,848,173
Unrestricted	9,138,044	10,649,209	15,644,661	10,153,833	15,361,828
Total governmental activities net assets	<u>\$120,256,071</u>	<u>\$121,120,838</u>	<u>\$130,049,252</u>	<u>\$130,526,567</u>	<u>\$132,292,401</u>
<i>Business-type activities</i>					
Invested in capital assets, net of related debt	\$49,773,778	\$53,923,197	\$52,003,981	\$50,368,665	\$56,818,976
Restricted	1,489,729	441,326	1,058,372	648,123	360
Unrestricted	23,693,578	23,316,541	29,788,462	36,731,790	33,563,541
Total business-type activities net assets	<u>\$74,957,085</u>	<u>\$77,681,064</u>	<u>\$82,850,815</u>	<u>\$87,748,578</u>	<u>\$90,382,877</u>
<i>Primary government</i>					
Invested in capital assets, net of related debt	\$154,311,231	\$157,851,879	\$158,135,092	\$156,523,332	\$165,901,376
Restricted	8,070,303	6,984,273	9,331,852	14,866,190	7,848,533
Unrestricted	32,831,622	33,965,750	45,433,123	46,885,623	48,925,369
Total primary government net assets	<u>\$195,213,156</u>	<u>\$198,801,902</u>	<u>\$212,900,067</u>	<u>\$218,275,145</u>	<u>\$222,675,278</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses					
Governmental Activities:					
Administration	\$3,394,829	\$3,262,692	\$3,563,133	\$3,544,980	\$3,300,970
Community Development	1,845,085	1,357,960	1,788,216	1,394,644	2,095,746
Public Safety - Police	5,319,673	6,138,029	7,531,528	7,132,974	10,439,354
Public Safety - Fire	3,793,711	4,578,727	4,955,345	6,082,806	6,335,969
Parks & Community Services	3,881,257	4,194,633	3,994,390	5,357,910	5,966,185
Public Works	3,996,472	4,740,810	6,432,754	4,572,017	5,605,290
Library	1,811,380	1,849,493	1,895,726	1,882,507	2,153,638
Economic Development	266,233	273,132	158,738	746,765	385,726
General	2,689,137	2,795,502	1,677,467	2,571,342	2,864,213
Interest on Long-Term Debt	437,013	399,337	447,403	421,796	503,819
Total Governmental Activities Expenses	<u>27,434,790</u>	<u>29,590,315</u>	<u>32,444,700</u>	<u>33,707,741</u>	<u>39,650,910</u>
Business-Type Activities:					
Wastewater	5,693,686	5,156,056	5,461,603	6,199,104	6,853,399
Water	5,049,775	5,280,652	5,394,061	5,940,193	6,614,679
Benicia Marina	818,109	760,507	564,568	564,438	579,184
Transit	1,156,656	1,123,274	1,203,930	1,450,093	1,847,674
Total Business-Type Activities Expenses	<u>12,718,226</u>	<u>12,320,489</u>	<u>12,624,162</u>	<u>14,153,828</u>	<u>15,894,936</u>
Total Primary Government Expenses	<u>\$40,153,016</u>	<u>\$41,910,804</u>	<u>\$45,068,862</u>	<u>\$47,861,569</u>	<u>\$55,545,846</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
Administration	\$21,665	\$50,879	\$195,782	\$16,191	\$32,950
Community Development	386,175	716,866	1,531,625	1,471,896	1,284,313
Public Safety - Police	302,992	117,414	206,046	248,691	199,039
Public Safety - Fire	120,366	25,444	145,959	83,945	196,361
Parks & Community Services	1,903,106	1,976,731	2,557,003	2,583,196	1,768,794
Public Works	57,156	399,918	368,068	384,481	444,159
Library	237,128	222,233	229,642	234,124	246,302
Economic Development	25,000		80	40	
General	703,039	557,634	170,077	531,642	557,754
Operating Grants and Contributions	1,318,279	1,595,353	2,063,235	1,427,752	1,827,358
Capital Grants and Contributions	232,621	1,054,873	9,385,834	206,918	
Total Government Activities Program Revenues	<u>5,307,527</u>	<u>6,717,345</u>	<u>16,853,351</u>	<u>7,188,876</u>	<u>6,557,030</u>
Business-Type Activities:					
Charges for Services:					
Wastewater	5,302,028	6,528,485	7,409,921	8,078,749	7,223,062
Water	5,979,387	7,501,883	7,694,339	8,343,298	7,465,686
Benicia Marina	298,096	328,133	332,066	325,172	284,187
Transit	179,718	198,619	188,654	218,998	290,474
Operating Grants and Contributions	920,052	1,025,439	906,999	1,114,734	1,383,596
Capital Grants and Contributions			1,518,000	337,829	395,571
Total Business-Type Activities Program Revenue	<u>12,679,281</u>	<u>15,582,559</u>	<u>18,049,979</u>	<u>18,418,780</u>	<u>17,042,576</u>
Total Primary Government Program Revenues	<u>\$17,986,808</u>	<u>\$22,299,904</u>	<u>\$34,903,330</u>	<u>\$25,607,656</u>	<u>\$23,599,606</u>
Net (Expense)/Revenue					
Governmental Activities	(\$22,127,263)	(\$22,872,970)	(\$15,591,349)	(\$26,518,865)	(\$33,093,880)
Business-Type Activities	(38,945)	3,262,070	5,425,817	4,264,952	1,147,640
Total Primary Government Net Expense	<u>(\$22,166,208)</u>	<u>(\$19,610,900)</u>	<u>(\$10,165,532)</u>	<u>(\$22,253,913)</u>	<u>(\$31,946,240)</u>

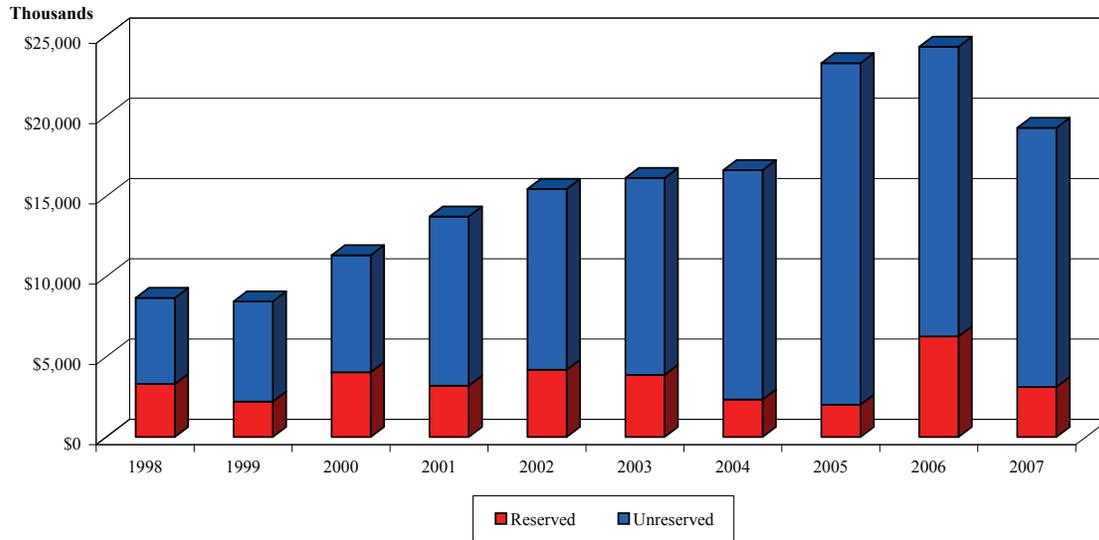
CITY OF BENICIA
Changes in Net Assets
(continued)
Last Five Fiscal Years
(Accrual Basis of Accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes:					
Property Taxes	\$10,900,163	\$11,280,618	\$11,853,045	\$13,095,234	\$13,942,074
Sales Tax	4,180,368	4,758,335	4,890,592	5,974,307	6,986,922
Utility Users Tax	2,739,530	2,747,951	2,826,370	3,001,316	5,056,904
Other Taxes	1,358,955	1,934,761	1,702,584	2,070,425	2,131,710
Motor Vehicle in Lieu	1,614,474	1,241,512	2,071,395	1,958,532	2,015,234
Investment Earnings	310,508	1,020,649	540,441	749,606	3,390,122
Gain from Disposal of Capital Assets	732,124	39,446	26,851	5,850	2,000
Transfers	443,150	714,465	608,485	140,910	77,993
Total Government Activities	<u>22,279,272</u>	<u>23,737,737</u>	<u>24,519,763</u>	<u>26,996,180</u>	<u>33,602,959</u>
Business-Type Activities:					
Interest Earnings	485,257	331,809	349,704	773,496	1,559,891
Gain (Loss) from Disposal of Capital Assets		(155,435)	2,715	225	4,761
Transfers	(443,150)	(714,465)	(608,485)	(140,910)	(77,993)
Total Business-Type Activities	<u>42,107</u>	<u>(538,091)</u>	<u>(256,066)</u>	<u>632,811</u>	<u>1,486,659</u>
Total Primary Government	<u>\$22,321,379</u>	<u>\$23,199,646</u>	<u>\$24,263,697</u>	<u>\$27,628,991</u>	<u>\$35,089,618</u>
Change in Net Assets					
Governmental Activities	\$152,009	\$864,767	\$8,928,414	\$477,315	\$509,079
Business-Type Activities	3,162	2,723,979	5,169,751	4,897,763	2,634,299
Total Primary Government	<u>\$155,171</u>	<u>\$3,588,746</u>	<u>\$14,098,165</u>	<u>\$5,375,078</u>	<u>\$3,143,378</u>

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

Fiscal Year	Property Tax	Sales Tax	Utility Users Tax	Other Taxes	Total
1998	\$7,383,137	\$2,887,431	\$2,096,435	\$313,488	\$12,680,491
1999	7,898,443	2,716,530	2,124,860	380,099	13,119,932
2000	8,933,886	3,921,581	2,286,667	281,907	15,424,041
2001	9,158,717	4,060,367	2,546,594	315,762	16,081,440
2002	9,971,652	3,698,722	2,648,033	787,664	17,106,071
2003	10,900,163	4,180,368	2,739,530	1,358,955	19,179,016
2004	11,280,618	4,758,335	2,747,951	1,934,761	20,721,665
2005	11,853,045	4,890,592	2,826,370	1,702,584	21,272,591
2006	12,780,912	5,974,307	3,001,316	985,088	22,741,623
2007	13,633,623	6,986,922	5,056,904	1,032,343	26,709,792

**Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**



	Fiscal Year Ended June 30,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$1,238,148	\$1,092,976	\$2,146,211	\$1,534,114	\$1,465,577	\$1,396,791	\$961,703	\$534,805	\$240,831	\$359,361
Unreserved	3,582,885	4,350,679	4,128,929	4,490,366	5,543,123	7,597,068	8,326,733	9,144,553	7,736,096	9,927,737
Total General Fund	<u>\$4,821,033</u>	<u>\$5,443,655</u>	<u>\$6,275,140</u>	<u>\$6,024,480</u>	<u>\$7,008,700</u>	<u>\$8,993,859</u>	<u>\$9,288,436</u>	<u>\$9,679,358</u>	<u>\$7,976,927</u>	<u>\$10,287,098</u> (a)
All Other Governmental Funds										
Reserved	\$2,065,109	\$1,116,990	\$1,889,644	\$1,663,193	\$2,724,500	\$2,472,659	\$1,375,669	\$1,482,587	\$6,026,937	\$2,756,636
Unreserved, reported in:										
Special revenue funds	1,099,638	1,043,825	857,653	2,069,741	2,186,863	1,907,327	2,159,603	2,680,139	2,877,038	2,532,927
Capital project funds	683,063	845,337	2,302,479	3,978,197	3,536,102	2,766,542	3,806,758	9,450,507	7,436,806	3,685,773
Total all other governmental funds	<u>\$3,847,810</u>	<u>\$3,006,152</u>	<u>\$5,049,776</u>	<u>\$7,711,131</u>	<u>\$8,447,465</u>	<u>\$7,146,528</u>	<u>\$7,342,030</u>	<u>\$13,613,233</u>	<u>\$16,340,781</u>	<u>\$8,975,336</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)

	Fiscal Year Ended June 30,				
	1998	1999	2000	2001	2002
Revenues					
Taxes	\$13,077,293	\$13,515,090	\$15,852,071	\$16,538,846	\$17,106,071
Licenses, permits and fees	1,341,408	1,075,030	1,041,409	1,212,403	1,697,119
Fines and forfeitures	121,931	181,585	211,740	178,523	127,111
Use of money and property	652,570	448,525	597,490	929,551	405,560
Intergovernmental revenues	2,438,438	2,358,347	3,061,481	4,098,541	3,577,630
Charges for services	2,258,565	1,471,657	1,853,486	1,626,405	2,134,605
Other	450,718	329,243	572,262	613,451	678,989
Total Revenues	20,340,923	19,379,477	23,189,939	25,197,720	25,727,085
Expenditures					
Current:					
Administration	1,248,679	1,357,968	2,066,531	2,436,650	2,785,416
Community development	767,490	824,354	1,138,148	1,526,718	1,643,641
Public Safety - Police	3,609,729	3,873,716	3,763,626	4,040,185	4,676,638
Public Safety - Fire	2,794,030	2,839,940	2,903,315	3,094,305	3,395,140
Parks & Community Services	2,579,597	2,735,735	2,798,427	2,907,105	3,283,061
Public Works	1,864,691	1,918,496	1,745,750	1,794,595	1,748,891
Library	616,111	708,954	752,487	791,043	876,737
Economic Development	273,561	288,764	205,223	192,843	243,999
General	2,064,149	1,895,382	2,238,349	1,939,618	2,103,346
Capital outlay	3,534,381	2,628,105	1,992,737	3,020,766	3,128,837
Debt service:					
Principal repayment	215,000	275,000	410,000	460,000	490,000
Interest and fiscal charges	172,491	476,647	538,352	509,009	478,435
Total Expenditures	19,739,909	19,823,061	20,552,945	22,712,837	24,854,141
Excess (deficiency) of revenues over (under) expenditures	601,014	(443,584)	2,636,994	2,484,883	872,944
Other Financing Sources (Uses)					
Transfers in	2,412,045	1,239,618	1,931,415	3,447,330	1,822,615
Transfers (out)	(1,195,127)	(1,054,493)	(1,622,395)	(3,521,518)	(1,402,650)
State water resources loans		6,648,534	10,062,422		
General obligation bonds issued	10,000,000				
Capital lease issued					
Bond issue costs					
Contribution from other entity/land owners		(13,758)			
Sale of capital assets	3,255	53,181			427,645
Total other financing sources (uses)	11,220,173	6,873,082	10,371,442	(74,188)	847,610
Net Change in fund balances	\$11,821,187	\$6,429,498	\$13,008,436	\$2,410,695	\$1,720,554
Debt service as a percentage of noncapital expenditures	(a)	(a)	(a)	(a)	(a)

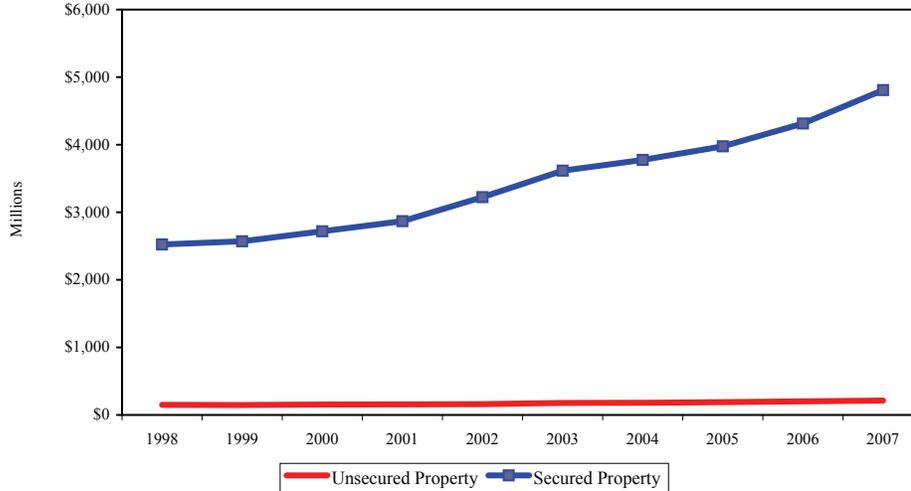
NOTE:

(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,

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$18,184,822	\$19,275,764	\$20,363,436	\$23,184,336	\$27,152,426
1,249,966	1,820,934	1,840,903	2,111,252	1,829,485
116,426	113,731	122,161	124,583	109,744
310,508	201,991	588,076	770,987	1,768,089
3,203,978	3,311,483	4,439,778	3,279,587	3,278,054
2,216,140	3,040,407	4,917,147	4,146,512	2,856,369
1,137,193	888,187	310,460	385,325	749,500
<u>26,419,033</u>	<u>28,652,497</u>	<u>32,581,961</u>	<u>34,002,582</u>	<u>37,743,667</u>
3,310,286	3,188,510	3,808,377	3,440,007	3,256,967
1,843,907	1,356,782	1,850,714	1,336,391	1,765,245
5,090,826	5,816,993	6,623,787	6,908,386	7,531,759
3,686,728	4,457,242	5,013,129	5,772,527	6,110,150
3,678,977	4,021,893	3,948,215	4,772,498	5,286,401
1,907,666	1,983,554	3,660,641	1,707,728	1,750,115
1,626,987	1,684,413	1,744,702	1,837,995	2,073,228
256,322	272,690	159,933	693,089	333,337
1,911,287	2,774,007	1,941,904	2,324,258	2,554,884
2,564,166	2,804,971	6,665,306	3,702,523	11,123,214
545,000	370,000	395,000	420,000	617,933
447,075	408,724	388,431	426,508	511,846
<u>26,869,227</u>	<u>29,139,779</u>	<u>36,200,139</u>	<u>33,341,910</u>	<u>42,915,079</u>
<u>(450,194)</u>	<u>(487,282)</u>	<u>(3,618,178)</u>	<u>660,672</u>	<u>(5,171,412)</u>
1,386,935	1,303,265	2,359,714	1,743,366	4,382,451
(943,785)	(588,800)	(1,751,229)	(3,584,771)	(4,268,313)
		1,400,000	2,200,000	
		(50,033)		
		8,295,000		
<u>766,274</u>	<u>262,896</u>	<u>26,851</u>	<u>5,850</u>	<u>2,000</u>
<u>1,209,424</u>	<u>977,361</u>	<u>10,280,303</u>	<u>364,445</u>	<u>116,138</u>
<u>\$759,230</u>	<u>\$490,079</u>	<u>\$6,662,125</u>	<u>\$1,025,117</u>	<u>(\$5,055,274)</u>
(a)	2.7%	2.2%	2.6%	2.7%

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



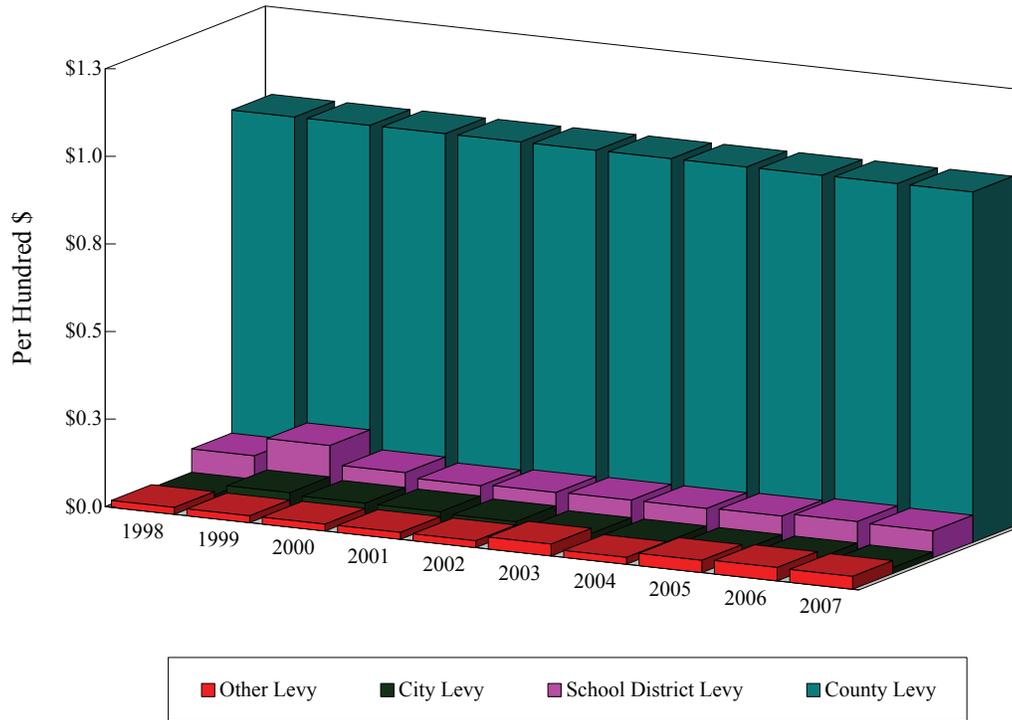
Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
1998	\$1,345,679,135	\$95,911,962	\$873,821,540	\$58,235,638	\$2,373,648,275	\$150,084,184	\$2,523,732,459	\$2,523,732,459	0.24977%
1999	1,407,686,638	95,676,242	861,914,515	57,435,910	2,422,713,305	147,628,449	2,570,341,754	2,570,341,754	0.27244%
2000	1,538,016,322	95,328,854	881,706,244	49,606,357	2,564,657,777	154,480,328	2,719,138,105	2,719,138,105	0.27000%
2001	1,638,678,509	98,389,465	904,588,050	70,409,318	2,712,065,342	156,242,220	2,868,307,562	2,868,307,562	0.26980%
2002	1,771,391,915	105,823,296	1,127,681,109	58,450,497	3,063,346,817	159,986,840	3,223,333,657	3,223,333,657	0.27047%
2003	1,877,242,130	115,871,808	1,395,918,255	48,987,127	3,438,019,320	178,013,190	3,616,032,510	3,616,032,510	0.29260%
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	0.29718%
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	0.29257%
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	0.26611%
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	0.26313%

Source: Solano County Assessor 1997/98 - 2006/07 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
1998	\$1.0000	\$0.0778	\$0.0107	\$0.0200	\$1.1085
1999	1.0000	0.1309	0.0411	0.0200	1.1920
2000	1.0000	0.0773	0.0348	0.0200	1.1321
2001	1.0000	0.0638	0.0341	0.0200	1.1179
2002	1.0000	0.0682	0.0295	0.0200	1.1177
2003	1.0000	0.0701	0.0198	0.0343	1.1242
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

Source: Solano County Auditor-Controller's Office

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

<u>Taxpayer</u>	<u>2006-07</u>			<u>1997-98</u>		
	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	\$1,086,917,625	1	22.52%			
Calwest Industrial Holdings	60,362,721	2	1.25%			
Benicia Industries	52,144,524	3	1.08%	\$59,939,351	2	2.37%
WRI Golden State LLC	23,858,398	4	0.49%			
Tulloch Construction Inc.	23,720,276	5	0.49%			
Walton CWCAa 273 Industrial 22	22,166,031	6	0.46%			
Club Pacifica LLC	20,779,068	7	0.43%			
SPK Industrial Portfolio LLC	18,114,116	8	0.38%			
Shea Homes	16,855,700	9	0.35%			
Lennar Emerald Cambridge LLC	16,407,000	10	0.34%			
Exxon Corp				601,302,821	1	23.77%
Spieker Properties Limited Partnership				56,377,073	3	2.23%
BPP & Golden State Acquisitions				17,200,000	4	0.68%
Tri State Properties Company				14,200,000	5	0.56%
Western Container Corporation				12,814,719	6	0.51%
Huntway Partners, Limited Partnership				11,419,732	7	0.45%
Cambridge Circle Investment Company				11,397,162	8	0.45%
Liquid Carbonic Industrial Corporation				10,075,378	9	0.40%
West Coast Beauty Supply Company				9,372,166	10	0.37%
Total	<u><u>\$1,341,325,459</u></u>		<u><u>27.90%</u></u>	<u><u>\$804,098,402</u></u>		<u><u>31.89%</u></u>

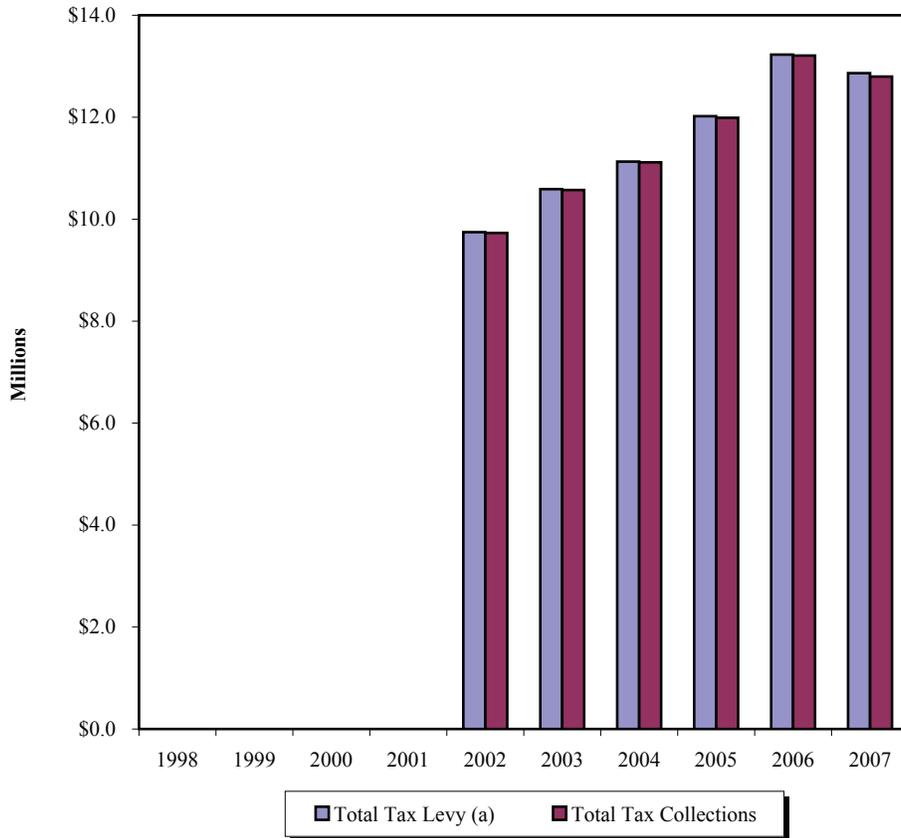
Total Net Assessed Valuation:

Fiscal Year 2006-2007 \$4,807,894,763

Fiscal Year 1997-1998 \$2,521,276,724

Source: HdL, Coren & Cone Report

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

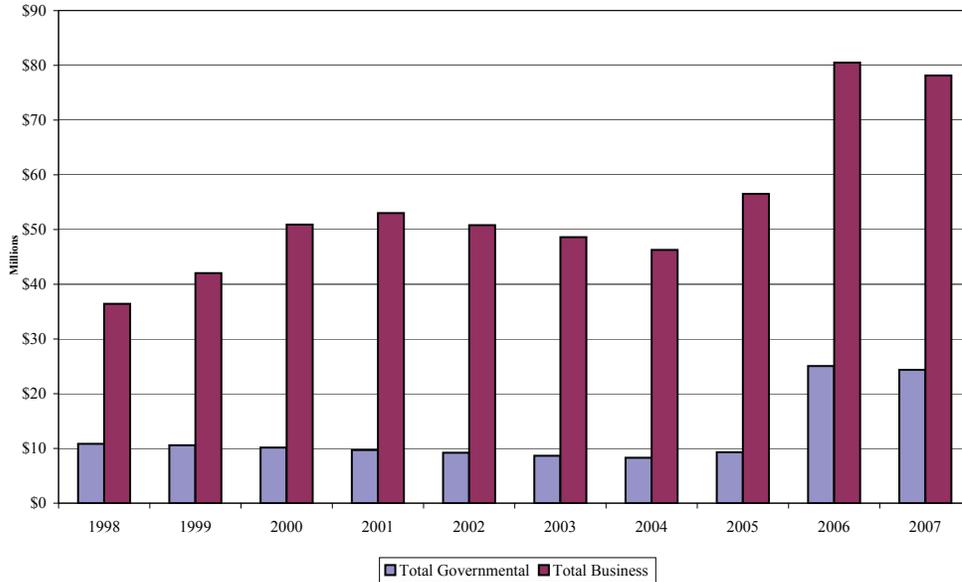


<u>Fiscal Year</u>	<u>Total Tax Levy (a)</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
1998	n/a	n/a	n/a	n/a	n/a
1999	n/a	n/a	n/a	n/a	n/a
2000	n/a	n/a	n/a	n/a	n/a
2001	n/a	n/a	n/a	n/a	n/a
2002	\$9,745,064	\$9,729,153	99.8367%	\$9,729,153	99.8367%
2003	10,590,048	10,572,364	99.8330%	10,572,364	99.8330%
2004	11,129,665	11,114,556	99.8642%	11,114,556	99.8642%
2005	12,020,080	11,989,000	99.7414%	11,989,000	99.7414%
2006	13,227,173	13,209,063	99.8631%	13,209,063	99.8631%
2007	12,863,706	12,796,607	99.4784%	12,796,607	99.4784%

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

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
1998	\$10,850,000			\$10,850,000
1999	10,575,000			10,575,000
2000	10,165,000			10,165,000
2001	9,705,000			9,705,000
2002	9,215,000			9,215,000
2003	8,670,000			8,670,000
2004	8,300,000			8,300,000
2005	7,905,000		\$1,400,000	9,305,000
2006	7,485,000	\$13,972,596	3,600,000	25,057,596
2007	7,045,000	13,891,327	3,422,067	24,358,394

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)
1998	\$14,485,000	\$5,635,000	\$5,459,414	\$25,579,414	\$36,429,414	3.91%	1,286.49
1999	13,980,000	5,480,000	12,003,337	31,463,337	42,038,337	4.69%	1,465.47
2000	13,450,000	5,325,000	21,956,391	40,731,391	50,896,391	5.16%	1,754.81
2001	12,890,000	5,160,000	25,257,395	43,307,395	53,012,395	5.50%	1,948.99
2002	12,295,000	4,990,000	24,293,039	41,578,039	50,793,039	5.19%	1,880.11
2003	12,065,000	4,815,000	23,055,898	39,935,898	48,605,898	4.82%	1,791.26
2004	11,285,000	4,630,000	22,064,776	37,979,776	46,279,776	4.51%	1,714.70
2005	10,425,000	4,435,000	32,349,308	47,209,308	56,514,308	5.26%	2,068.38
2006	9,550,000	4,260,000	41,620,216	55,430,216	80,487,812	7.12%	2,946.22
2007	8,650,000	4,015,000	41,118,395	53,783,395	78,141,789	6.51%	2,799.18

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 113 (Demographic Statistics) for personal income and population data.

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

Fiscal Year	General Obligation Bonds	Total	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
1998	\$10,850,000	\$10,850,000	0.43%	\$383.16
1999	10,575,000	10,575,000	0.41%	368.65
2000	10,165,000	10,165,000	0.37%	350.47
2001	9,705,000	9,705,000	0.34%	356.80
2002	9,215,000	9,215,000	0.28%	341.09
2003	8,670,000	8,670,000	0.24%	319.51
2004	8,300,000	8,300,000	0.22%	307.52
2005	7,905,000	7,905,000	0.20%	289.32
2006	7,485,000	7,485,000	0.17%	273.99
2007	7,045,000	7,045,000	0.15%	252.36

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, 2007**

2006-07 Assessed Valuation \$4,807,894,763

	Total Debt 6/30/2007	Percentage Applicable (1)	City's Share of Debt 6/30/2007
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>			
Solano County Community College District	\$122,220,090	14.187%	\$17,339,364
Benicia Unified School District	39,732,834	99.238%	39,430,070
City of Benicia	7,045,000	100.00%	7,045,000
City of Benicia 1915 Act Bonds	17,944,000	100.00%	17,944,000
Benicia Municipal Water Facilities District, I.D. No.1	<u>280,000</u>	100.00%	<u>280,000</u>
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	<u>\$187,221,924</u>		82,038,434
Less: City of Benicia Municipal Water District, I.D. No.1 (100% self-supporting)			<u>280,000</u>
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			<u>81,758,434</u>
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Solano County Certificates of Participation	\$142,410,000	13.680%	19,481,688
Solano County Pension Obligation	132,805,000	13.680%	18,167,724
Solano County Board of Education Certificates of Participation	3,440,000	13.680%	470,592
City of Benicia Pension Obligations	<u>13,532,596</u>	100.00%	<u>13,532,596</u>
TOTAL OVERLAPPING GENERAL FUND DEBT	<u>\$292,187,596</u>		<u>\$51,652,600</u>
GROSS COMBINED TOTAL DEBT			<u>\$133,691,034 (2)</u>
NET COMBINED TOTAL DEBT			<u>\$133,411,034</u>

(1) Percentage of overlapping agency's assessed valuation located within the boundaries of the city.

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

<u>RATIOS TO 2006-07 ASSESSED VALUATION:</u>	
Direct Debt (\$7,045,000)	0.15%
Total Gross Direct and Overlapping Tax Assessment Debt	1.71%
Total Net Direct and Overlapping Tax Assessment Debt	1.70%
Gross Combined Total Debt	2.78%
Net Combined Total Debt	2.77%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/07: \$0

Source: California Municipal Statistics, Inc.

**CITY OF BENICIA
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2007**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$4,594,944,834
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$172,310,431
---	---------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$33,242,596
Less Revenue Bonds, Certificate of Participation not subject to limit	26,197,596
Amount of debt subject to limit	7,045,000

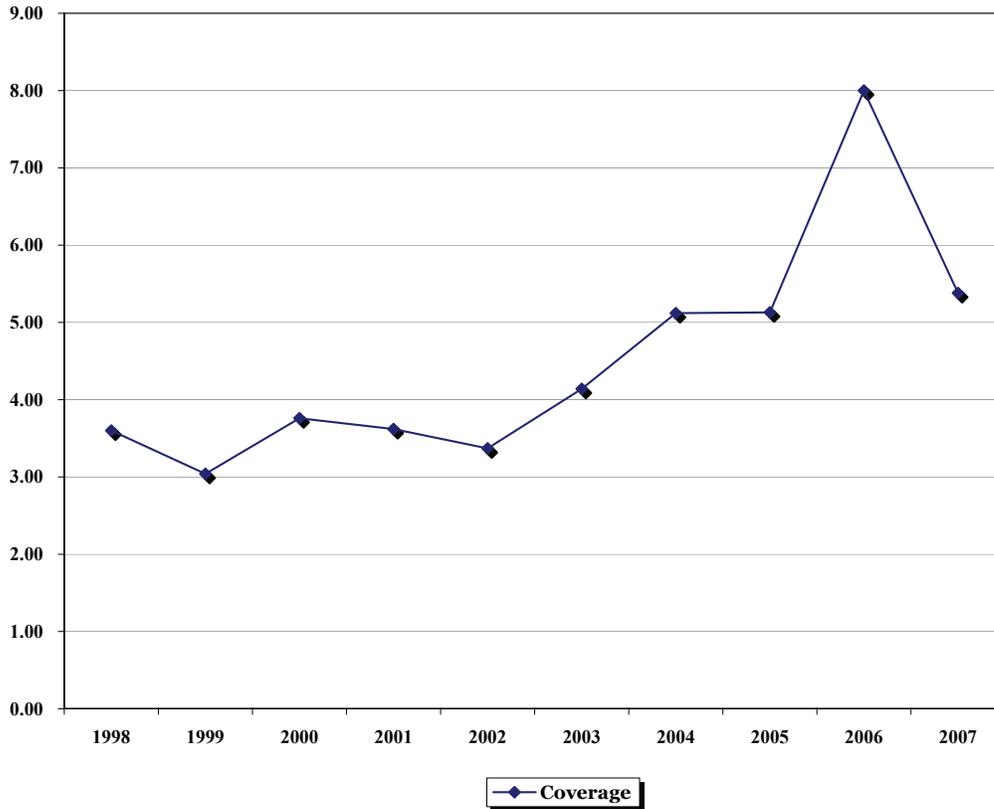
LEGAL BONDED DEBT MARGIN	\$165,265,431
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Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
1998	\$89,011,810	\$10,850,000	\$78,161,810	13.88%
1999	90,851,749	10,575,000	80,276,749	13.17%
2000	96,174,667	10,165,000	86,009,667	11.82%
2001	101,702,450	9,705,000	91,997,450	10.55%
2002	114,875,506	9,215,000	105,660,506	8.72%
2003	128,925,725	8,670,000	120,255,725	7.21%
2004	134,795,691	8,300,000	126,495,691	6.56%
2005	141,988,335	7,905,000	134,083,335	5.90%
2006	154,227,424	7,485,000	146,742,424	5.10%
2007	172,310,431	7,045,000	165,265,431	4.26%

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)**

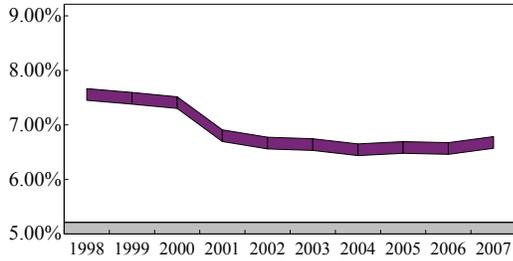


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	\$10,918	\$4,525	\$6,393	\$620	\$1,157	\$1,777	3.60
1999	9,841	4,409	5,432	660	1,124	1,784	3.04
2000	11,972	5,226	6,746	685	1,111	1,796	3.76
2001	11,645	5,133	6,512	725	1,072	1,797	3.62
2002	12,247	6,252	5,995	765	1,012	1,777	3.37
2003	11,723	6,153	5,570	805	540	1,345	4.14
2004	14,570	6,349	8,221	965	642	1,607	5.12
2005	15,426	6,837	8,589	1,055	620	1,675	5.13
2006	17,165	6,503	10,662	875	458	1,333	8.00
2007	16,222	7,477	8,745	1,145	482	1,627	5.38

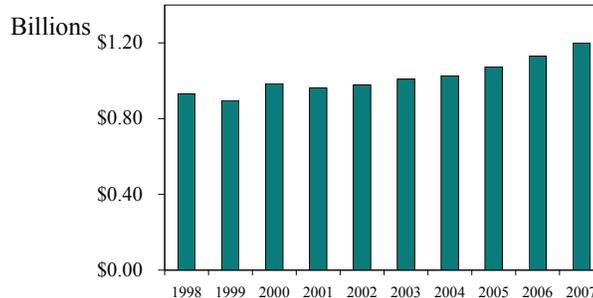
Notes: (1) Includes all Water & Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue
 (2) Includes all Water & Wastewater Operating Expenses less Depreciation and Interest

Source: City of Benicia

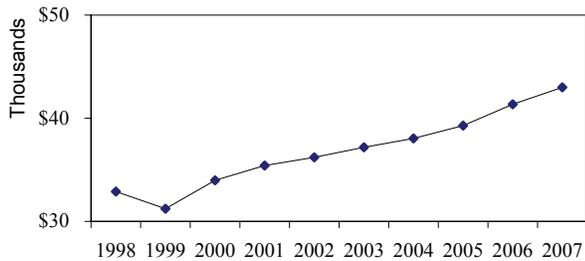
**CITY OF BENICIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



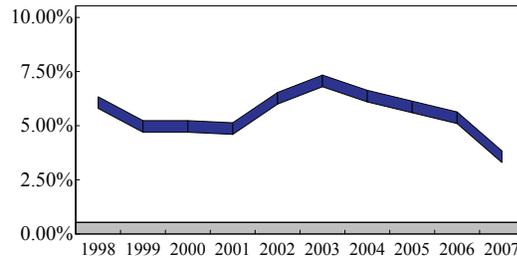
■ City Population as a % of County Population



■ 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
1998	28,317	\$931,398,831	\$32,892	5.8%	380,021	7.45%
1999	28,686	\$895,749,036	\$31,226	4.7%	388,640	7.38%
2000	29,004	\$985,559,783	\$33,980	4.7%	397,207	7.30%
2001	27,200	\$963,355,805	\$35,417	4.6%	406,212	6.70%
2002	27,016	\$978,310,453	\$36,212	6.0%	411,821	6.56%
2003	27,135	\$1,008,953,921	\$37,183	6.8%	415,405	6.53%
2004	26,990	\$1,026,744,714	\$38,042	6.1%	419,270	6.44%
2005	27,323	\$1,073,505,323	\$39,289	5.6%	421,657	6.48%
2006	27,319	\$1,129,806,279	\$41,356	5.1%	422,848	6.46%
2007	27,916	\$1,200,213,884	\$42,994	3.3%	424,823	6.57%

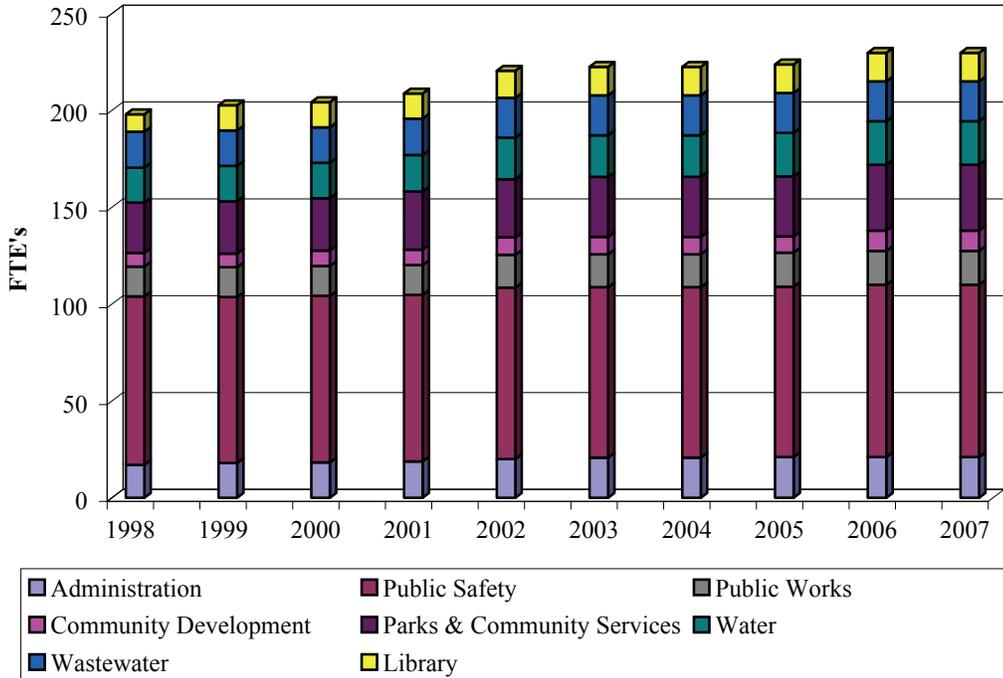
Source: California State Department of Finance

CITY OF BENICIA
Principal Employers
Current Year and Four Years Ago

<u>Employer</u>	<u>2006-07</u>			<u>2002-03</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Valero	531	1	2.0%	500	1	1.8%
Benicia Unified School District	465	2	1.7%	491	2	1.8%
City of Benicia	230	3	0.9%	196	6	0.7%
Dunlop Manufacturing	200	4	0.7%			
Radiator Express Warehouse	199	5	0.7%			
Bio-Rad Laboratories	193	6	0.7%	173	8	0.6%
APS West Coast, Inc.	150	7	0.6%			
Coca-Cola Bottling Company	145	8	0.5%			
Cytosport	145	9	0.5%			
The Pepsi Bottling Company	121	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>2,379</u>		<u>8.8%</u>	<u>2,632</u>		<u>9.7%</u>
Total City Day Population	<u>27,000</u>			<u>27,135</u>		

Source: City of Benicia

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



Adopted for Fiscal Year Ended June 30,

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Function										
Administration	17.00	18.00	18.25	18.75	20.00	20.75	20.75	21.00	21.00	21.00
Public Safety	87.00	85.66	86.00	86.00	88.50	88.00	88.00	88.00	89.00	89.00
Public Works	15.40	15.40	15.40	15.40	16.95	16.95	16.95	17.55	17.45	17.45
Community Development	7.00	7.00	8.00	8.00	9.00	9.00	9.00	8.40	10.50	10.50
Parks & Community Services	26.00	27.00	27.00	30.00	30.00	31.00	31.00	31.00	34.00	34.00
Water	18.05	18.30	18.30	18.80	21.45	21.45	21.45	22.45	22.45	22.45
Wastewater	18.55	18.30	18.30	18.80	20.60	20.60	20.60	20.60	20.60	20.60
Library	9.00	13.00	13.00	13.00	14.00	14.75	14.75	14.75	14.75	14.75
Total	<u>198.00</u>	<u>202.66</u>	<u>204.25</u>	<u>208.75</u>	<u>220.50</u>	<u>222.50</u>	<u>222.50</u>	<u>223.75</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				
	1998	1999	2000	2001	2002
Function/Program					
Public safety:					
Fire:					
Fire calls for service	n/a	n/a	2,034	2,004	2,025
Primary fire inspections conducted (estimate)	n/a	n/a	750	750	750
Police:					
Police calls for Service	14,930	15,641	15,169	15,149	15,878
Law violations:					
Physical arrests (adult and juvenile)	1,522	1,559	1,238	998	930
Traffic violations	4,034	3,493	2,504	1,681	1,366
Parking violations	526	707	773	1,025	706
Public Works					
Street resurfacing (miles)	n/a	n/a	n/a	n/a	n/a
Potholes repaired (square miles)	n/a	n/a	n/a	n/a	n/a
Parks & Community Services:					
Community Services:					
Recreation class programs	n/a	n/a	n/a	n/a	640
Recreation class participants	n/a	n/a	n/a	n/a	8,723
Library:					
Volumes in Collection (thousands)	n/a	n/a	n/a	n/a	n/a
Total Volumes Borrowed (thousands)	n/a	n/a	n/a	n/a	n/a
Water					
Water service connections	n/a	n/a	n/a	n/a	n/a
Water main breaks	n/a	n/a	n/a	n/a	n/a
Average daily consumption (thousands of gallons)	n/a	n/a	n/a	n/a	n/a
Wastewater					
Storm drain inlets	n/a	n/a	n/a	n/a	n/a
Sewer service connections	n/a	n/a	n/a	n/a	n/a
Sewer main blockages	n/a	n/a	n/a	n/a	n/a
Average daily treatment (thousands of gallons)	n/a	n/a	n/a	n/a	n/a

Source: City of Benicia

Note: n/a denotes information not available.

* Prior years amounts were volumes borrowed by other libraries. This year's amount is for library cardholders.

Fiscal Year				
2003	2004	2005	2006	2007
1,958	1,970	1,984	1,703	1,915
750	750	750	750	200
14,609	14,022	14,410	14,981	14,374
1,026	1,077	1,099	1,036	1,139
1,876	1,679	1,873	2,027	2,649
744	466	794	759	665
n/a	n/a	n/a	1.5	1.0
n/a	n/a	n/a	1,000	1,200
706	822	880	834	978
10,394	11,375	12,393	11,610	10,482
n/a	106,927	110,214	116,996	113,470
n/a	34,302	34,164	47,295	320,873 *
n/a	n/a	n/a	9,380	9,576
n/a	n/a	n/a	11	17
n/a	n/a	n/a	4,170	4,437
n/a	n/a	n/a	2,000	2,010
n/a	n/a	n/a	9,380	9,310
n/a	n/a	n/a	101	30
n/a	n/a	n/a	2,860	2,200

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

Function/Program	Fiscal Year				
	1998	1999	2000	2001	2002
Public safety:					
Fire stations	2	2	2	2	2
Police stations	1	1	1	1	1
Police patrol units	11	11	11	11	11
Public works					
Miles of streets	93	95	95	95	95
Street lights	7	12	16	2,040	2,046
Traffic Signals	9	10	10	10	10
Parks and recreation:					
Community services:					
City parks	35	35	35	35	35
City parks acreage	156	156	156	166	166
Recreation centers	1	1	1	1	1
Senior citizen centers	1	1	1	1	1
Regional park acreage	300	300	300	300	577
Library:					
City libraries	1	1	1	1	1
Water					
Miles of water mains	156	158	158	158	158
Fire hydrants	1,229	1,229	1,229	1,240	1,245
Maximum daily capacity (millions of gallons)	12	12	12	12	12
Wastewater					
Miles of sanitary sewers	148	149	149	149	149
Miles of storm drains	76	77	77	77	77
Number of treatment plants	1	1	1	1	1
Maximum daily capacity (millions of gallons)	n/a	n/a	4.5	4.5	4.5

Source: City of Benicia

Note: n/a denotes information is not available.

Fiscal Year				
2003	2004	2005	2006	2007
2	2	2	2	2
1	1	1	1	1
11	11	11	13	13
95	95	95	95	95
2,046	2,046	2,046	2,046	2,062
10	10	10	10	10
35	35	35	36	36
166	211	214	214	214
1	1	1	1	1
1	1	1	1	1
577	577	577	577	577
1	1	1	1	1
158	158	158	158	158
1,245	1,245	1,245	1,194	1,203
12	12	12	12	12
149	149	149	149	149
77	77	77	77	77
1	1	1	1	1
4.5	4.5	4.5	4.5	4.5