

THE CITY OF
BENICIA
CALIFORNIA

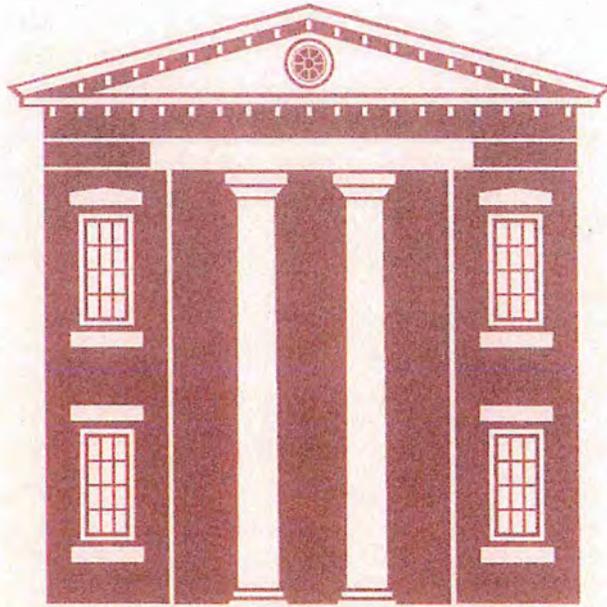


COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2012

CITY OF BENICIA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012

Prepared by
FINANCE DEPARTMENT



THE CITY OF
BENICIA
CALIFORNIA

CITY OF BENICIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2012

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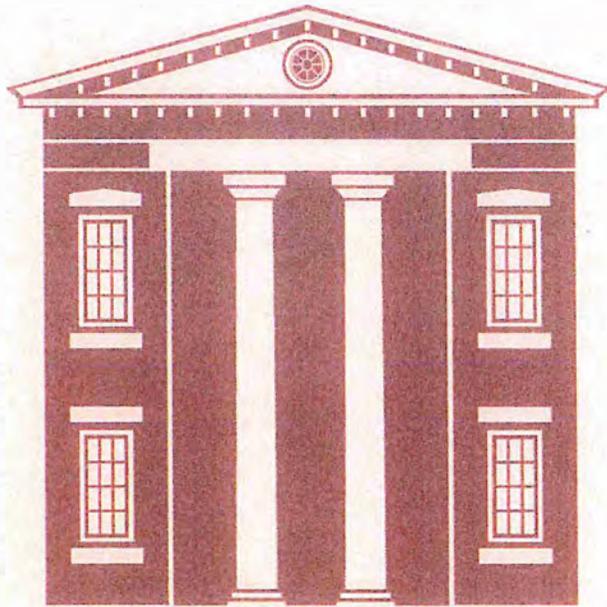
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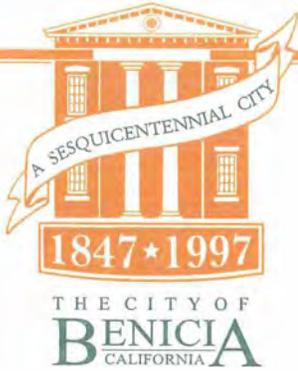
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THE CITY OF
BENICIA
CALIFORNIA



December 12, 2012

**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, 2012. This CAFR has been prepared by the Finance Department in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB).

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

The City's basic financial statements have been audited by Maze and Associates, a public accounting firm fully licensed and qualified to perform audits of State and local governments within the State of California. The goal of the independent audit is to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2012, 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 26,919.

The City was incorporated in April 24, 1851, under the laws of the State of California. The City is a general law city administered by a council-manager form of government. It is a general law city because of its reliance upon California state law to define procedural regulations utilized by the City Council. The mayor and four council members are elected to staggered four year terms through a general election process. The City Council, serving as the primary governing body, is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing directors of the various City departments.

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

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

Management Summary

Benicia benefits from the stability of its leadership and experience. Elizabeth Patterson was elected Mayor in November 2007 and was re-elected on the November 2011 election. She has been a Council Member since 2003. Brad Kilger, hired as the City Manager since December 2010, has over 32 years of municipal experience and brings a wealth of skills and knowledge to the City. Before coming to the City, Mr. Kilger served as the City Manager of the City of Ceres from 2006 through 2010. Mr. Kilger leads the Executive Management Team, which includes seven Directors that bring substantial technical expertise and managerial experience to the City of Benicia. With this level of expertise, the City continues its reputation of progressive and business-like management. The City Council and the Executive Management Team stress long-term planning and the ability to turn fiscal challenges into opportunities.

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 2007 through 2012:

Year	Property	Sales	Utility
2006-07	12,881,657	6,285,439	5,056,904
2007-08	13,534,307	6,794,114	4,190,517
2008-09	13,053,648	6,958,722	4,413,428
2009-10	12,468,070	6,490,069	4,938,585
2010-11	12,162,807	6,150,614	5,027,163
2011-12	12,659,984	6,217,952	5,087,381

As the table indicates, property taxes increased \$497,177 (4.09%) in fiscal year 2011-12. The increase is a result of a slightly higher assessed valuation of real estate properties throughout the city. Sales tax increased \$67,338 (1.09%) in fiscal year 2011-12. This increase reflects some rebound on the economy. Utility user tax collections increased \$60,218 (1.20%) due to higher revenues generated from Valero.

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 (BIP) provides a strong sales tax base for the City, generating over 84% of the local tax revenue (including sales, property and utility users) generated in the City of Benicia. Valero’s Northern California Petroleum Refinery is a major activity generator in the Park along with Amports, owner of the deep-water Port of Benicia. Amports maintains a large distribution center, which processes over 150,000 passenger cars and light trucks annually and hosts the assembly of CODA electric vehicles.

The Industrial Park encompasses 19.5 million square feet with approximately 450 businesses and 6,500 employees reflecting 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.

The Benicia Industrial Park has a healthy mix of industrial and related uses including manufacturing, wholesale trade, transportation, suppliers to major anchor businesses, and emerging new technology businesses such as information technology, software, biotech and environmental services.

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

Employer	Employees	Type of Business
Valero Refining Co	480	Petroleum Refining
Dunlop Manufacturing Inc.	258	Manufacture/Distribute Musical Accessories
Bio-Rad Laboratories, Inc.	226	Manufacture Hematology Products
Cytosport	200	Nutritional Beverage Company
Valley Fine Foods Co., Inc	181	Manufacture frozen foods
Coca-Cola Bottling Co.	173	Soft Drink Delivery
The Pepsi Bottling Group	119	Soft Drink Manufacturing
Benicia Fabrication & Machine	108	Metal Products Manufacturing
Radiator Express Warehouse, Inc.	103	Distribute Radiators
Veolia ES Industrial Outsourcing Inc.	102	Industrial Services
Cycle Gear Inc.	98	Warehouse With Some Mail Order Sales
APS West Coast, Inc.	97	Operate Port of Benicia
Unico Mechanical Corp	71	Repair/Maintenance of Industrial Machinery
Rix Industries	70	Air & Gas Compressor Manufacturer
Bay Valve Service	64	Valve Service & Repair

FINANCIAL GOALS AND STRATEGIES

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

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

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

Benicia Market Analysis

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

Long-term Financial Planning

The City updates a Capital Improvement Program (CIP) on a biennial basis based upon the "Council Priority List" of future capital and infrastructure needs. The CIP projects for fiscal year 2011-12 totaled \$9.2 million. Funding comes from multiple sources, including existing funds; bond proceeds; development taxes; and regional, state and federal funds over the next five-year period.

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

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

As the City looks ahead, it is not anticipated that economic conditions will improve significantly during the next several years. Organizational restructuring of programs and services has been an ongoing process. The City continues to explore opportunities to reduce costs and improve operational efficiencies while continuing to provide excellent service of key public services.

Housing Opportunities

According to the results of the 2010 US Census, Benicia has 11,306 housing units within its jurisdiction. With an updated population of 26,919 persons, Benicia is the fifth largest of the seven cities in Solano County. As it has always done in the past, Benicia has made great strides in the update of its Housing Element for the 2007-2014 planning period. Regular updates to the Housing Element are required by the State Department of Housing and Community Development, which sets forth a process by which every region plans for future population growth to ensure that enough housing is available within each city. For Benicia, this means planning for an additional 532 new units through the year 2014. Units that have been built since January 1, 2007 count toward meeting the need. From January 1, 2007 through July 2012, a total of 93 new homes were built within the city. Accordingly, the city carefully analyzed enough vacant sites to ensure the remainder of 439 units could be built. This yield analysis showed that the units could be accommodated, which means that no changes to any zoning districts are necessary. The Housing Element was recently presented to the Planning Commission in October 2012, and the Commission directed staff to forward it on to the City Council for approval. The City Council adopted the updated Housing Element on November 20, 2012.

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

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

The City's \$6 million public library facility, opened in 1993, houses 110,379 items, including DVDs, videos, music CDs, books on CD, newspapers, magazines, novels and nonfiction books. The library also offers Nook and Kindle e-reader with current best-selling fiction, nonfiction and children's materials, plus an additional 43,489 electronic books and 18,323 downloadable-audio books. The Benicia Public Library provides residents with modern technology, including computers and databases, wireless access, and electronic connections to other public and community college libraries. Over 75 users per hour come to the library for help finding answers to questions, identifying and checking out materials, and attending programs for children, teens, adults, and seniors.

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

The City's transit system "Benicia Breeze" no longer exists due to the consolidation of the transit systems of the Cities of Vallejo and Benicia. A Joint Powers Authority agreement was formed to manage both systems that resulted in the formation of the Solano County Transit (also known as SolTrans). The consolidation of the two transit systems occurred on July 1, 2011. All Benicia Breeze assets, contracts and routes are now being managed by SolTrans.

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
- High school baseball use of Fitzgerald Field
- Library assistance to support school libraries and curriculum
- Safety improvements, including the installation of a traffic signal for Benicia High School
- Maintenance of playing fields and turf areas at two school sites

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

Citizen Involvement

Periodically, the City engages the public in key discussions on various citywide projects. Within the past year, the City has solicited public input on the Sign Ordinance update project and the Business Development Action Plan. The City will soon kick start the Benicia Urban Waterfront Enhancement and Master Plan, which will be created with a new citizens advisory commission.

A water and wastewater study was conducted by the City this past year which calls for increases in water and wastewater rates. The last rate increase implemented by the City was in 2006. The City has conducted a comprehensive public outreach effort in August and September 2012 to ensure public knowledge on critical water and wastewater needs. A Council workshop was also conducted to consider staff's recommendation of increasing rates due to rates not keeping up with the costs of maintaining the water and wastewater systems. A public hearing is set for the December Council meeting to discuss these rate increases.

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

FINANCIAL INFORMATION

Internal Controls

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

Budgeting Controls

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

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

Governmental and Business-Type Activities and Net Assets

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

General Fund Reserves

The City has adopted a fund balance reserve policy establishing a minimum fund balance equal to 20% of the fund's annual operating revenue budget for the purpose of stabilizing the delivery of City services during periods of operational budget deficits. At a minimum, the reserves include the following: Contingency Reserve of 10% to mitigate the affects of major economic uncertainties, local disasters, and or severe financial hardships resulting from unforeseen changes in revenues and/or expenditures and an Emergency Reserve of 10% to mitigate all unforeseen events not covered in the Contingency Reserve. The General Fund Reserve balance as of June 30, 2012 was 19.0% of the operating revenue budget. The reserves at year-end were under the target amount due mainly to an outstanding receivable which is due in December 2012. It is anticipated that the General Fund reserves will return to the 20% target level by the end of FY12-13.

Gann Limit vs. Appropriations Subject to Limit

Proposition 4, the "Gann Initiative," was passed by California voters in 1978 and is intended to limit government appropriations. The appropriations limit is calculated each year based upon fiscal year 1978-79 appropriations, which is modified by the composite consumer price index and population changes that have occurred in subsequent years. The City's appropriations limit and the estimated appropriations subject to the limit for the fiscal year 2011-12 amounted to \$71,435,158 and \$28,358,300 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 \$44,393,306. The average yield on investment in 2011-12 was 1.51%, average maturity at year-end was approximately two years and a quarter, and total interest earned was 393,250. Investments consisted primarily of money market funds, U.S. government securities, commercial paper and Local Agency Investment Fund (LAIF) deposits managed by the Treasurer of the State of California. These investments are allowed under an investment policy adopted by the City Council that defines eligible investments and maturities of the City's investment portfolio and requires securities be held by the City or by a qualified safekeeping institution and be registered in the City's name.

Debt Administration

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

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Benicia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. 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 20 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,



Karan Reid
Finance Director

MUNICIPAL OFFICERS
As of June 30, 2012

CITY COUNCIL (Elected)

Elizabeth Patterson, Mayor	November 2015
Tom Campbell, Vice Mayor	November 2015
Mark Hughes, Councilmember	November 2013
Christina Strawbridge, Councilmember	November 2015
Alan Schwartzman, Councilmember	November 2013

OTHER (Elected)

Lisa Wolfe, City Clerk	November 2015
H.R. Autz, City Treasurer	November 2015

PLANNING COMMISSION (Appointed)

Vacant	January 2016
Susan Cohen Grossman	January 2016
Rod Sherry	September 2016
Belinda Smith	January 2015
George Oakes, Sr.	January 2015
Donald Dean	January 2013
Lee Syracuse	January 2013

PARKS, RECREATION AND CEMETARY COMMISSION (Appointed)

Sandy Moriaty	July 2013
John McGuire	July 2014
Rufus Bunch	January 2015
Kim Funk	January 2014
Nancy Cockerham	January 2015
Ken Paulk	July 2013
Ernie Gutierrez	January 2015
Heidi Wing	September 2012

APPOINTED OFFICIALS

Brad Kilger	City Manager
Heather McLaughlin	City Attorney

DEPARTMENT HEADS

Karan Reid	Finance
Andrew Bidou	Police
Steve Vucurevich	Fire
Michael Dotson	Parks and Community Services
Anne Cardwell	Administrative Services
Diane Smikahl	Library
Charles Knox	Community Development
Melissa Morton	Public Works

CITY OF BENICIA

Mission, Vision and Values

City Mission:

- Excellent Service

City Vision:

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

City Values or Guiding Principles:

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

CITY OF BENICIA
ORGANIZATIONAL CHART

JUNE 30, 2012

CITIZENS OF BENICIA

CITY COUNCIL

Elizabeth Patterson, Mayor

CITY CLERK

Lisa Wolfe

Tom Campbell, Vice Mayor

Mark Hughes

CITY TREASURER

H.R. Autz

Alan Schwartzman

Christina Strawbridge

CITY MANAGER

Brad Kilger

CITY ATTORNEY

Heather McLaughlin

POLICE
CHIEF

Andrew
Bidou

FIRE
CHIEF

Steve
Vucurevich

FINANCE
DIRECTOR

Karan
Reid

PARKS &
COMMUNITY
SERVICES
DIRECTOR

Mike
Dotson

ADMIN
SERVICES
DIRECTOR

Anne
Cardwell

LIBRARY
DIRECTOR

Diane
Smikahl

COMMUNITY
DEVELOPMENT
DIRECTOR

Charles
Knox

PUBLIC WORKS
DIRECTOR

Melissa
Morton

Location Map

City of Benicia



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Benicia
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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.



Christopher P. Moynell

President

Jeffrey R. Egan

Executive Director

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Benicia, California, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Benicia, California, as of June 30, 2012 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.

In accordance with Government Auditing Standards, we have also issued our report dated November 7, 2012, on our consideration of the City of Benicia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the City of Benicia's, financial statements as a whole. The Introductory Section, Supplemental Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the financial statements. The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole. The Introductory and Statistical have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Maze & Associates

November 7, 2012

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, 2012. 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 \$219.1 million. Of this amount, \$10.6 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$2.5 million due to decrease in revenues recognized by the City.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17.3 million, a decrease of \$5.2 million in comparison with the prior year, due to capital expenditures for solar projects within the City.
- At the end of the current fiscal year, the General Fund fund balance totaled \$7.0 million, an increase of 28.8%, due to a combination of higher revenues recognized, a decrease in operating expenditures and a decrease in Advances to Other Funds from an accelerated repayment from the Benicia Community Center.
- The City's total debt decreased by \$5.0 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.

CITY OF BENICIA
Management's Discussion and Analysis

In these statements City activities are reported into two categories:

- **Governmental Activities** - Most of the City's basic services are reported in this category, including administration, community development, police, fire, parks and community services, public works, library services, and economic development. Property, sales and utility taxes, user fees, interest income, franchise fees, and state and federal grants are among the revenues that finance these activities.
- **Business-Type Activities** - The City charges a fee to customers to pay for the cost of certain services provided. The City's wastewater, water, marina, and transit operations are reported in this category.

Fund Financial Statements

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

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

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

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

CITY OF BENICIA Management's Discussion and Analysis

- **Proprietary Funds** - When the City charges customers for services, either to outside customers or to other City departments, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way in which all activities are reported in the Government-wide Financial Statements, using the accrual basis of accounting. The City's enterprise funds are the same as the "business-type activities" reported in the government-wide financial statements, but provide more detail and additional information, such as cash flows for each enterprise fund. The City uses internal service funds to report activities that provide supplies and services to the City's other programs and activities, such as insurance, general services, building and equipment management and the retirement stability funds. Internal service funds are reported with "governmental activities" in the Government-wide Financial Statements since services provided predominantly benefit governmental rather than business-type functions.
- **Fiduciary Funds** - The City is the trustee, or fiduciary, for certain funds held on behalf of third parties. The City's fiduciary activities are reported in a separate Statements of Fiduciary Net Assets. These activities are excluded from the City's Government-wide Financial Statements because the City cannot use these assets to finance its operations. However, the City is responsible for ensuring that assets reported in these funds are used for their specified purposes.

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in both the Government-wide Financial Statements and Fund Financial Statements. The notes to the financial statements can be found on pages 33-67 of this report.

Other Information

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

CITY OF BENICIA Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined Net Assets for the year ended June 30, 2012 are summarized below.

Summary of Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 38.2	\$ 44.8	\$ 25.8	\$ 27.9	\$ 64.0	\$ 72.7
Capital assets	132.4	127.4	100.9	104.0	233.3	231.4
Total Assets	170.6	172.2	126.7	131.9	297.3	304.1
Long-term liabilities outstanding	31.9	33.7	38.2	41.4	70.1	75.1
Other liabilities	6.7	6.0	1.4	1.4	8.1	7.4
Total Liabilities	38.6	39.7	39.6	42.8	78.2	82.5
Net Assets:						
Invested in capital assets, net of related debt	127.5	130.0	62.7	63.1	190.2	193.1
Restricted	18.3	18.7	-	-	18.3	18.7
Unrestricted	(13.8)	(16.2)	24.4	26.0	10.6	9.8
Total Net Assets	\$ 132.0	\$ 132.5	\$ 87.1	\$ 89.1	\$ 219.1	\$ 221.6

The largest portion of the City's net assets (86.8%) reflects its investments in capital assets, less any related debt used to acquire those assets still outstanding. The City uses these capital assets to provide services to citizens and are not available for future spending.

Restricted net assets represent 8.4% of the total net assets and are subject to external restrictions. The balance of unrestricted net assets, which represents 4.8% of the total assets, may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF BENICIA
Management's Discussion and Analysis

A Statement of Activities and Changes in Net Assets, as of June 30, 2012, is presented below.

Statement of Activities and Changes in Net Assets

(in millions)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for services	\$ 2.6	\$ 2.8	\$ 13.3	\$ 13.4	\$ 15.9	\$ 16.2
Operating grants and contributions	3.3	2.3	0.1	0.8	3.4	3.1
Capital grants and contributions	1.7	4.4	-	-	1.7	4.4
General Revenues: -						
Property taxes	13.4	13.0	-	-	13.4	13.0
Sales taxes	6.9	6.9	-	-	6.9	6.9
Utility users' tax	5.1	5.0	-	-	5.1	5.0
Franchise	1.6	1.6	-	-	1.6	1.6
Other taxes	1.4	1.3	-	-	1.4	1.3
Motor vehicle license fees	1.9	1.9	-	-	1.9	1.9
Investment earnings	0.2	0.3	0.2	0.3	0.4	0.6
Total Revenues	38.1	39.5	13.6	14.5	51.7	54.0
Expenses:						
Administration	3.0	3.2	-	-	3.0	3.2
Public Safety - Police	8.8	8.9	-	-	8.8	8.9
Public Safety - Fire	6.5	6.9	-	-	6.5	6.9
Parks and Community Services	5.7	5.7	-	-	5.7	5.7
Public Works & Comm Dev	7.6	6.1	-	-	7.6	6.1
Library	2.1	2.6	-	-	2.1	2.6
Economic Development	0.5	0.6	-	-	0.5	0.6
General Government	3.2	3.4	-	-	3.2	3.4
Interest on long-term debt	1.2	1.3	-	-	1.2	1.3
Wastewater	-	-	7.1	7.1	7.1	7.1
Water	-	-	7.8	7.8	7.8	7.8
Benicia Marina	-	-	0.4	0.6	0.4	0.6
Transit	-	-	0.1	1.0	0.1	1.0
Loss from disposal of capital assets	-	-	0.2	-	0.2	-
Total Expenses	38.6	38.7	15.6	16.5	54.2	55.2
Increase in net assets before transfers	(0.5)	0.8	(2.0)	(2.0)	(2.5)	(1.2)
Transfers	-	(0.3)	-	0.3	-	-
Increase in net assets	(0.5)	0.5	(2.0)	(1.7)	(2.5)	(1.2)
Net assets - 7/1/11	132.5	132.0	89.1	90.8	221.6	222.8
Net assets - 6/30/12	\$ 132.0	\$ 132.5	\$ 87.1	\$ 89.1	\$ 219.1	\$ 221.6

CITY OF BENICIA Management's Discussion and Analysis

Governmental Activities

Total resources available during the year to finance governmental operations were \$170.6 million consisting of Net Assets at July 1, 2011, of \$132.5 million, program revenues of \$7.6 million and general revenues of \$30.5 million.

The cost of all governmental activities this year was \$38.6 million. The largest governmental programs include Public Safety - both Police and Fire, and Public Works and Community Development. The amount that was paid by those who directly benefited from governmental programs was \$2.6 million, while operating and capital grants and contributions paid for \$5.0 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 \$31.0 million.

Net Cost of Governmental Activities

	Expenses	Program Revenues	Net Revenue (Expense) of Activities
Administration	\$ 3,046,735	\$ 149,857	\$ (2,896,878)
Public Safety - Police	8,812,511	853,805	(7,958,706)
Public Safety - Fire	6,503,886	266,445	(6,237,441)
Parks and Community Services	5,744,533	1,934,012	(3,810,521)
Public Works and Comm Dev	7,621,379	2,404,023	(5,217,356)
Library	2,081,313	200,850	(1,880,463)
Economic Development	474,430	-	(474,430)
General Government	3,163,220	1,794,200	(1,369,020)
Interest expense	1,160,564	-	(1,160,564)
	<u>\$ 38,608,571</u>	<u>\$ 7,603,192</u>	<u>\$ (31,005,379)</u>

Business-type Activities

Total resources available during the year to finance Business-Type Activities were \$102.4 million consisting of Net Assets at July 1, 2011, of \$89.1 million, program revenues of \$13.3 million and general revenues of \$.03 million.

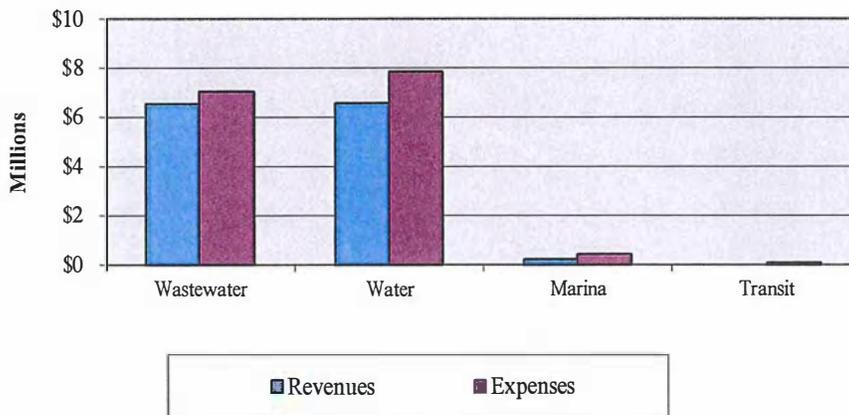
CITY OF BENICIA
Management's Discussion and Analysis

The cost of all Business-Type activities this year was \$15.4 million. As shown in the Statement of Activities and Changes in Net Assets, the amounts paid by users of the systems were \$13.3 million, while operating and capital grants and contributions were \$.07 million.

Net Cost of Business-Type Activities

	Expenses	Program Revenues	Net Revenue (Expense) of Activities
Wastewater	\$ 7,030,478	\$ 6,543,982	\$ (486,496)
Water	7,843,223	6,569,607	(1,273,616)
Benicia Marina	419,517	211,970	(207,547)
Transit	72,047	-	(72,047)
Total	\$ 15,365,265	\$ 13,325,559	\$ (2,039,706)

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.

CITY OF BENICIA
Management's Discussion and Analysis

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, 2012, of \$17.3 million, a decrease of \$5.2 million in comparison with the prior year, mainly due to energy conservation project expenditures during the year.

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

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

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

At the end of the fiscal year, total fund balance of the General Fund was \$7.0 million. \$3.1 million of this fund balance is Committed for Emergency Reserve, which was 10.0% of the actual operating revenues. The Contingency Reserve falls under the Unassigned Fund Balance and at the end of the year, the balance is at \$2.8 million, which is 9% of the actual operating revenues. The reserves were under the target amount at year-end due mainly to an outstanding receivable due in December 2012. At that time, the General Fund reserves will return to the 20% target level.

The General Fund realized general tax and other revenues of \$31.0 million during the year to pay for \$28.3 million operating expenditures, realizing an excess of revenues over expenditures of \$2.7 million. Cost cutting measures, such as freezing open positions, delaying major expenditures, and renegotiating employee contracts for concessions were implemented to lessen the deficiency for the year.

CITY OF BENICIA
Management's Discussion and Analysis

Proprietary Funds

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

Wastewater Fund – The City's wastewater utility fund collected \$6.5 million in user fees to maintain the system. The fund has \$59.8 million in capital assets, net of accumulated depreciation, financed with \$18.8 million of long-term debt. The fund made debt service payments of \$2.3 million during the year. Net assets decreased by \$.4 million due to lower connection fees and interest income earned for the year.

Water Fund – The City's water utility fund collected \$6.6 million in user fees to sustain the system. The system has \$38.1 million in capital assets, net of accumulated depreciation, financed with \$12.9 million of long-term debt. The fund made \$1.7 million in debt service payments for the year. Net assets decreased by \$1.3 million due to increased cost of operations for the year.

Benicia Marina – The City's Marina collected \$.1 million in user fees to support its operating and debt service costs. The Marina has \$2.9 million in capital assets, net of accumulated depreciation, financed with \$3.2 million of long-term debt. Debt service payments for the year were \$.3 million. The fund continues to have deficit net assets. The City continues to evaluate options for a long-term operating solution.

Transit – The City's Transit system ceased to exist as of July 1, 2011 due to a Joint Powers Authority Agreement (JPA) between the Cities of Vallejo and Benicia. Capital assets were officially transferred to the JPA (SolTrans) on February 2012. Remaining balances for City advances are being negotiated with Soltrans.

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 2011-12 was the first year of a two-year budget. The original budget for 2011-12 was developed in early 2011. The original budget for the General Fund revenues was \$30.5 million, while expenditures were at \$29.6 million. The final budget estimates for revenues was \$30.7 million, an increase of \$.2 million, and \$29.9 million for expenditures, an increase of \$.3 million. The main components of the increases are as follows:

- \$.1 million increase in property taxes due to a slightly higher assessed valuation for secured and unsecured properties
- \$.3 million increase in sales tax as a result of some economic recovery
- \$.1 million decrease in utility users tax due to lower revenues recognized by utility carriers
- \$.2 million decrease in investment earnings due to lower interest rates
- \$.3 million increase for salary and benefit adjustments from employee concessions; increase in vacation leave reserves and funding for organization study

CITY OF BENICIA Management's Discussion and Analysis

During the year, revenues surpassed the budget by \$.3 million. The largest revenue variance was sales taxes as a result of a recovering market, with the City experiencing stronger sales. Actual expenditures were \$1.6 million less than the final budget due to cutbacks on operating expenditures, the hiring freeze and concessions from employee bargaining groups.

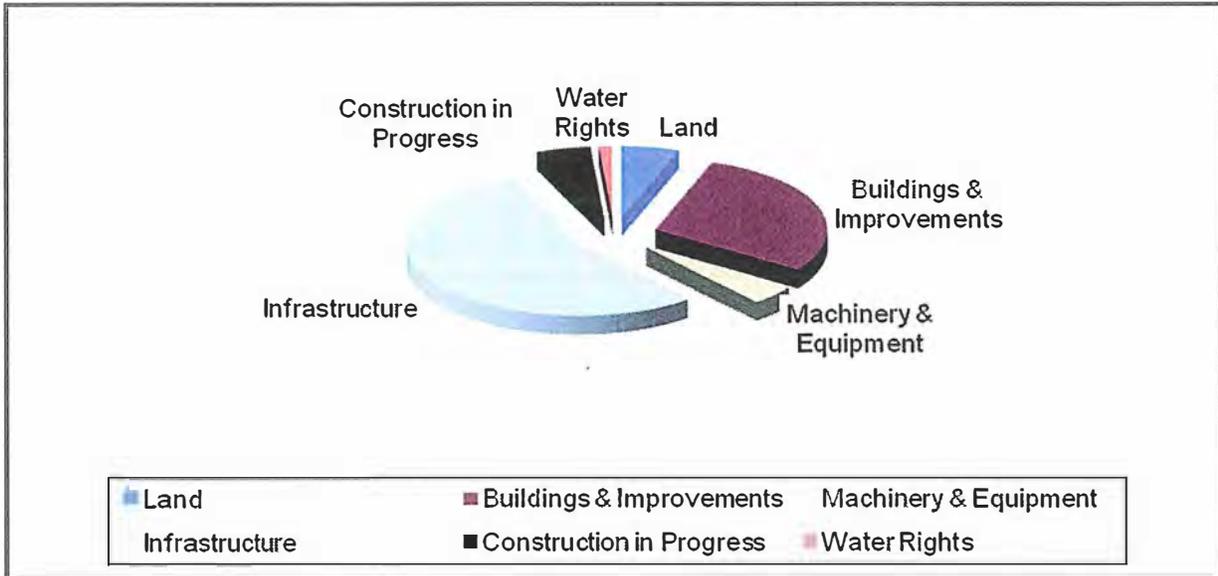
CAPITAL ASSETS

The capital assets of the City are those assets, which are used in the performance of the City's functions including infrastructure assets. This investment in capital assets includes land and easements, infrastructure, buildings and improvements, equipment and construction in progress. At June 30, 2012, net capital assets of the governmental activities totaled \$132.4 million and the net capital assets of the business-type activities totaled \$100.9 million. Depreciation on capital assets is recognized in the Government-wide Financial Statements.

The following table provides a breakdown of the City's capital assets at June 30, 2012:

	Capital Assets					
	(in millions)					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 18.5	\$ 18.0	\$ 2.6	\$ 2.6	\$ 21.1	\$ 20.6
Buildings & Improvements	22.1	22.1	90.6	90.6	112.7	112.7
Machinery & Equipment	8.7	8.4	8.4	10.0	17.1	18.4
Infrastructure	137.7	137.8	73.9	72.7	211.6	210.5
Construction in Progress	16.4	9.1	3.3	3.1	19.7	12.2
Water Rights	-	-	5.0	5.0	5.0	5.0
Total Capital Assets	203.4	195.4	183.8	184.0	387.2	379.4
Accumulated Depreciation	(71.0)	(68.0)	(82.9)	(80.0)	(153.9)	(148.0)
Net Assets	\$ 132.4	\$ 127.4	\$ 100.9	\$ 104.0	\$ 233.3	\$ 231.4

CITY OF BENICIA
Management's Discussion and Analysis



This year's major capital asset additions were construction in progress (energy conservation projects, intermodal facilities, community center and the Clearwell water project); machinery and equipment (vehicles); and infrastructure (water line replacement).

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

DEBT ADMINISTRATION

The City uses a variety of indebtedness to finance various capital acquisitions. At June 30, 2012, the City's long-term debt outstanding was \$70.1 million. Of this total, \$31.9 million was in governmental activities and \$38.2 was in business-type activities. The City's governmental activities decreased by \$1.8 million, and business-type activities decreased by \$3.2 million as a result of debt maturities during the year.

The percentage of net bonded debt to taxable property valuation, and the amount of bonded debt per capita are useful indicators of the City's debt position. Per capita debt outstanding decreased by \$166 per capita from \$2,771 to \$2,605 from the previous fiscal year.

CITY OF BENICIA Management's Discussion and Analysis

The following is a summary of the City's long-term debt obligations at June 30, 2012:

Long-term Debt
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 4.3	\$ 5.0	\$ -	\$ -	\$ 4.3	\$ 5.0
Pension Obligation Bonds	12.1	12.8	-	-	12.1	12.8
Certificates of Participation	13.1	13.2	-	-	13.1	13.2
Capital Lease	2.4	2.7	-	-	2.4	2.7
Utility Revenue Bonds	-	-	7.6	8.6	7.6	8.6
Loans Payable	-	-	30.6	32.8	30.6	32.8
Total Indebtedness	\$ 31.9	\$ 33.7	\$ 38.2	\$ 41.4	\$ 70.1	\$ 75.1

Additional information on the City's long-term debt can be found in Note 7 on pages 51-57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

CITY OF BENICIA
STATEMENT OF NET ASSETS
JUNE 30, 2012

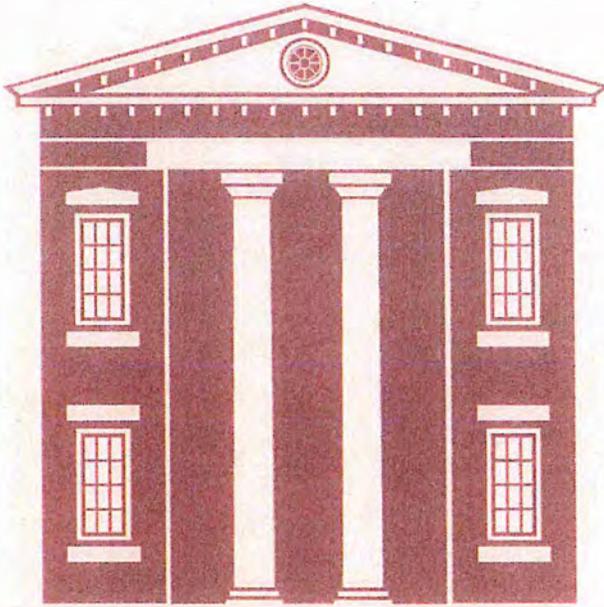
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments available for City operations (Note 3)	\$18,068,953	\$21,099,556	\$39,168,509
Accounts receivable	2,922,119	2,510,649	5,432,768
Interest receivable	4,810	4,757	9,567
Materials, parts and supplies (Note 1H)	13,598	468,884	482,482
Prepaid items (Note 1H)	57,427	75,000	132,427
Internal balances	(61,038)	61,038	
Restricted cash and investments held by fiscal agents (Note 3)	2,795,117		2,795,117
Deferred charges		268,910	268,910
Lease receivable		411,326	411,326
Loans receivable (Note 5)	2,770,326	933,704	3,704,030
Prepaid PERS contribution (Note 10)	11,548,893		11,548,893
Capital assets (Note 6):			
Non-depreciable	34,938,726	5,873,143	40,811,869
Depreciable, net of accumulated depreciation	97,523,009	94,996,074	192,519,083
Total Assets	<u>170,581,940</u>	<u>126,703,041</u>	<u>297,284,981</u>
LIABILITIES			
Accounts payable	2,004,150	448,201	2,452,351
Accrued payroll	109,297		109,297
Customer and performance deposits	735,300	102,815	838,115
Interest payable	167,253	340,666	507,919
Unearned revenue		262,481	262,481
General liability claims (Note 12):			
Due within one year	246,651		246,651
Workers compensation claims (Note 12):			
Due within one year	495,385		495,385
Due in more than one year	662,847		662,847
Accrued compensated absences (Note 1G):			
Due within one year	888,294	260,229	1,148,523
Due in more than one year	219,749		219,749
Net OPEB Liability, due in more than one year (Note 11)	1,167,310		1,167,310
Long-term debt (Note 7):			
Due within one year	2,488,017	3,286,990	5,775,007
Due in more than one year	29,379,251	34,922,196	64,301,447
Total Liabilities	<u>38,563,504</u>	<u>39,623,578</u>	<u>78,187,082</u>
NET ASSETS (Note 8)			
Invested in capital assets, net of related debt	127,548,839	62,660,031	190,208,870
Restricted for:			
Capital projects	13,228,977		13,228,977
Debt service	729,306		729,306
Special revenue projects	1,926,144		1,926,144
Landscaping and Lighting	446,235		446,235
Library	694,424		694,424
Open Space	508,583		508,583
Community Services	799,308		799,308
Total Restricted Net Assets	<u>18,332,977</u>		<u>18,332,977</u>
Unrestricted	(13,863,380)	24,419,432	10,556,052
Total Net Assets	<u>\$132,018,436</u>	<u>\$87,079,463</u>	<u>\$219,097,899</u>

See accompanying notes to financial statements

CITY OF BENICIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

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	Business-type Activities	
Governmental Activities:							
Administration	\$3,046,735	\$17,817	\$132,040		(\$2,896,878)		(\$2,896,878)
Public safety - police	8,812,511	236,101	617,704		(7,958,706)		(7,958,706)
Public safety - fire	6,503,886	44,897	221,548		(6,237,441)		(6,237,441)
Parks and community services	5,744,533	1,106,889	827,123		(3,810,521)		(3,810,521)
Public works and community development	7,621,379	774,391	1,414,854	\$214,778	(5,217,356)		(5,217,356)
Library	2,081,313	101,045	99,805		(1,880,463)		(1,880,463)
Economic development	474,430				(474,430)		(474,430)
General government	3,163,220	284,818	9,382	1,500,000	(1,369,020)		(1,369,020)
Interest on long-term debt	1,160,564				(1,160,564)		(1,160,564)
Total Governmental Activities	38,608,571	2,565,958	3,322,456	1,714,778	(31,005,379)		(31,005,379)
Business-type Activities:							
Wastewater	7,030,478	6,543,982				(\$486,496)	(486,496)
Water	7,843,223	6,569,607				(1,273,616)	(1,273,616)
Benicia Marina	419,517	141,842	70,128			(207,547)	(207,547)
Transit	72,047					(72,047)	(72,047)
Total Business-type Activities	15,365,265	13,255,431	70,128			(2,039,706)	(2,039,706)
Total	\$53,973,836	\$15,821,389	\$3,392,584	\$1,714,778	(31,005,379)	(2,039,706)	(33,045,085)
General revenues:							
Taxes:							
Property taxes					13,447,764		13,447,764
Sales taxes					6,888,750		6,888,750
Utility users' tax					5,087,381		5,087,381
Franchise tax					1,598,206		1,598,206
Other taxes					1,435,854		1,435,854
Motor vehicle in-lieu, unrestricted					1,908,529		1,908,529
Investment earnings					195,064	196,287	391,351
Gain (loss) from disposal of capital assets					20,734	(236,152)	(215,418)
Transfers, net					(71,980)	71,980	
Total general revenues and transfers					30,510,302	32,115	30,542,417
Change in Net Assets					(495,077)	(2,007,591)	(2,502,668)
Net Assets-Beginning					132,513,513	89,087,054	221,600,567
Net Assets-Ending					\$132,018,436	\$87,079,463	\$219,097,899

See accompanying notes to financial statements



THE CITY OF
BENICIA
CALIFORNIA

FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal 2012. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

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

GENERAL OBLIGATION BONDS DEBT SERVICE FUND

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

ENERGY CONSERVATION CAPITAL PROJECTS FUND

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

CITY OF BENICIA
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 JUNE 30, 2012

	General	General Obligation Bonds Debt Service Fund	Energy Conservation Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments available for City operations (Note 3)	\$5,787,230	\$713,753	\$98,009	\$8,259,634	\$14,858,626
Accounts receivable	1,526,234		42,783	1,338,991	2,908,008
Interest receivable	2,420	247		1,590	4,257
Due from other funds (Note 4B)	1,110,142				1,110,142
Prepaid items (Note 1H)	30,750				30,750
Restricted cash and investments (Note 3)			2,795,005		2,795,005
Loans receivable (Note 5)	723,080			2,047,246	2,770,326
Advance to other funds (Note 4C)	605,917				605,917
Total Assets	\$9,785,773	\$714,000	\$2,935,797	\$11,647,461	\$25,083,031
LIABILITIES					
Accounts payable	\$1,026,934			\$843,222	\$1,870,156
Accrued payroll	109,297				109,297
Customer deposits	1,470			733,830	735,300
Due to other funds (Note 4B)				267,900	267,900
Deferred revenue	723,080			2,650,197	3,373,277
Advances from other funds (Note 4C)	971,010			500,000	1,471,010
Total Liabilities	2,831,791			4,995,149	7,826,940
FUND BALANCES					
Fund balance (Note 8):					
Nonspendable	636,667				636,667
Restricted	162,961	\$714,000	\$2,935,797	4,390,000	8,202,758
Committed	3,106,627			2,618,151	5,724,778
Assigned	255,033				255,033
Unassigned	2,792,694			(355,839)	2,436,855
Total Fund Balances	6,953,982	714,000	2,935,797	6,652,312	17,256,091
Total Liabilities and Fund Balances	\$9,785,773	\$714,000	\$2,935,797	\$11,647,461	\$25,083,031

See accompanying notes to financial statements

CITY OF BENICIA
Reconciliation of the
GOVERNMENTAL FUNDS – BALANCE SHEET
with the
STATEMENT OF NET ASSETS
JUNE 30, 2012

Total fund balances reported on the Governmental Funds Balance Sheet \$17,256,091

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. 124,561,358

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

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

Cash and investments, available for City Operations	3,210,327
Restricted cash and investments	112
Accounts receivable	14,111
Interest receivable	553
Prepaid items	26,677
Materials, parts and supplies	13,598
Prepaid PERS contributions	11,548,893
Capital assets, net of accumulated depreciation	7,900,377
Accounts payable	(133,994)
Internal balances	(38,187)
Workers' compensation claims	(1,158,232)
Interest payable	(30,218)
Long-term debt	(12,380,571)

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. 3,373,277

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	(19,486,697)
Interest payable	(137,035)
Non-current portion of compensated absences	(1,108,043)
OPEB	(1,167,310)
Claims payable	(246,651)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$132,018,436

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, 2012

	General	General Obligation Bonds Debt Service Fund	Energy Conservation Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$12,659,984	\$787,780			\$13,447,764
Sales taxes	6,217,952			\$670,798	6,888,750
Utility users' taxes	5,087,381				5,087,381
Other taxes	2,437,687				2,437,687
Assessments				427,664	427,664
Licenses and permits	277,267				277,267
Fines and forfeitures	184,084				184,084
Use of money and property	437,602	1,199		75,873	514,674
Revenue from other agencies	2,229,811			2,701,642	4,931,453
Current service charges	1,308,688			198,821	1,507,509
Community donations				106,612	106,612
Other	161,397		\$269,701	1,909,183	2,340,281
Total Revenues	31,001,853	788,979	269,701	6,090,593	38,151,126
EXPENDITURES					
Current:					
Administration	2,957,695			20,362	2,978,057
Public safety - police	7,874,874			550,700	8,425,574
Public safety - fire	6,193,078			728	6,193,806
Parks and community services	4,561,963			535,714	5,097,677
Public works and community development	2,009,147			403,042	2,412,189
Library	1,165,025			854,244	2,019,269
Economic development	443,384				443,384
General	2,863,369				2,863,369
Capital outlay	207,940		7,468,269	2,195,899	9,872,108
Debt service:					
Principal		5,055,000		380,150	5,435,150
Interest and fiscal charges	18,312	316,362		803,597	1,138,271
Refunding bonds issuance costs		98,550			98,550
Total Expenditures	28,294,787	5,469,912	7,468,269	5,744,436	46,977,404
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,707,066	(4,680,933)	(7,198,568)	346,157	(8,826,278)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	20,734				20,734
Refunding bonds issued		4,270,000			4,270,000
Discount on refunding bonds issued		(21,350)			(21,350)
Transfers in (Note 4A)	136,335		256,909	2,937,964	3,331,208
Transfers (out) (Note 4A)	(1,309,696)		(808,063)	(1,815,429)	(3,933,188)
Total Other Financing Sources (Uses)	(1,152,627)	4,248,650	(551,154)	1,122,535	3,667,404
NET CHANGE IN FUND BALANCES	1,554,439	(432,283)	(7,749,722)	1,468,692	(5,158,874)
BEGINNING FUND BALANCES	5,399,543	1,146,283	10,685,519	5,183,620	22,414,965
ENDING FUND BALANCES	\$6,953,982	\$714,000	\$2,935,797	\$6,652,312	\$17,256,091

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, 2012

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 (\$5,158,874)

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	9,872,108
Non-capitalized capital outlay expenditures were reclassified to various governmental activities	(1,882,209)
Depreciation expense is deducted from the fund balance	(2,508,593)
(Depreciation expense is net of internal service fund depreciation of \$543,752 which has already been allocated to serviced funds)	

LONG-TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net 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	5,435,150
Bond issuance is deducted from the fund balance	(4,270,000)

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Deferred revenue	(1,834,282)
Interest payable	97,607
Compensated absences	195,470
Net OPEB liability	(251,744)
Claims payable	(138,293)

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	<u>(51,417)</u>
----------------------------------------------	-----------------

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>(\$495,077)</u></u>
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See accompanying notes to financial statements

CITY OF BENICIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Property	\$12,662,405	\$12,768,710	\$12,659,984	(\$108,726)
Sales	5,601,580	5,942,450	6,217,952	275,502
Utility users'	5,256,200	5,151,375	5,087,381	(63,994)
Other	2,518,115	2,531,115	2,437,687	(93,428)
Licenses and permits	295,000	295,000	277,267	(17,733)
Fines and forfeitures	79,000	79,000	184,084	105,084
Use of money and property	612,785	446,560	437,602	(8,958)
Revenue from other agencies	2,038,410	2,045,590	2,229,811	184,221
Current service charges	1,358,480	1,358,480	1,308,688	(49,792)
Other	88,175	88,175	161,397	73,222
Total Revenues	<u>30,510,150</u>	<u>30,706,455</u>	<u>31,001,853</u>	<u>295,398</u>
EXPENDITURES:				
Current:				
Administration	3,199,385	3,048,780	2,957,695	91,085
Public safety - police	8,720,505	8,356,920	7,874,874	482,046
Public safety - fire	7,074,595	6,618,200	6,193,078	425,122
Parks and community services	4,866,735	4,678,570	4,561,963	116,607
Public works and community development	2,275,805	2,254,345	2,009,147	245,198
Library	1,177,235	1,113,235	1,165,025	(51,790)
Economic development	508,750	485,060	443,384	41,676
General	1,244,745	2,819,465	2,863,369	(43,904)
Capital outlay	295,255	320,050	207,940	112,110
Debt service:				
Interest and fiscal charges	250,000	250,000	18,312	231,688
Total Expenditures	<u>29,613,010</u>	<u>29,944,625</u>	<u>28,294,787</u>	<u>1,649,838</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>897,140</u>	<u>761,830</u>	<u>2,707,066</u>	<u>1,945,236</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets			20,734	20,734
Transfers in (Note 4A)	92,815	92,815	136,335	43,520
Transfers (out) (Note 4A)	(1,066,155)	(1,602,705)	(1,309,696)	293,009
Total other financing sources (uses)	<u>(973,340)</u>	<u>(1,509,890)</u>	<u>(1,152,627)</u>	<u>357,263</u>
NET CHANGE IN FUND BALANCE	<u>(\$76,200)</u>	<u>(\$748,060)</u>	1,554,439	<u>\$2,302,499</u>
Beginning fund balance			5,399,543	
Ending fund balance			<u>\$6,953,982</u>	

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

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

The City reported all of its Enterprise Funds as major funds in fiscal 2012.

WASTEWATER

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

WATER

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

BENICIA MARINA

Accounts for the operation and management of the City Marina.

TRANSIT

Accounts for the remaining balances from prior operation and management of the City transit service, which is now handled by SolTrans, a JPA entered by the Cities of Vallejo and Benicia.

CITY OF BENICIA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2012

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds	
	Wastewater	Water	Benicia Marina	Transit		Totals
ASSETS						
Current Assets:						
Cash and investments (Note 3):						
Available for City operations	\$11,265,250	\$9,834,306			\$21,099,556	\$3,210,327
Restricted cash and investments held by fiscal agents						112
Accounts receivable	1,157,989	1,101,074	\$251,586		2,510,649	14,111
Interest receivable	2,466	2,291			4,757	553
Materials, parts and supplies (Note 1H)	30,738	438,146			468,884	13,598
Prepaid items (Note 1H)			75,000		75,000	26,677
Total Current Assets	<u>12,456,443</u>	<u>11,375,817</u>	<u>326,586</u>		<u>24,158,846</u>	<u>3,265,378</u>
Non-Current Assets:						
Long-Term Assets:						
Prepaid PERS contribution (Note 10)						11,548,893
Deferred charges	138,427	130,483			268,910	
Loans receivable (Note 5)	510,078	423,626			933,704	
Lease receivable			411,326		411,326	
Advances to other funds (Note 4C)	971,010				971,010	221,981
Total Long-Term Assets	<u>1,619,515</u>	<u>554,109</u>	<u>411,326</u>		<u>2,584,950</u>	<u>11,770,874</u>
Property, Plant and Equipment (Note 6):						
Land	669,710	1,850,388	63,983		2,584,081	
Buildings and improvements	51,036,559	31,597,566	7,933,206		90,567,331	12,285,790
Machinery and equipment	5,907,420	2,494,431			8,401,851	4,289,158
Infrastructure and water rights	42,064,544	36,873,638			78,938,182	
Construction in progress	1,023,866	2,265,196			3,289,062	80,000
Less: accumulated depreciation	<u>(40,856,672)</u>	<u>(36,958,640)</u>	<u>(5,095,978)</u>		<u>(82,911,290)</u>	<u>(8,754,571)</u>
Net Property, Plant and Equipment	<u>59,845,427</u>	<u>38,122,579</u>	<u>2,901,211</u>		<u>100,869,217</u>	<u>7,900,377</u>
Total Non-Current Assets	<u>61,464,942</u>	<u>38,676,688</u>	<u>3,312,537</u>		<u>103,454,167</u>	<u>19,671,251</u>
Total Assets	<u>73,921,385</u>	<u>50,052,505</u>	<u>3,639,123</u>		<u>127,613,013</u>	<u>22,936,629</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	154,068	249,088	45,045		448,201	133,994
Customer and performance deposits		27,815	75,000		102,815	
Interest payable	167,582	33,528	139,556		340,666	30,218
Due to other funds (Note 4B)			194,891	\$609,164	804,055	38,187
Unearned revenue	258,855	3,626			262,481	
Workers' compensation claims (Note 12)						495,385
Compensated absences (Note 1G)	123,291	136,938			260,229	
Current portion long-term liabilities (Note 7)	1,843,760	1,271,528	171,702		3,286,990	1,094,700
Total Current Liabilities	<u>2,547,556</u>	<u>1,722,523</u>	<u>626,194</u>	<u>609,164</u>	<u>5,505,437</u>	<u>1,792,484</u>
Long-Term Liabilities						
Workers' compensation claims (Note 12)						662,847
Utility revenue bonds (Note 7)	2,360,793	4,184,117			6,544,910	
Loans payable (Note 7)	16,402,067	8,765,598	3,209,621		28,377,286	
Lease obligation (Note 7)						197,670
Pension obligation bonds (Note 7)						11,088,201
Advances from other funds (Note 4C)				105,917	105,917	221,981
Total Long-Term Liabilities	<u>18,762,860</u>	<u>12,949,715</u>	<u>3,209,621</u>	<u>105,917</u>	<u>35,028,113</u>	<u>12,170,699</u>
Total Liabilities	<u>21,310,416</u>	<u>14,672,238</u>	<u>3,835,815</u>	<u>715,081</u>	<u>40,533,550</u>	<u>13,963,183</u>
NET ASSETS (Note 8)						
Invested in capital assets, net of related debt	39,238,807	23,901,336	(480,112)		62,660,031	7,668,007
Restricted for debt service						112
Unrestricted	13,372,162	11,478,931	283,420	(715,081)	24,419,432	1,305,327
Total Net Assets	<u>\$52,610,969</u>	<u>\$35,380,267</u>	<u>(\$196,692)</u>	<u>(\$715,081)</u>	<u>\$87,079,463</u>	<u>\$8,973,446</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, 2012

	Business-type Activities-Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Wastewater	Water	Benicia Marina	Transit		
OPERATING REVENUES						
Charges for services	\$6,504,277	\$6,532,596			\$13,036,873	\$3,805,368
Connection fees	38,069	20,389			58,458	
Rentals			\$141,842		141,842	
Refunds and rebates	1,636	16,622			18,258	40,980
Total Operating Revenues	6,543,982	6,569,607	141,842		13,255,431	3,846,348
OPERATING EXPENSES						
Wages and benefits	2,236,528	2,298,039			4,534,567	760,780
Materials and supplies	388,201	295,519			683,720	240,042
Operations and maintenance	1,668,178	2,561,404	77,046		4,306,628	331,920
Purchased water		397,017			397,017	
Depreciation	2,199,729	1,805,670	189,612	\$72,047	4,267,058	543,752
Claims and Insurance						1,479,545
Total Cost of Sales and Operating Expenses	6,492,636	7,357,649	266,658	72,047	14,188,990	3,356,039
Operating Income (Loss)	51,346	(788,042)	(124,816)	(72,047)	(933,559)	490,309
NONOPERATING REVENUES (EXPENSES)						
Interest income	105,573	70,799	19,915		196,287	22,906
Interest (expense)	(514,301)	(444,697)	(152,859)		(1,111,857)	(757,616)
Amortization of issuance cost of debt	(23,541)	(40,877)			(64,418)	
Intergovernmental revenue			70,128		70,128	
Pension obligation amortization						(344,921)
Other						250
Gain / (loss) from sale of capital assets				(236,152)	(236,152)	7,655
Total Nonoperating Revenues (Expenses)	(432,269)	(414,775)	(62,816)	(236,152)	(1,146,012)	(1,071,726)
Income (Loss) Before Transfers	(380,923)	(1,202,817)	(187,632)	(308,199)	(2,079,571)	(581,417)
Transfers in (Note 4A)			164,795		164,795	530,000
Transfers (out) (Note 4A)	(37,080)	(55,735)			(92,815)	
Net Transfers	(37,080)	(55,735)	164,795		71,980	530,000
Change in Net Assets	(418,003)	(1,258,552)	(22,837)	(308,199)	(2,007,591)	(51,417)
BEGINNING NET ASSETS (DEFICIT)	53,028,972	36,638,819	(173,855)	(406,882)	89,087,054	9,024,863
ENDING NET ASSETS (DEFICIT)	\$52,610,969	\$35,380,267	(\$196,692)	(\$715,081)	\$87,079,463	\$8,973,446

See accompanying notes to financial statements

CITY OF BENICIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEARENDED JUNE 30, 2012

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Wastewater	Water	Benicia Marina	Transit	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$6,483,403	\$6,544,794	\$113,493		\$13,141,690	\$3,832,237
Payments to suppliers	(2,077,493)	(3,238,947)	(40,291)	(\$55,745)	(5,412,476)	(859,845)
Payments to employees	(2,231,999)	(2,290,546)			(4,522,545)	(1,226,247)
Claims paid						(606,559)
Cash Flows from (used for) Operating Activities	2,173,911	1,015,301	73,202	(55,745)	3,206,669	1,139,586
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund receipts (payments)			(4,095)	104	(3,991)	499,442
Operating grant and contributions			70,128	51,017	121,145	
Transfers in			164,795		164,795	
Transfers (out)	(37,080)	(55,735)			(92,815)	
Advance from other funds						(32,179)
Advance to other funds	241,688				241,688	32,179
Principal paid on non-capital debt						(1,010,000)
Interest paid on non-capital debt						(336,826)
Cash Flows from (used for) Noncapital Financing Activities	204,608	(55,735)	230,828	51,121	430,822	(847,384)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets		(1,354,703)			(1,354,703)	(117,793)
Proceeds from sale of capital assets				4,624	4,624	7,655
Principal payments on long-term debt	(1,826,108)	(1,277,674)	(164,308)		(3,268,090)	(33,243)
Interest paid	(528,616)	(449,017)	(159,637)		(1,137,270)	(20,959)
Cash Flows (used for) Capital and Related Financing Activities	(2,354,724)	(3,081,394)	(323,945)	4,624	(5,755,439)	(164,340)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	105,567	71,160	19,915		196,642	23,245
Cash Flows from Investing Activities	105,567	71,160	19,915		196,642	23,245
Net Cash Flows	129,362	(2,050,668)			(1,921,306)	151,107
Cash and investments at beginning of period	11,135,888	11,884,974			23,020,862	3,059,332
Cash and investments at end of period	\$11,265,250	\$9,834,306			\$21,099,556	\$3,210,439
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:						
Operating income (loss)	\$51,346	(\$788,042)	(\$124,816)	(\$72,047)	(\$933,559)	\$490,309
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation	2,199,729	1,805,670	189,612	72,047	4,267,058	543,752
Change in assets and liabilities:						
Receivables, net	(37,844)	(26,087)	(28,349)		(92,280)	(14,111)
Materials, parts and supplies	455	(107,754)			(107,299)	843
Other assets	18,877	44,914			63,791	2,067
Accounts payable and other accrued expenses	(40,446)	77,833	36,755	(55,745)	18,397	(290,793)
Accrued compensated absences	4,529	7,493			12,022	
Refundable deposits		1,460			1,460	
Unearned revenue	(22,735)	(186)			(22,921)	
Workers' compensation claims						407,519
Cash Flows from (used for) Operating Activities	\$2,173,911	\$1,015,301	\$73,202	(55,745)	\$3,206,669	\$1,139,586
SCHEDULE OF NON CASH ACTIVITY						
Loss on sale of capital asset				(236,152)	(236,152)	

See accompanying notes to financial statements

FIDUCIARY FUNDS

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

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

CITY OF BENICIA
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2012

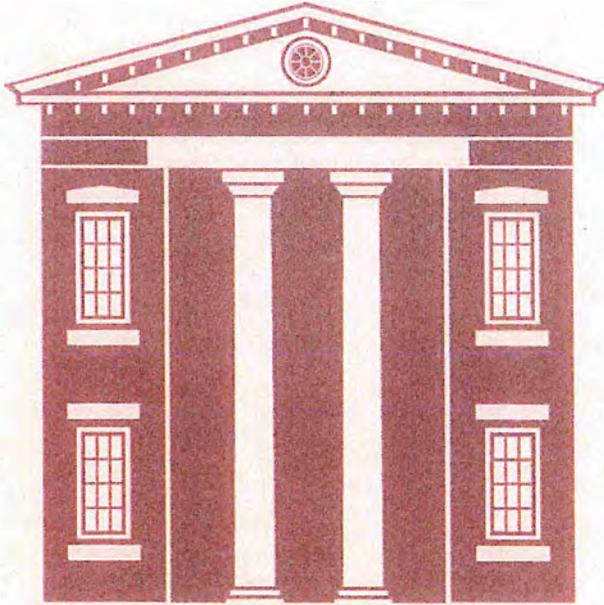
	<u>Affordable Housing Private Purpose Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Restricted cash and investments (Note 3)	\$20,042	\$3,103,966
Interest receivable	<u>4</u>	<u>684</u>
Total Assets	<u>20,046</u>	<u>\$3,104,650</u>
LIABILITIES		
Accounts payable		\$2,255
Due to bondholders		<u>3,102,395</u>
Total Liabilities		<u>\$3,104,650</u>
NET ASSETS		
Held in trust for:		
Other governments	<u>20,046</u>	
Total Net Assets	<u>\$20,046</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, 2012

	Affordable Housing Private Purpose Trust Fund
ADDITIONS	
Use of money and property	\$173
Total Additions	173
CHANGE IN NET ASSETS	173
NET ASSETS, BEGINNING OF YEAR	19,873
NET ASSETS, END OF YEAR	\$20,046

See accompanying notes to financial statements



THE CITY OF
BENICIA
CALIFORNIA

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

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.

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

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

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

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

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

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

Transit Fund – Accounts for the remaining balances from prior operation and management of the City transit service, which is now handled by SolTrans, a JPA entered by the Cities of Vallejo and Benicia.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

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.

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CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports the following fund types:

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

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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

E. *Property Tax Revenues*

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

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

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

F. *Revenue Recognition For Water and Sewer*

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

G. *Compensated Absences*

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

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated absences activities were as follows for the year ended June 30, 2012:

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$1,303,513	\$248,207	\$1,551,720
Additions	692,824	170,162	862,986
Payments	(888,294)	(158,140)	(1,046,434)
Ending Balance	<u>\$1,108,043</u>	<u>\$260,229</u>	<u>\$1,368,272</u>
Current Portion	<u>\$888,294</u>	<u>\$260,229</u>	<u>\$1,148,523</u>

H. *Materials, parts and Supplies and Prepaid Items*

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

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

I. *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. *New Fund / Closed Fund*

The City created the Energy Conservation Debt Service Fund in fiscal year 2012. The Police Public Safety Building Capital Projects Funds was closed in fiscal year 2012.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING

A. *Budgeting Procedures*

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

1. The City Manager submits to the City Council a proposed bi-annual operating budget for the next two fiscal years commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The bi-annual budget is adopted by City Council resolution prior to July 1.
4. Expenditures may not legally exceed budgeted appropriations at the fund level.
5. All budget adjustments and transfers between funds must be approved by the City Council by resolution during the fiscal year. The City Manager and Finance Director are authorized to transfer unencumbered appropriations within a department and between departments.
6. Formal budgetary integration, including the recording of encumbrances, is employed as a management control device during the year in all budgeted funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation.
7. Remaining appropriations lapse at year-end and must be reappropriated in the following year.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except for the Developer Deposits Special Revenue fund and Miscellaneous Grants Special Revenue fund, which are not budgeted. The City adopts project budgets for the Capital Project funds except for the Casa de Vilarrasa Fund.

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

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 3 – CASH AND INVESTMENTS

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

A. Policies

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

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

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

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

B. Classification

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

Cash and investments available for City operations	\$39,168,509
Restricted cash and investments held by fiscal agents	2,795,117
Total City cash and investments	41,963,626
Cash and investments	
in Fiduciary Funds (separate statement)	
Trust Fund	20,042
Agency Fund	3,103,966
Total cash and investments	\$45,087,634

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 3 - CASH AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2012, consist of the following:

Cash on hand	\$4,792
Deposits with financial institutions	2,508,301
Investments	42,574,541
Total cash and investments	\$45,087,634

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

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

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

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

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

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

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

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 3 - CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk

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

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

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	36 to 60 Months	Total
U.S. Treasury Notes		\$1,171,509	\$2,300,310	\$2,188,812	\$5,660,631
California Local Agency Investment Fund	\$12,654,511				12,654,511
Money Market Mutual Funds (U.S. Securities)	39,722				39,722
Commercial Paper	499,730				499,730
U.S. Government Agencies	8,906,307	6,627,255	3,685,756	1,599,351	20,818,669
Held by Trustees:					
Money Market Mutual Funds (U.S. Securities)	2,901,278				2,901,278
Total Investments	\$25,001,548	\$7,798,764	\$5,986,066	\$3,788,163	\$42,574,541

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, 2012, these investments matured in an average of 268 days.

Money market funds are available for withdrawal on demand and at June 30, 2012, matured in an average of 7 to 52 days.

The City's investments include Government Mortgage – Backed Securities in the amount of \$20,046,896 that are highly sensitive to interest rate fluctuations to a greater degree than already indicated above.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

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, 2012, for all U.S. Treasury Notes, U.S. Government Agencies Securities and Money Market Mutual Funds are as provided by Standard and Poor's investment rating system except as noted. The Local Agency Investment Fund was not rated as of June 30, 2012.

Investment Type	Total
<i>Rated AA+:</i>	
U.S. Government-Sponsored Enterprise Agencies	
Non-callable	\$13,690,154
Callable	7,128,515
<i>Rated AAAm:</i>	
Money Market Mutual Funds (U.S. Securities)	2,901,278
<i>Rated A-1+:</i>	
Commercial Paper	499,730
<i>Not rated:</i>	
California Local Agency Investment Fund	12,654,511
Money Market Mutual Funds (U.S. Securities)	39,722
<i>Exempt from credit rating disclosure:</i>	
U.S. Treasury Notes	5,660,631
Total Investments	\$42,574,541

G. Concentration of Credit Risk

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

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity-wide	Federal Home Loan Bank	US Government agency securities	\$2,826,329
	Federal Home Loan Mortgage Corporation	US Government agency securities	10,318,077
	Federal National Mortgage Association	US Government agency securities	6,902,490

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

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, 2012 were as follows:

Fund Making Transfer	Fund Receiving Transfers	Amount Transferred	
General Fund	Non-Major Governmental Funds	\$614,901	(A)(B)(D)
	Benicia Marina Fund	164,795	(A)
	Internal Service Funds	530,000	(C)
Special Revenue Funds:			
Non-Major Governmental Funds	Non-Major Governmental Funds	1,515,000	(A)(C)
	Energy Conservation Fund	256,909	(F)
Capital Projects Funds:			
Non-Major Governmental Funds	General Fund	43,520	(C)
Energy Conservation	Non-Major Governmental Funds	808,063	(D)
Enterprise Funds:			
Wastewater	General Fund	37,080	(E)
Water	General Fund	55,735	(E)
		<u>\$4,026,003</u>	

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

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, 2012, the following funds have balances due to the General Fund:

Capital Projects Fund:	
Street Projects	\$267,900
Enterprise Funds:	
Transit	609,164
Benicia Marina	194,891
Internal Service Fund:	
General Services	<u>38,187</u>
Total	<u><u>\$1,110,142</u></u>

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

C. *Advances Between Funds*

During fiscal year 2009, an advance in the amount of \$1,627,009 was made from the Wastewater Enterprise Fund to the General Fund to finance property tax settlement payments to Valero Energy Corporation. The advance is being repaid with interest at the current portfolio earning rate and is expected to be fully repaid by 2015. The outstanding balance at June 30, 2012 was \$971,010.

During fiscal year 2008, an advance in the amount of \$250,000 was made from the General Fund to the Transit Enterprise Fund to finance the purchase of emissions devices for Benicia Breeze buses. The advance is being repaid with interest of 4% over five years. The outstanding balance was \$105,917 as of June 30, 2012.

During fiscal year 2008, an advance in the amount of \$343,460 was made from the Insurance Internal Service Fund to the Building and Equipment Management Internal Service Fund to finance the purchase of a fire engine. The advance is being repaid with interest of 4% over ten years. The outstanding balance at June 30, 2012 was \$221,981.

During fiscal year 2011, an advance in the amount of \$2,000,000 was made from the General Fund to the Community Center Capital Projects Fund to finance the construction of the Community Center Project. The advance is to be repaid equally during fiscal years 2011-12 and 2012-13 and the repayment is made from the Valero Settlement. For fiscal year 2011-12, Valero escalated their contribution to the City in the amount of \$1,500,000. The outstanding balance was \$500,000 as of June 30, 2012.

D. *Interfund Loans to Transit Fund*

The cities of Vallejo and Benicia entered into a Joint Power Authority Agreement that has consolidated the cities' transit systems. This consolidation occurred in July 1, 2011. As a result, the City of Benicia has stopped receiving funding from Metropolitan Transportation Commission for transit operation since the consolidation. As of June 30, 2012, the City's Transit Fund owed other funds a short-term loan of \$609,164 and long-term advance of \$105,917. The City has been discussing with the Joint Power Authority the repayment of these amounts.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 5 – LOANS RECEIVABLE

At June 30, 2012, the City had the following housing related loans receivable:

	Balance at June 30, 2012		
	Governmental Activities	Business-Type Activities	Total
Housing Rehabilitation Loan Program	\$323,469		\$323,469
Burgess Point, Benicia Housing Partners	550,000		550,000
Benicia Housing Authority	340,000	\$845,000	1,185,000
Hearthstone Village, Affordable Housing Affiliation	192,514	191,572	384,086
Bay Ridge Affordable Housing		756,750	756,750
Casa De Vilarrasa, Benicia Housing Authority	1,400,000		1,400,000
Fee Deferrals			
Suraj Investments, LLC	53,632	88,704	142,336
Bruce Blankenhorn to Mr. Moore, new owner	103,225		103,225
Total Loans Receivable	2,962,840	1,882,026	4,844,866
Less: Forgivable Amounts	(192,514)	(948,322)	(1,140,836)
Total	\$2,770,326	\$933,704	\$3,704,030

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, 2012, residents owed the City \$323,469 in loans offered by this Program.

B. *Burgess Point, Benicia Housing Partners*

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

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 5 – LOANS RECEIVABLE (Continued)

C. *Burgess Point, Benicia Housing Authority*

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

D. *Hearthstone Village, Affordable Housing Affiliation*

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

E. *Bay Ridge Affordable Housing*

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

F. *Casa de Vilarrasa, Benicia Housing Authority*

On January 6, 2005, the City authorized a loan to Benicia Housing Authority in an amount up to \$1.4 million. The loan bears simple interest not to exceed 10% a year and is unsecured. The loan was used to fund the improvements of the Casa de Vilarrasa housing project. The loan will be paid in full on or before April 1, 2016. The City loaned the Authority an additional \$119,309 in fiscal 2009-10. In fiscal 2010-11, the City wrote off \$344,641 of the loan balance. As of June 30, 2012, the outstanding amount of this loan was \$1,400,000.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 5 – LOANS RECEIVABLE (Continued)

G. Fee Deferrals

On September 19, 2006, the City authorized a fee deferral payment agreement, secured by a deed of trust, with Suraj Investment Group, LLC to defer developer fees in the amount of \$213,328. The fees are deferred in the form of a loan receivable for water, sewer, capital license, and traffic impact fees associated with the commercial project located at 1375 East 5th Street. On March 6, 2012, the City Council approved a new payment plan for the remaining balance owed by Suraj Investment Group. The new terms of the agreement calls for monthly payments for seven years with an interest rate of 5.125%. Final payment will be on March 1, 2019. As of June 30, 2012, the outstanding amount was \$142,336.

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. The developer lost control of the property and was unable to pay the City the balance of development impact fees and street frontage improvement costs. Rick Moore, new owner, requested the City for a fee reduction of \$50,000 for completion of the project. On June 5, 2012, the City Council approved the reduction of fees and as of June 30, 2012, the balance of the developer impact fees was \$103,225.

NOTE 6 – CAPITAL ASSETS

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

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

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

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

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 6 – CAPITAL ASSETS (Continued)

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

	Balance June 30, 2011	Additions	Retirements	Transfers	Balance June 30, 2012
Governmental Activities:					
Capital assets, not depreciated:					
Land	\$17,989,044	\$556,909			\$18,545,953
Construction in Progress	9,139,044	7,253,729			16,392,773
Total capital assets, not depreciated	<u>27,128,088</u>	<u>7,810,638</u>			<u>34,938,726</u>
Buildings and Improvements	22,131,569				22,131,569
Machinery and Equipment	8,420,290	297,052	(\$17,639)		8,699,703
Computer Software	51,426				51,426
Infrastructure	137,689,152				137,689,152
Total cost of depreciable assets	<u>168,292,437</u>	<u>297,052</u>	<u>(17,639)</u>		<u>168,571,850</u>
Less Accumulated Depreciation:					
Buildings and Improvements	(7,730,937)	(666,115)			(8,397,052)
Machinery and Equipment	(6,192,916)	(351,030)	17,639		(6,526,307)
Computer Software	(10,285)	(10,285)			(20,570)
Infrastructure	(54,079,998)	(2,024,914)			(56,104,912)
Total Accumulated Depreciation	<u>(68,014,136)</u>	<u>(3,052,344)</u>	<u>17,639</u>		<u>(71,048,841)</u>
Net Depreciable Assets	<u>100,278,301</u>	<u>(2,755,292)</u>			<u>97,523,009</u>
Governmental Activity Capital Assets, Net	<u>\$127,406,389</u>	<u>\$5,055,346</u>			<u>132,461,735</u>
Business-Type Activities:					
Capital assets, not depreciated:					
Land and Improvements	\$2,584,081				\$2,584,081
Construction in Progress	3,158,512	\$880,859		(\$750,309)	3,289,062
Total capital assets, not depreciated:	<u>5,742,593</u>	<u>880,859</u>		<u>(750,309)</u>	<u>5,873,143</u>
Capital assets, being depreciated:					
Buildings and Improvements	90,629,436		(\$62,105)		90,567,331
Machinery and Equipment	9,983,452		(1,581,601)		8,401,851
Infrastructure	72,714,029	473,844		750,309	73,938,182
Water Rights	5,000,000				5,000,000
Total cost of depreciable assets	<u>178,326,917</u>	<u>473,844</u>	<u>(1,643,706)</u>	<u>750,309</u>	<u>177,907,364</u>
Less Accumulated Depreciation:					
Buildings and Improvements	(36,891,487)	(2,255,262)	62,105		(39,084,644)
Machinery and Equipment	(4,955,558)	(442,828)	1,340,826		(4,057,560)
Infrastructure	(37,800,117)	(1,368,969)			(39,169,086)
Water Rights	(400,000)	(200,000)			(600,000)
Total Accumulated Depreciation	<u>(80,047,162)</u>	<u>(4,267,059)</u>	<u>1,402,931</u>		<u>(82,911,290)</u>
Net Depreciable Assets	<u>98,279,755</u>	<u>(3,793,215)</u>	<u>(240,775)</u>	<u>750,309</u>	<u>94,996,074</u>
Business-type Activity Capital Assets, Net	<u>\$104,022,348</u>	<u>(\$2,912,356)</u>	<u>(\$240,775)</u>		<u>\$100,869,217</u>

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 6 – CAPITAL ASSETS (Continued)

B. Project Commitments

At June 30, 2012, the City had outstanding commitments with contractors for the following projects:

Project	Commitment
Sidewalk Replacement	\$187,888
Intermodal Regional Bus Stop	45,648
Community Center	181,908
	\$415,444

C. Capital Asset Contributions

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

D. Depreciation Allocation

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

Governmental Activities:	
Administration	\$131
Public safety - police	66,778
Public safety - fire	9,950
Parks and community services	388,936
Public works and community development	1,980,333
Library	7,537
General government	54,927
Internal service funds	543,752
Total Governmental Activities	\$3,052,344
Business-type Activities:	
Wastewater	\$2,199,729
Water	1,805,670
Benicia Marina	189,612
Transit	72,048
Total Business-Type Activities	\$4,267,059

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 7 – LONG -TERM DEBT

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

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

A. Current Year Transactions and Balances

	Balance at July 1, 2011	Additions/ Accretion	Deletions	Balance at June 30, 2012	Due Within One Year
GOVERNMENTAL ACTIVITY DEBT					
1997 General Obligation Wastewater Bonds, Series A	\$2,390,000		\$2,390,000		
1997 General Obligation Wastewater Bonds, Series B	2,665,000		2,665,000		
2006 Pension Obligation Bonds Series A-1 (Current Interest Bonds)	5,625,000			\$5,625,000	
Series A-2 (Capital Appreciation Bonds)	7,133,370	\$399,831	1,010,000	6,523,201	\$1,060,000
2011 Certificates of Participation Energy Conservation Projects	13,195,000		95,000	13,100,000	400,000
2012 General Obligation Refunding Bonds		4,270,000		4,270,000	695,000
Casa de Vilarrasa- Capital Lease	1,177,846		62,004	1,115,842	64,834
Fire Engine Capital Lease	265,613		33,243	232,370	34,700
Police and Marina Area Storm Drain Improvements Capital Lease	1,224,001		223,146	1,000,855	233,483
Total Governmental Activity Debt	\$33,675,830	\$4,669,831	\$6,478,393	\$31,867,268	\$2,488,017
BUSINESS-TYPE ACTIVITY DEBT					
2002 Water Revenue Refunding Bonds	\$5,670,000		\$730,000	\$4,940,000	\$750,000
2005 Wastewater Refunding Revenue Bonds	2,970,000		285,000	2,685,000	290,000
Less unamortized original issue discount	(47,241)		7,151	(40,090)	
Total utility bonds payable net of discount	8,592,759		1,022,151	7,584,910	1,040,000
State of California Marina Loans	3,545,631		164,308	3,381,323	171,702
State Revolving Loan Fund- WWTP	10,961,661		1,010,141	9,951,520	1,028,354
State Revolving Loan Fund- I & I WW	8,516,397		512,090	8,004,307	525,406
State Revolving Loan Fund- Water Treatment Plant	9,796,410		509,284	9,287,126	521,528
Total Business-type Activity Debt	\$41,412,858		\$3,217,974	\$38,209,186	\$3,286,990

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 7 - LONG - TERM DEBT (Continued)

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

In 1997, the City's voters approved issuance of up to \$30 million in general obligation debt to improve the City's wastewater treatment plant. The 1997 General Obligation Sewer Wastewater Bonds totaling \$10 million were issued in August 1997 (Series A) and May 1998 (Series B). Principal payments are payable annually on August 1 and interest payments are paid semi-annually on February 1 and August 1. In June 2012, the City refunded the outstanding balance of the Bonds, through the issuance of the General Obligation Refunding Bonds, Series 2012, as discussed on Note 7E below.

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 fund the unfunded actuarial accrued liability of the Miscellaneous and Safety pension plans through the California Public Employees' Retirement System. The application of the proceeds was treated as employer contributions of that year. Since the amounts were much larger than pension expenses of that year, the difference resulted in the City reporting a pension asset. As of June 30, 2012, the City's prepaid pension obligation amounted to \$11,548,893.

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

The Series A-2 Capital Appreciation Bonds unaccrued discount totaled \$3,796,801 at June 30, 2012. The Bonds do not pay periodic interest. Interest on the Bonds will accrete in value at the rates of 5.67% to 6.12%. Repayments of the accreted principal commenced on June 1, 2008.

D. 2011 Certificates of Participation Energy Conservation Projects

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

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

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

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 7 - LONG - TERM DEBT (Continued)

E. General Obligation Refunding Bonds Series 2012

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

This current refunding was undertaken to reduce debt service payments over the next seven years by \$420,737, and resulted in an economic gain (difference between the present value of the debt service requirements on the old and new bonds discounted at the effective interest rate on the new debt and adjusted for any additional cash) of \$784,629.

F. 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.

G. Fire Engine – Capital Lease

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

H. 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.

I. 2002 Water Revenue Refunding Bonds

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

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 7 – LONG - TERM DEBT (Continued)

The pledge of future available net revenues of the Water Fund ends upon repayment of the \$5,583,467 in remaining debt service on the bonds which is scheduled to occur in fiscal year 2018. As disclosed in the official statement, available net revenues are expected to provide coverage over debt service of 1.20 over the life of the bonds. For fiscal year 2012, gross Water Fund Revenues including operating revenues and non-operating interest earnings totaled \$6,640,406 and operating costs, not including depreciation or amortization, totaled \$5,551,979. Net Revenues available for debt service totaled \$1,088,427 which represented coverage of 1.15% of debt service payment of \$944,128. As a result, Standard and Poor's downgraded the City's rating on the 2002 Water Refunding Bonds from AA to A+. The City is currently conducting a rate study to increase water rates to provide coverage over debt service payments.

J. 2005 Wastewater Refunding Revenue Bonds

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

The pledge of future net revenues of the Wastewater Fund ends upon repayment of the \$3,129,897 in remaining debt service on the bonds which is scheduled to occur in fiscal year 2020. As disclosed in the official statement, available net revenues are expected to provide coverage over debt service of 1.20 over the life of the bonds. For fiscal year 2012, Wastewater Fund Revenues including operating revenues and non-operating investment income totaled \$6,649,555 and operating costs, not including depreciation or amortization totaled \$4,292,907. Net Revenues available for debt service totaled \$2,356,648 which represented coverage of 6.02% of debt service payment of \$391,601.

K. 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.

L. 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.

M. 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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 7 – LONG - TERM DEBT (Continued)

N. State Revolving Loan Fund - Water Treatment Plant

In 2004, the City entered into a State Revolving Fund loan agreement with the State Department of Water Resources to assist financing the Water Treatment Plant Improvement Project, which will enable the City to meet safe drinking water standards set by the State. The loan is a long-term liability of the Water Enterprise Fund, bearing interest of 2.39%. Principal and interest are payable semi-annually on January 1 and July 1 of each year, commencing January 1, 2008. The maximum amount the City can borrow is \$13,600,000; however, the City only borrowed \$11,716,747. As of June 30, 2012, the outstanding principal amount was \$ 9,287,126.

O. Debt Service Requirements

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

Governmental Activities: General Obligation Bonds

Year ending June 30	Principal	Interest
2013	\$695,000	\$30,350
2014	625,000	40,782
2015	640,000	32,876
2016	650,000	24,813
2017	655,000	16,656
2018-2019	1,005,000	10,469
Total	<u>\$4,270,000</u>	<u>\$155,946</u>

Governmental Activities: Certificates of Participation

Year ending June 30	Principal	Interest
2013	\$400,000	\$701,753
2014	425,000	692,753
2015	465,000	681,065
2016	535,000	666,418
2017	120,000	647,693
2018-2022	875,000	2,523,812
2023-2027	1,950,000	2,838,642
2028-2032	2,360,000	2,252,513
2033-2036	5,970,000	1,149,000
Total	<u>\$13,100,000</u>	<u>\$12,153,649</u>

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 7 - LONG - TERM DEBT (Continued)

Governmental Activities: Pension Obligation Bonds

Year ending June 30	Principal (A)	Interest
2013	\$1,060,000	\$332,415
2014	1,105,000	332,415
2015	1,155,001	332,415
2016	1,210,000	332,415
2017	1,310,000	277,811
2018-2022	1,340,000	870,524
2023-2027	2,155,001	1,088,155
2028-2032	2,760,000	1,088,155
2033-2036	3,850,000	716,938
Total	<u>\$15,945,002</u>	<u>\$5,371,243</u>

(A) Includes unaccrued discount totaling \$3,796,801

Governmental Activities: Capital Leases

Year ending June 30	Principal	Interest
2013	\$333,017	\$102,387
2014	348,286	87,099
2015	364,273	71,111
2016	380,994	54,390
2017	118,637	40,071
2018-2022	486,406	129,536
2023-2026	317,454	25,465
Total	<u>\$2,349,067</u>	<u>\$510,059</u>

Enterprise Activities: Revenue Bonds

Year ending June 30	Principal	Interest
2013	\$1,040,000	\$284,335
2014	1,080,000	245,265
2015	1,125,000	203,130
2016	1,170,000	157,551
2017	1,205,000	108,916
2018-2020	2,005,000	89,167
Total	<u>\$7,625,000</u>	<u>\$1,088,364</u>

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 7 – LONG - TERM DEBT (Continued)

Enterprise Activities: Revolving Loans

Year ending June 30	Principal	Interest
2013	\$2,246,990	\$764,804
2014	2,286,814	712,486
2015	2,340,048	659,400
2016	2,394,638	604,965
2017	2,450,615	549,148
2018-2022	10,391,432	1,609,290
2023-2027	7,438,762	755,241
2028	1,074,977	19,641
Total	<u>\$30,624,276</u>	<u>\$5,674,975</u>

P. Special Assessment Debt Without City Commitment

At June 30, 2012, the outstanding principal amount of bonded debt issued by special assessment districts in the City was as follows:

McAllister	\$9,580,000
East Second Street	1,590,000
Combined Drake/Gateway	193,000
Fleetside Industrial Refunding	1,175,000

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

NOTE 8 – NET ASSETS AND FUND BALANCES

A. Net Assets

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

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

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

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

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

B. Fund Balances

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

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

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

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

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

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

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

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

Detailed classifications of the City’s Fund Balances, as of June 30, 2012, are stated below:

Fund Balance Classifications	General Fund	General Obligation Bonds Debt Service Fund	Energy Conservation Capital Projects Fund	Other Governmental Funds	Total
Nonspendables:					
Items not in spendable form:					
Prepaid expenses	\$30,750				\$30,750
Long-term interfund receivables	605,917				605,917
Total Nonspendable Fund Balances	636,667				636,667
Restricted for:					
Debt Service		\$714,000		\$15,306	729,306
St. Catherine's Wood	109,133				109,133
Cable	53,828				53,828
Special Revenue				4,374,694	4,374,694
Capital Projects			\$2,935,797		2,935,797
Total Restricted Fund Balances	162,961	714,000	2,935,797	4,390,000	8,202,758
Committed to:					
Capital Projects				2,618,151	2,618,151
Emergency Reserves	3,106,627				3,106,627
Total Committed Fund Balances	3,106,627			2,618,151	5,724,778
Assigned to:					
Human Services	13,689				13,689
Arts and Cultural Comm	3,809				3,809
City Operations	237,535				237,535
Total Assigned Fund Balances	255,033				255,033
Unassigned:					
General Fund	2,792,694				2,792,694
Capital Projects				(355,839)	(355,839)
Total Unassigned Fund Balances	2,792,694			(355,839)	2,436,855
Total Fund Balances	\$6,953,982	\$714,000	\$2,935,797	\$6,652,312	\$17,256,091

C. Minimum Fund Balance Policies

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

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

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

D. Fund Equity Deficits

The Street Projects Capital Projects Fund had a deficit fund balance of \$76,248 at June 30, 2012. Grant funds are expected to offset the deficit in fiscal year 2013.

The Community Center Capital Projects Fund had a deficit fund balance of \$279,591 at June 30, 2012. Community donations are expected to offset the deficit in fiscal year 2013.

The Benicia Marina Enterprise Fund had a deficit fund balance of \$196,692 at June 30, 2012. Management is currently reviewing options to reduce deficit over time with Council approval.

The Transit Enterprise Fund had a deficit fund balance of \$715,081 at June 30, 2012. As discussed in Note 18, the transit operation was transferred to Solano County Transit (SolTrans) in fiscal 2011-12.

The Insurance Internal Service Fund had deficit net assets of \$808,596 at June 30, 2012. Management is looking for options to increase service rates and reduce deficit over time.

NOTE 9 – DEFERRED COMPENSATION PLAN

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

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

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, 2012, 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	55
Monthly benefits, as a % of annual salary	3%	1.426%-2.418%
Required employee contribution rates	9%	8%
Required employer contribution rates	25.821%	14.722%

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 10 - PENSION PLAN (Continued)

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

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<i>Safety Plan</i>			
June 30, 2010	\$1,499,580	100%	\$0
June 30, 2011	1,478,387	100%	0
June 30, 2012	1,540,274	100%	0
<i>Miscellaneous Plan</i>			
June 30, 2010	\$1,261,011	100%	\$0
June 30, 2011	1,248,955	100%	0
June 30, 2012	1,523,607	100%	0

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.00%. Annual salary increases are assumed to vary by duration of service and annual retirement benefit increases are assumed to be 3.25%. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2012 was 21 years for the miscellaneous plan and 19 years for the safety plan.

With the proceeds from the 2006 Pension Obligation Bonds, the City funded the unfunded actuarial accrued liabilities of the pension plans (See Note 7). These prepaid contributions are reflected in the accompanying financial statements as Prepaid PERS Contribution which amounted to \$11,548,893 at June 30, 2012. During fiscal 2011-12, the amortization of the prepayment increased the actuarially required contributions by \$330,781 to arrive at the Annual Pension Costs of \$3,413,346.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 10 - PENSION PLAN (Continued)

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

Miscellaneous Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2008	\$58,162,825	\$56,260,430	\$1,902,395	96.7%	\$11,597,948	16.4%
2009	67,420,920	60,224,044	7,196,876	89.3%	12,413,592	58.0%
2010	71,953,967	64,246,960	7,707,007	89.3%	11,267,528	68.4%

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 5 years.

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

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

Safety Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2008	\$8,700,467,733	\$7,464,927,716	1,235,540,017	85.8%	\$914,840,596	135.1%
2009	9,721,675,347	8,027,158,724	1,694,516,623	82.6%	973,814,168	174.0%
2010	10,165,475,166	8,470,235,152	1,695,240,014	83.3%	955,980,815	177.3%

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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

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

B. Eligibility

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

C. City's Funding Policy

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

D. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$444,354
Interest on net OPEB obligation	41,200
Adjustment to annual required contribution	(41,255)
	444,299
Annual OPEB cost (expense)	444,299
Contributions made (including premiums paid)	(192,555)
	251,744
Increase in net OPEB obligation	251,744
Net OPEB obligation - beginning of year	915,566
	915,566
Net OPEB obligation - end of year	\$1,167,310

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$480,642	37%	\$303,504
6/30/2011	514,209	39%	915,566
6/30/2012	444,299	43%	1,167,310

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

E. Actuarial Methods and Assumptions

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

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.50 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements of 0.3% per year to an ultimate rate of 5.5 percent after the year 2018. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years. The valuation is based on a closed 30 year amortization period. It is assumed the City’s payroll will increase 3.25% per year.

The schedule of funding progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the July 1, 2011, actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b)- (a)/(c)
6/30/2009	\$0	\$4,401,160	\$4,401,160	0.00%	\$19,529,818	23%
4/1/2012	0	4,716,121	4,716,121	0.00%	16,847,112	28%

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

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

A. Coverages

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

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

Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. During the fiscal year ended June 30, 2012, the City contributed \$774,848 for current year coverage.

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

The Local Agency Workers' Compensation Excess Insurance Joint Powers Authority (LAWCX) covers workers' compensation up to statutory limits. The City has a deductible or uninsured liability of up to \$350,000 per claim. During the fiscal year ended June 30, 2012, the City contributed \$118,244 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:

	2012			
	Workers' Compensation	General Liability	Total	2011
Beginning balance	\$750,713	\$108,358	\$859,071	\$477,939
Liability for current year claims and change in prior year claims estimate	1,035,086	557,990	1,593,076	1,615,532
Claims paid in fiscal year	(627,567)	(419,697)	(1,047,264)	(1,234,400)
Ending balance	<u>\$1,158,232</u>	<u>\$246,651</u>	<u>\$1,404,883</u>	<u>\$859,071</u>
Claim liabilities due within a year	<u>\$495,385</u>	<u>\$246,651</u>	<u>\$742,036</u>	<u>\$460,272</u>

For the years ended June 30, 2012, 2011, and 2010, the amount of settlements did not exceed insurance coverage.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 13 – JOINT POWERS AUTHORITIES

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

A. *Solano Water Authority*

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

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

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

B. *Solano Transportation Authority*

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

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

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

NOTE 14 – OPERATING LEASE

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

The annual rent for said property shall be One Hundred Twenty Thousand Dollars (\$120,000), payable in equal monthly payments of Ten Thousand Dollars (\$10,000). Per lease agreement, beginning in 2011, the monthly rent is adjusted annually for each succeeding years using the Consumer Price Index for all Urban Consumers (CPI-U). However, BUSD has been billing the City without any CPI adjustments. Inquiry to BUSD has been sent to verify if there is a change in the agreement or if the City was billed incorrectly.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 14 – OPERATING LEASE (Continued)

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

NOTE 15 – OTHER COMMITMENTS AND CONTINGENT LIABILITIES

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

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

NOTE 16 – VALERO REFINING COMPANY SETTLEMENT AGREEMENT COMMITMENT

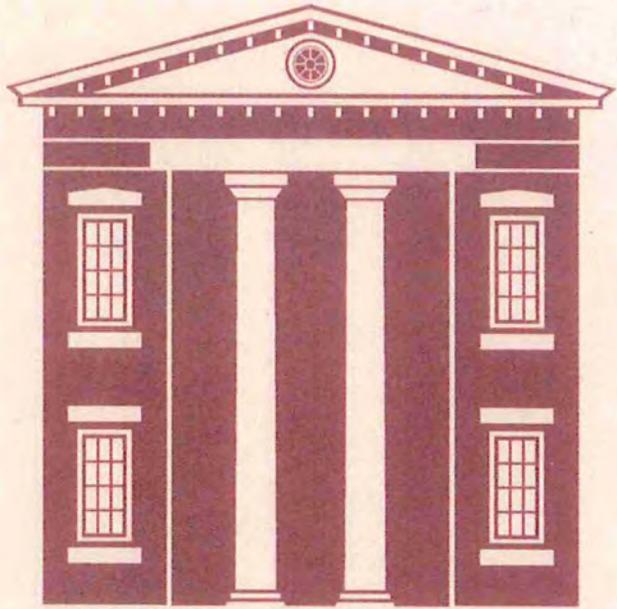
In April 2003, the City approved the Use Permit for the Valero Improvement Project (VIP). This was amended in June 2003 by Valero Refining Company (Valero) Settlement Agreement. In July 2008, the Good Neighbor Steering Committee and Valero entered into an agreement and the Planning Commission then incorporated the terms of the agreement into the conditions of approval for the Amended Valero Improvement Projects Agreement. Valero has committed \$14 million to fund various City-wide projects. The commitment does not meet the criteria to be recorded as revenue until eligible project expenditures are incurred. As of June 30, 2012, Valero has paid the City \$4,065,000 of this commitment.

NOTE 17 - MARINA

The City of Benicia contracts with the Benicia Harbor Corporation to conduct annual dredging in the Benicia Marina common areas. In fiscal 2009-10, they failed to initiate and complete their dredging commitment and have claimed that it was due, in part, to the City's inability to acquire a California Dredging Permit in a timely manner. At June 30, 2012, the amount under review was \$196,692. City Council will review the various issues related to this fund in 2013 and anticipate resolution by the end of June 2013.

NOTE 18 – TRANSFER OF TRANSIT SERVICES

The City Councils of both Vallejo and Benicia entered into a Joint Powers Authority Agreement that has consolidated the City's transit system "Benicia Breeze" and the City of Vallejo Transit (Vallejo Transit). This consolidation occurred in July 1, 2011. All Benicia Breeze assets, contracts and routes are now being managed by the Solano County Transit (Sol Trans). Actual transfer of capital assets occurred in February 2012.



THE CITY OF
BENICIA
CALIFORNIA

SUPPLEMENTARY INFORMATION

CITY OF BENICIA
ENERGY CONSERVATION CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Other			\$269,701	\$269,701
Total Revenues			<u>269,701</u>	<u>269,701</u>
EXPENDITURES:				
Capital outlay	\$7,160,000	\$10,341,695	7,468,269	\$2,873,426
Total Expenditures	<u>7,160,000</u>	<u>10,341,695</u>	<u>7,468,269</u>	<u>2,873,426</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,160,000)</u>	<u>(10,341,695)</u>	<u>(7,198,568)</u>	<u>(2,873,426)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4A)		256,910	256,909	(1)
Transfers (out) (Note 4A)			<u>(808,063)</u>	<u>(808,063)</u>
Total other financing sources (uses)		<u>256,910</u>	<u>(551,154)</u>	<u>(808,064)</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$7,160,000)</u></u>	<u><u>(\$10,084,785)</u></u>	<u>(7,749,722)</u>	<u><u>\$2,335,063</u></u>
Beginning fund balance			<u>10,685,519</u>	
Ending fund balance			<u><u>\$2,935,797</u></u>	

See accompanying notes to financial statements

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 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.

MISCELLANEOUS GRANTS

Accounts for a PG&E grant for energy management and ABAG grants used for equipment and safety related matters within the City.

VALERO GNSC

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

DEBT SERVICE FUNDS**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.

ENERGY CONSERVATION FUND

Accounts for the accumulation of funds for payment of debt principal and interest of the Certificates of Participation Energy Conservation Project. Sources of revenue include solar rebates and incentives as well as solar savings from various City-owned facilities.

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

COMMUNITY DONATIONS

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

McALLISTER ASSESSMENT DISTRICT

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

INTERMODAL TRANSPORTATION 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, 2012

	SPECIAL REVENUE FUNDS			
	Gas Tax	Residential Landscaping and Lighting	Fleetside Landscaping and Lighting	Columbus Parkway Landscaping and Lighting
ASSETS				
Cash and investments available for City operations	\$816,359	\$101,429	\$162,509	\$106,188
Accounts receivable				
Interest receivable	186	27	37	24
Loans receivable				
Total Assets	<u>\$816,545</u>	<u>\$101,456</u>	<u>\$162,546</u>	<u>\$106,212</u>
LIABILITIES				
Accounts payable	\$53,633	\$3,697	\$232	
Customer deposits				
Deferred revenue				
Due to other fund				
Advance from other funds				
Total Liabilities	<u>53,633</u>	<u>3,697</u>	<u>232</u>	
FUND EQUITY				
Fund balances				
Restricted	762,912	97,759	162,314	\$106,212
Committed				
Unassigned				
Total Fund Balances (Deficits)	<u>762,912</u>	<u>97,759</u>	<u>162,314</u>	<u>106,212</u>
Total Liabilities and Fund Balances	<u>\$816,545</u>	<u>\$101,456</u>	<u>\$162,546</u>	<u>\$106,212</u>

SPECIAL REVENUE FUNDS

East 2nd Street Landscaping and Lighting	Goodyear Road Landscaping and Lighting	Community Development Block Grant	Community Services Program	Library Book	Library Programs	Library Measure B	Southern Pacific Depot
\$37,720	\$42,211	\$442,391	\$357,993	\$802	\$240,561	\$379,642	\$139,622
9	10	65	79		54	81,941	31
		323,469		11,365		89	
<u>\$37,729</u>	<u>\$42,221</u>	<u>\$765,925</u>	<u>\$358,072</u>	<u>\$12,167</u>	<u>\$240,615</u>	<u>\$461,672</u>	<u>\$139,653</u>
			\$1,220	\$66	\$8,238	\$361	
		\$323,469		11,365			
		<u>323,469</u>	<u>1,220</u>	<u>11,431</u>	<u>8,238</u>	<u>361</u>	
\$37,729	\$42,221	442,456	356,852	736	232,377	461,311	\$139,653
<u>37,729</u>	<u>42,221</u>	<u>442,456</u>	<u>356,852</u>	<u>736</u>	<u>232,377</u>	<u>461,311</u>	<u>139,653</u>
<u>\$37,729</u>	<u>\$42,221</u>	<u>\$765,925</u>	<u>\$358,072</u>	<u>\$12,167</u>	<u>\$240,615</u>	<u>\$461,672</u>	<u>\$139,653</u>

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2012

	SPECIAL REVENUE FUNDS			
	Police and Fire Safety Grants	Human Services	Developer Deposits	Tourtelot Mitigation
ASSETS				
Cash and investments available for City operations	\$215,159	\$154,564	\$718,440	\$512,287
Accounts receivable	70,714			
Interest receivable	65	36	60	114
Loans receivable				
Total Assets	\$285,938	\$154,600	\$718,500	\$512,401
LIABILITIES				
Accounts payable	\$55,836		\$25,357	\$3,818
Customer deposits	40,687		693,143	
Deferred revenue				
Due to other fund				
Advance from other funds				
Total Liabilities	96,523		718,500	3,818
FUND EQUITY				
Fund balances				
Restricted	189,415	\$154,600		508,583
Committed				
Unassigned				
Total Fund Balances (Deficit)	189,415	154,600		508,583
Total Liabilities and Fund Balances	\$285,938	\$154,600	\$718,500	\$512,401

SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS			
Miscellaneous Grants	Valero GNSC	Casa De Vilarrasa	Energy Conservation	Traffic Mitigation	Street Projects	Capital License	Park Dedication
\$39,641	\$350,822 800,000 132	\$1	\$15,305	\$1,143,937	\$386,336	\$103,134	\$86,345
				259	78	25	67
				59,796		55,666	196,950
<u>\$39,641</u>	<u>\$1,150,954</u>	<u>\$1</u>	<u>\$15,305</u>	<u>\$1,203,992</u>	<u>\$386,414</u>	<u>\$158,825</u>	<u>\$283,362</u>
	\$11,031			\$1,560	\$91,811		
	500,000			59,796	102,951 267,900	\$55,666	\$196,950
	511,031			61,356	462,662	55,666	196,950
\$39,641	639,923	\$1	\$15,305	1,142,636	(76,248)	103,159	86,412
39,641	639,923	1	15,305	1,142,636	(76,248)	103,159	86,412
<u>\$39,641</u>	<u>\$1,150,954</u>	<u>\$1</u>	<u>\$15,305</u>	<u>\$1,203,992</u>	<u>\$386,414</u>	<u>\$158,825</u>	<u>\$283,362</u>

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2012

	CAPITAL PROJECTS FUNDS			
	Library Basement Project	Storm Drain Improvements	Community Center	Community Donations
ASSETS				
Cash and investments available for City operations	\$288,374	\$51,275	\$402,318	\$2,289
Accounts receivable				
Interest receivable	64			1
Loans receivable				
Total Assets	\$288,438	\$51,275	\$402,318	\$2,290
LIABILITIES				
Accounts payable		\$51,275	\$181,909	
Customer deposits				
Deferred revenue				
Due to other fund				
Advance from other funds			500,000	
Total Liabilities		51,275	681,909	
FUND EQUITY				
Fund balances				
Restricted				
Committed	\$288,438			\$2,290
Unassigned			(279,591)	
Total Fund Balances	288,438		(279,591)	2,290
Total Liabilities and Fund Balances	\$288,438	\$51,275	\$402,318	\$2,290

CAPITAL PROJECTS FUNDS

<u>McAllister Assessment District</u>	<u>Intermodal Transportation Center</u>	<u>Casa De Vilarrasa</u>	<u>Total Non-major Governmental Funds</u>
\$349,301	\$999,015		\$8,259,634
78			1,338,991
		\$1,400,000	1,590
			2,047,246
<u>\$349,379</u>	<u>\$999,015</u>	<u>\$1,400,000</u>	<u>\$11,647,461</u>
\$310,494	\$42,684		\$843,222
		\$1,400,000	733,830
			2,650,197
			267,900
			500,000
<u>310,494</u>	<u>42,684</u>	<u>1,400,000</u>	<u>4,995,149</u>
38,885	956,331		4,390,000
			2,618,151
			(355,839)
<u>38,885</u>	<u>956,331</u>		<u>6,652,312</u>
<u>\$349,379</u>	<u>\$999,015</u>	<u>\$1,400,000</u>	<u>\$11,647,461</u>

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUE FUNDS			
	Gas Tax	Residential Landscaping and Lighting	Fleetside Landscaping and Lighting	Columbus Parkway Landscaping and Lighting
REVENUES				
Sales tax				
Assessments		\$299,886	\$79,977	\$15,800
Use of money and property	\$6,524	617	1,353	897
Revenue from other agencies	796,541			
Current service charges				
Community donations				
Other				
Total Revenues	<u>803,065</u>	<u>300,503</u>	<u>81,330</u>	<u>16,697</u>
EXPENDITURES				
Current:				
Administration				
Public safety - police				
Public safety - fire				
Parks and community services		313,951	88,048	14,138
Public works and community development	346,956			
Library				
Capital outlay	287,217		700	
Debt service:				
Principal repayment				
Interest and fiscal charges				
Total Expenditures	<u>634,173</u>	<u>313,951</u>	<u>88,748</u>	<u>14,138</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>168,892</u>	<u>(13,448)</u>	<u>(7,418)</u>	<u>2,559</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)				
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	168,892	(13,448)	(7,418)	2,559
BEGINNING FUND BALANCES (DEFICITS)	<u>594,020</u>	<u>111,207</u>	<u>169,732</u>	<u>103,653</u>
ENDING FUND BALANCES (DEFICITS)	<u><u>\$762,912</u></u>	<u><u>\$97,759</u></u>	<u><u>\$162,314</u></u>	<u><u>\$106,212</u></u>

SPECIAL REVENUE FUNDS

East 2nd Street Landscaping and Lighting	Goodyear Road Landscaping and Lighting	Community Development Block Grant	Community Services Program	Library Book	Library Programs	Library Measure B	Southern Pacific Depot
						\$670,798	
\$28,001 289	\$4,000 354	\$17,309	\$2,887	\$18	\$2,364 8,321	3,593	\$1,203
			65,480	467	44,671 104,586		
			2,404				
<u>28,290</u>	<u>4,354</u>	<u>17,309</u>	<u>70,771</u>	<u>485</u>	<u>159,942</u>	<u>674,391</u>	<u>1,203</u>
25,778	5,024		11,509				390
				2,006	158,838 15,575	693,400	
<u>25,778</u>	<u>5,024</u>		<u>11,509</u>	<u>2,006</u>	<u>174,413</u>	<u>693,400</u>	<u>390</u>
<u>2,512</u>	<u>(670)</u>	<u>17,309</u>	<u>59,262</u>	<u>(1,521)</u>	<u>(14,471)</u>	<u>(19,009)</u>	<u>813</u>
					62,905 (15,000)	15,000	
					47,905	15,000	
2,512	(670)	17,309	59,262	(1,521)	33,434	(4,009)	813
<u>35,217</u>	<u>42,891</u>	<u>425,147</u>	<u>297,590</u>	<u>2,257</u>	<u>198,943</u>	<u>465,320</u>	<u>138,840</u>
<u>\$37,729</u>	<u>\$42,221</u>	<u>\$442,456</u>	<u>\$356,852</u>	<u>\$736</u>	<u>\$232,377</u>	<u>\$461,311</u>	<u>\$139,653</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, 2012

	SPECIAL REVENUE FUNDS			
	Police and Fire Safety Grants	Human Services	Developer Deposits	Tourtelot Mitigation
REVENUES				
Sales tax				
Assessments				
Use of money and property	\$2,657	\$1,450		\$4,413
Revenue from other agencies	570,608			
Current service charges			\$27,107	
Community donations	365	1,661		
Other	340		7,693	
	573,970	3,111	34,800	4,413
EXPENDITURES				
Current:				
Administration				
Public safety - police	550,700			
Public safety - fire			728	
Parks and community services			6,965	
Public works and community development			27,107	5,251
Library				
Capital outlay	168,452			
Debt service:				
Principal repayment				
Interest and fiscal charges				
	719,152		34,800	5,251
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(145,182)	3,111		(838)
OTHER FINANCING SOURCES (USES)				
Transfers in	60,925			
Transfers (out)				
	60,925			
NET CHANGE IN FUND BALANCES	(84,257)	3,111		(838)
BEGINNING FUND BALANCES (DEFICITS)	273,672	151,489		509,421
ENDING FUND BALANCES (DEFICITS)	\$189,415	\$154,600		\$508,583

<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>		<u>CAPITAL PROJECTS FUNDS</u>			
<u>Miscellaneous Grants</u>	<u>Valero GNSC</u>	<u>Casa De Vilarrasa</u>	<u>Energy Conservation</u>	<u>Traffic Mitigation</u>	<u>Street Projects</u>	<u>Capital License</u>	<u>Park Dedication</u>
	\$5,262			\$9,775	\$3,975	\$2,669	\$2,606
\$39,641	46,453			12,517	805,955	7,092	6,127
	1,892,000						
39,641	1,943,715			22,292	809,930	9,761	8,733
	20,362						
	69,911						
	23,728						
	53,014			122,512	1,031,250		
		\$285,150	\$95,000				
		105,839	697,758				
	167,015	390,989	792,758	122,512	1,031,250		
39,641	1,776,700	(390,989)	(792,758)	(100,220)	(221,320)	9,761	8,733
		390,990	808,063				
	(1,756,909)					(43,520)	
	(1,756,909)	390,990	808,063			(43,520)	
39,641	19,791	1	15,305	(100,220)	(221,320)	(33,759)	8,733
	620,132			1,242,856	145,072	136,918	77,679
<u>\$39,641</u>	<u>\$639,923</u>	<u>\$1</u>	<u>\$15,305</u>	<u>\$1,142,636</u>	<u>(\$76,248)</u>	<u>\$103,159</u>	<u>\$86,412</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, 2012

	CAPITAL PROJECTS FUNDS			
	Library Basement Project	Storm Drain Improvements	Community Center	Community Donations
REVENUES				
Sales tax				
Assessments				
Use of money and property	\$2,622			\$27
Revenue from other agencies				
Current service charges		\$35,360		
Community donations				
Other		6,496		
Total Revenues	<u>2,622</u>	<u>41,856</u>		<u>27</u>
EXPENDITURES				
Current:				
Administration				
Public safety - police				
Public safety - fire				
Parks and community services				
Public works and community development				
Library				
Capital outlay	29,572	141,937	\$66,045	3,301
Debt service:				
Principal repayment				
Interest and fiscal charges				
Total Expenditures	<u>29,572</u>	<u>141,937</u>	<u>66,045</u>	<u>3,301</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(26,950)</u>	<u>(100,081)</u>	<u>(66,045)</u>	<u>(3,274)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		100,081	1,500,000	
Transfers (out)				
Total Other Financing Sources (Uses)		<u>100,081</u>	<u>1,500,000</u>	
NET CHANGE IN FUND BALANCES	(26,950)		1,433,955	(3,274)
BEGINNING FUND BALANCES (DEFICITS)	<u>315,388</u>		<u>(1,713,546)</u>	<u>5,564</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$288,438</u>		<u>(\$279,591)</u>	<u>\$2,290</u>

McAllister Assessment District	Intermodal Transportation Center	Casa De Vilarrasa	Total Non-major Governmental Funds
			\$670,798
			427,664
\$3,009			75,873
	\$434,123		2,701,642
			198,821
			106,612
	250		1,909,183
3,009	434,373		6,090,593
			20,362
			550,700
			728
			535,714
			403,042
			854,244
	276,324		2,195,899
			380,150
			803,597
	276,324		5,744,436
3,009	158,049		346,157
			2,937,964
			(1,815,429)
			1,122,535
3,009	158,049		1,468,692
35,876	798,282		5,183,620
\$38,885	\$956,331		\$6,652,312

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, 2012

	GAS TAX			RESIDENTIAL LANDSCAPING AND LIGHTING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Sales tax						
Assessments				\$299,885	\$299,886	\$1
Use of money and property	\$4,000	\$6,524	\$2,524	550	617	67
Revenue from other agencies	764,705	796,541	31,836			
Current service charges						
Community donations						
Other						
Total Revenues	768,705	803,065	34,360	300,435	300,503	68
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services				313,790	313,951	(161)
Public works and community development	419,260	346,956	72,304			
Library						
Economic development						
General government						
Capital outlay	491,500	287,217	204,283	1,000		1,000
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	910,760	634,173	276,587	314,790	313,951	839
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(142,055)	168,892	310,947	(14,355)	(13,448)	907
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	(\$142,055)	168,892	\$310,947	(\$14,355)	(13,448)	\$907
BEGINNING FUND BALANCES (DEFICITS)		594,020			111,207	
ENDING FUND BALANCES (DEFICITS)		<u>\$762,912</u>			<u>\$97,759</u>	

FLEETSIDE LANDSCAPING AND LIGHTING			COLUMBUS PARKWAY LANDSCAPING AND LIGHTING			EAST 2ND STREET LANDSCAPING AND LIGHTING		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$79,975	\$79,977	\$2	\$15,800	\$15,800		\$28,000	\$28,001	\$1
1,540	1,353	(187)	1,000	897	(\$103)	300	289	(11)
<u>81,515</u>	<u>81,330</u>	<u>(185)</u>	<u>16,800</u>	<u>16,697</u>	<u>(103)</u>	<u>28,300</u>	<u>28,290</u>	<u>(10)</u>
103,315	88,048	15,267	24,035	14,138	9,897	31,460	25,778	5,682
4,000	700	3,300	1,000		1,000			
<u>107,315</u>	<u>88,748</u>	<u>18,567</u>	<u>25,035</u>	<u>14,138</u>	<u>10,897</u>	<u>31,460</u>	<u>25,778</u>	<u>5,682</u>
<u>(25,800)</u>	<u>(7,418)</u>	<u>18,382</u>	<u>(8,235)</u>	<u>2,559</u>	<u>10,794</u>	<u>(3,160)</u>	<u>2,512</u>	<u>5,672</u>
<u>(\$25,800)</u>	<u>(7,418)</u>	<u>\$18,382</u>	<u>(\$8,235)</u>	<u>2,559</u>	<u>\$10,794</u>	<u>(\$3,160)</u>	<u>2,512</u>	<u>\$5,672</u>
	<u>169,732</u>			<u>103,653</u>			<u>35,217</u>	
	<u>\$162,314</u>			<u>\$106,212</u>			<u>\$37,729</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, 2012

	GOODYEAR ROAD LANDSCAPING AND LIGHTING			COMMUNITY DEVELOPMENT BLOCK GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Sales tax						
Assessments	\$4,000	\$4,000				
Use of money and property	400	354	(\$46)	\$18,000	\$17,309	(\$691)
Revenue from other agencies						
Current service charges						
Community donations						
Other						
Total Revenues	<u>4,400</u>	<u>4,354</u>	<u>(46)</u>	<u>18,000</u>	<u>17,309</u>	<u>(691)</u>
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services	6,370	5,024	1,346			
Public works and community development				136,725		136,725
Library						
Economic development						
General government						
Capital outlay	500		500			
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	<u>6,870</u>	<u>5,024</u>	<u>1,846</u>	<u>136,725</u>		<u>136,725</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,470)</u>	<u>(670)</u>	<u>1,800</u>	<u>(118,725)</u>	<u>17,309</u>	<u>136,034</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u><u>(\$2,470)</u></u>	<u><u>(670)</u></u>	<u><u>\$1,800</u></u>	<u><u>(\$118,725)</u></u>	<u><u>17,309</u></u>	<u><u>\$136,034</u></u>
BEGINNING FUND BALANCES (DEFICITS)		<u>42,891</u>			<u>425,147</u>	
ENDING FUND BALANCES (DEFICITS)		<u><u>\$42,221</u></u>			<u><u>\$442,456</u></u>	

COMMUNITY SERVICES PROGRAM			LIBRARY BOOK			LIBRARY PROGRAMS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$3,945	\$2,887	(\$1,058)		\$18	\$18	\$1,910	\$2,364	\$454
29,000	65,480	36,480	\$2,000	467	(1,533)	5,000	8,321	3,321
500	2,404	1,904				64,000	104,586	44,671
33,445	70,771	37,326	2,000	485	(1,515)	10,000		40,586
						80,910	159,942	79,032
8,000	11,509	(3,509)						
			2,000	2,006	(6)	212,615	158,838	53,777
120,000		120,000				72,755	15,575	57,180
128,000	11,509	116,491	2,000	2,006	(6)	285,370	174,413	110,957
(94,555)	59,262	153,817		(1,521)	(1,521)	(204,460)	(14,471)	189,989
						62,905	62,905	
						(15,000)	(15,000)	
						47,905	47,905	
<u>(\$94,555)</u>	59,262	<u>\$153,817</u>	<u>2,000</u>	<u>(1,521)</u>	<u>(\$1,521)</u>	<u>(\$156,555)</u>	33,434	<u>\$189,989</u>
	297,590			2,257			198,943	
	<u>\$356,852</u>			<u>\$736</u>			<u>\$232,377</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, 2012

	LIBRARY MEASURE B			SOUTHERN PACIFIC DEPOT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Sales tax	\$600,000	\$670,798	\$70,798			
Assessments						
Use of money and property	3,500	3,593	93	\$2,000	\$1,203	(\$797)
Revenue from other agencies						
Current service charges						
Community donations						
Other						
Total Revenues	<u>603,500</u>	<u>674,391</u>	<u>70,891</u>	<u>2,000</u>	<u>1,203</u>	<u>(797)</u>
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services				\$20,000	390	19,610
Public works and community development						
Library	735,205	693,400	41,805			
Economic development						
General government						
Capital outlay	25,195		25,195	2,050		2,050
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	<u>760,400</u>	<u>693,400</u>	<u>67,000</u>	<u>22,050</u>	<u>390</u>	<u>21,660</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(156,900)</u>	<u>(19,009)</u>	<u>137,891</u>	<u>(20,050)</u>	<u>813</u>	<u>20,863</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	15,000	15,000				
Transfers out						
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>				
NET CHANGE IN FUND BALANCES	<u>(\$141,900)</u>	<u>(4,009)</u>	<u>\$137,891</u>	<u>(\$20,050)</u>	<u>813</u>	<u>\$20,863</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>465,320</u>			<u>138,840</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$461,311</u>			<u>\$139,653</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)
\$100	\$2,657	\$2,557	\$2,000	\$1,450	(\$550)	\$5,020	\$4,413	(\$607)
632,085	570,608	(61,477)						
200	365	165	500	1,661	1,161			
	340	340						
632,385	573,970	(58,415)	2,500	3,111	611	5,020	4,413	(607)
629,130	550,700	78,430						
						55,000	5,251	49,749
278,040	168,452	109,588				87,845		87,845
907,170	719,152	188,018				142,845	5,251	137,594
(274,785)	(145,182)	129,603	2,500	3,111	611	(137,825)	(838)	136,987
60,925	60,925		1,560		(1,560)			
(13,440)		13,440						
47,485	60,925	13,440	1,560		(1,560)			
(\$227,300)	(84,257)	\$143,043	\$4,060	3,111	(\$949)	(\$137,825)	(838)	\$136,987
	273,672			151,489			509,421	
	\$189,415			\$154,600			\$508,583	

(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, 2012

	VALERO GNSC			CASA DE VILARRASA		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Sales tax						
Assessments						
Use of money and property		\$5,262	\$5,262			
Revenue from other agencies	\$46,455	46,453	(2)			
Current service charges						
Community donations						
Other	<u>2,613,705</u>	<u>1,892,000</u>	<u>(721,705)</u>			
Total Revenues	<u>2,660,160</u>	<u>1,943,715</u>	<u>(716,445)</u>			
EXPENDITURES						
Current:						
Administration	226,795	20,362	206,433			
Public safety - police						
Parks and community services	167,040	69,911	97,129			
Public works and community development	43,095	23,728				
Library						
Economic development						
General government						
Capital outlay	332,380	53,014	279,366			
Debt service:						
Principal repayment				\$285,145	\$285,150	(\$5)
Interest and fiscal charges				<u>105,845</u>	<u>105,839</u>	<u>6</u>
Total Expenditures	<u>769,310</u>	<u>167,015</u>	<u>582,928</u>	<u>390,990</u>	<u>390,989</u>	<u>1</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,890,850</u>	<u>1,776,700</u>	<u>(114,150)</u>	<u>(390,990)</u>	<u>(390,989)</u>	<u>1</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				390,990	390,990	
Transfers out	<u>(1,756,910)</u>	<u>(1,756,909)</u>	<u>1</u>			
Total Other Financing Sources (Uses)	<u>(1,756,910)</u>	<u>(1,756,909)</u>	<u>1</u>	<u>390,990</u>	<u>390,990</u>	
NET CHANGE IN FUND BALANCES	<u>\$133,940</u>	<u>19,791</u>	<u>(\$114,149)</u>	<u>1</u>	<u>\$1</u>	
BEGINNING FUND BALANCES (DEFICITS)		<u>620,132</u>				
ENDING FUND BALANCES (DEFICITS)		<u>\$639,923</u>			<u>\$1</u>	

TRAFFIC MITIGATION			STREET PROJECTS			CAPITAL LICENSE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$7,700	\$9,775	\$2,075		\$3,975	\$3,975	\$2,000	\$2,669	\$669
2,060	12,517	10,457	\$642,190	805,955	163,765	2,190	7,092	4,902
<u>9,760</u>	<u>22,292</u>	<u>12,532</u>	<u>642,190</u>	<u>809,930</u>	<u>167,740</u>	<u>4,190</u>	<u>9,761</u>	<u>5,571</u>
207,990	122,512	85,478	1,512,190	1,031,250	480,940	53,520		53,520
<u>207,990</u>	<u>122,512</u>	<u>85,478</u>	<u>1,512,190</u>	<u>1,031,250</u>	<u>480,940</u>	<u>53,520</u>		<u>53,520</u>
<u>(198,230)</u>	<u>(100,220)</u>	<u>98,010</u>	<u>(870,000)</u>	<u>(221,320)</u>	<u>648,680</u>	<u>(49,330)</u>	<u>9,761</u>	<u>59,091</u>
						(43,520)	(43,520)	
						(43,520)	(43,520)	
<u>(\$198,230)</u>	<u>(100,220)</u>	<u>\$98,010</u>	<u>(\$870,000)</u>	<u>(221,320)</u>	<u>\$648,680</u>	<u>(\$92,850)</u>	<u>(33,759)</u>	<u>\$59,091</u>
	<u>1,242,856</u>			<u>145,072</u>			<u>136,918</u>	
	<u>\$1,142,636</u>			<u>(\$76,248)</u>			<u>\$103,159</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, 2012

	PARK DEDICATION			LIBRARY BASEMENT PROJECT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Sales tax						
Assessments						
Use of money and property	\$800	\$2,606	\$1,806	\$400	\$2,622	\$2,222
Revenue from other agencies						
Current service charges	12,250	6,127	(6,123)			
Community donations						
Other						
Total Revenues	<u>13,050</u>	<u>8,733</u>	<u>(4,317)</u>	<u>400</u>	<u>2,622</u>	<u>2,222</u>
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services						
Public works and community development						
Library						
Economic development						
General government						
Capital outlay	90,000		90,000	382,040	29,572	352,468
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	<u>90,000</u>		<u>90,000</u>	<u>382,040</u>	<u>29,572</u>	<u>352,468</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(76,950)</u>	<u>8,733</u>	<u>85,683</u>	<u>(381,640)</u>	<u>(26,950)</u>	<u>354,690</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u>(\$76,950)</u>	<u>8,733</u>	<u>\$85,683</u>	<u>(\$381,640)</u>	<u>(26,950)</u>	<u>\$354,690</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>77,679</u>			<u>315,388</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$86,412</u>			<u>\$288,438</u>	

STORM DRAIN IMPROVEMENT			COMMUNITY CENTER			COMMUNITY DONATIONS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
							\$27	\$27
\$20,000	\$35,360	\$15,360						
16,495	6,496	(9,999)						
36,495	41,856	5,361					27	27
219,875	141,937	77,938	\$365,100	\$66,045	\$299,055	\$10,705	3,301	(7,404)
219,875	141,937	77,938	365,100	66,045	299,055	10,705	3,301	(7,404)
(183,380)	(100,081)	83,299	(365,100)	(66,045)	299,055	(10,705)	(3,274)	7,431
180,000	100,081	(79,919)	1,500,000	1,500,000				
180,000	100,081	(79,919)	1,500,000	1,500,000				
(\$3,380)		\$3,380	\$1,134,900	1,433,955	\$299,055	(\$10,705)	(3,274)	\$7,431
				(1,713,546)			5,564	
				(\$279,591)			\$2,290	
		(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, 2012

	MCALLISTER ASSESSMENT DISTRICT			INTERMODAL TRANSPORTATION CENTER		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Sales tax						
Assessments						
Use of money and property	\$360	\$3,009	\$2,649			
Revenue from other agencies				\$2,400,000	\$434,123	(\$1,965,877)
Current service charges						
Community donations						
Other					250	
Total Revenues	<u>360</u>	<u>3,009</u>	<u>2,649</u>	<u>2,400,000</u>	<u>434,373</u>	<u>(1,965,877)</u>
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services						
Public works and community development						
Library						
Economic development						
General government						
Capital outlay				2,400,000	\$276,324	(2,123,676)
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures				<u>2,400,000</u>	<u>276,324</u>	<u>(2,123,676)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>360</u>	<u>3,009</u>	<u>2,649</u>		<u>158,049</u>	<u>158,049</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u>\$360</u>	<u>3,009</u>			<u>158,049</u>	
BEGINNING FUND BALANCES (DEFICITS)		<u>35,876</u>			<u>798,282</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$38,885</u>			<u>\$956,331</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 FUNDS
COMBINING STATEMENTS OF NET ASSETS
JUNE 30, 2012

	Insurance	General Services	Building and Equipment Management	Retirement Stability	Total
ASSETS					
Current Assets:					
Cash and investments					
Available for City operations	\$211,610	\$7,853	\$1,721,886	\$1,268,978	\$3,210,327
Restricted cash and investments held by fiscal agents				112	112
Accounts receivable		14,111			14,111
Interest receivable			378	175	553
Materials, parts and supplies		13,598			13,598
Prepaid items		26,677			26,677
Total Current Assets	211,610	62,239	1,722,264	1,269,265	3,265,378
Non-Current Assets:					
Prepaid PERS contribution				11,548,893	11,548,893
Advances to other funds	221,981				221,981
Property, plant and equipment:					
Buildings and improvements			12,285,790		12,285,790
Machinery and equipment			4,289,158		4,289,158
Construction in progress			80,000		80,000
Less: accumulated depreciation			(8,754,571)		(8,754,571)
Net Property, Plant and Equipment	221,981		7,900,377	11,548,893	19,671,251
Total Assets	433,591	62,239	9,622,641	12,818,158	22,936,629
LIABILITIES					
Current Liabilities:					
Accounts payable	83,955	24,052	25,987		133,994
Interest payable			2,517	27,701	30,218
Workers' compensation claims	495,385				495,385
Current portion long-term liabilities			34,700	1,060,000	1,094,700
Due to other funds		38,187			38,187
Total Current Liabilities	579,340	62,239	63,204	1,087,701	1,792,484
Long-Term Liabilities:					
Workers' compensation claims	662,847				662,847
Lease obligation			197,670		197,670
Pension obligation bonds				11,088,201	11,088,201
Advances from other funds			221,981		221,981
Total Long-Term Liabilities	662,847		419,651	11,088,201	12,170,699
Total Liabilities	1,242,187	62,239	482,855	12,175,902	13,963,183
NET ASSETS					
Invested in capital assets, net of related debt			7,668,007		7,668,007
Restricted for debt service				112	112
Unrestricted	(808,596)		1,471,779	642,144	1,305,327
Total Net Assets	(\$808,596)		\$9,139,786	\$642,256	\$8,973,446

CITY OF BENICIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	Insurance	General Services	Building and Equipment Management	Retirement Stability	Total
OPERATING REVENUES					
Charges for services	\$705,501	\$1,416,995	\$494,025	\$1,188,847	\$3,805,368
Refunds and rebates			40,980		40,980
Total Operating Revenues	705,501	1,416,995	535,005	1,188,847	3,846,348
OPERATING EXPENSES					
Wages and benefits	71,408	689,372			760,780
Materials and supplies		13,971	226,071		240,042
Operations and maintenance	71,285	248,185	12,450		331,920
Claims and Insurance	1,014,078	465,467			1,479,545
Depreciation			543,752		543,752
Total Operating Expenses	1,156,771	1,416,995	782,273		3,356,039
Operating Income (Loss)	(451,270)		(247,268)	1,188,847	490,309
NONOPERATING REVENUES (EXPENSES)					
Interest income	10,165		13,377	(636)	22,906
Interest expense			(20,959)	(736,657)	(757,616)
Pension obligation amortization				(344,921)	(344,921)
Other	250				250
Gain on sale of capital assets			7,655		7,655
Total Nonoperating Revenues (Expenses)	10,415		73	(1,082,214)	(1,071,726)
Income (Loss) Before Transfers	(440,855)		(247,195)	106,633	(581,417)
Transfers in	530,000				530,000
Change in Net Assets	89,145		(247,195)	106,633	(51,417)
BEGINNING NET ASSETS (DEFICITS)	(897,741)		9,386,981	535,623	9,024,863
ENDING NET ASSETS (DEFICITS)	(\$808,596)		\$9,139,786	\$642,256	\$8,973,446

CITY OF BENICIA
INTERNAL SERVICE FUND
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

	Insurance	General Services	Building and Equipment Management	Retirement Stability	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$705,501	\$1,402,884	\$535,005	\$1,188,847	\$3,832,237
Payments to suppliers	(319,773)	(315,184)	(224,888)		(859,845)
Payments to employees	(71,408)	(1,154,839)			(1,226,247)
Claims paid	(606,559)				(606,559)
Cash Flows from Operating Activities	<u>(292,239)</u>	<u>(67,139)</u>	<u>310,117</u>	<u>1,188,847</u>	<u>1,139,586</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts	461,255	38,187			499,442
Advances to other funds	32,179				32,179
Advances from other funds			(32,179)		(32,179)
Principal paid on non-capital debt				(1,010,000)	(1,010,000)
Interest paid on non-capital debt				(336,826)	(336,826)
Cash Flows from Noncapital Financing Activities	<u>493,434</u>	<u>38,187</u>	<u>(32,179)</u>	<u>(1,346,826)</u>	<u>(847,384)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on debt			(33,243)		(33,243)
Interest paid on debt			(20,959)		(20,959)
Acquisition of capital assets			(117,793)		(117,793)
Proceeds from sale of capital assets			7,655		7,655
Cash Flows from Capital and Related Financing Activities			<u>(164,340)</u>		<u>(164,340)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	10,415		13,357	(527)	23,245
Cash Flows from Investing Activities	<u>10,415</u>		<u>13,357</u>	<u>(527)</u>	<u>23,245</u>
Net Cash Flows	<u>211,610</u>	<u>(28,952)</u>	<u>126,955</u>	<u>(158,506)</u>	<u>151,107</u>
Cash and investments at beginning of period		36,805	1,594,931	1,427,596	3,059,332
Cash and investments at end of period	<u>\$211,610</u>	<u>\$7,853</u>	<u>\$1,721,886</u>	<u>\$1,269,090</u>	<u>\$3,210,439</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	(\$451,270)		(\$247,268)	\$1,188,847	\$490,309
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation			543,752		543,752
Change in assets and liabilities:					
Materials, parts and supplies		\$843			843
Prepaid items		2,067			2,067
Accounts receivable		(14,111)			(14,111)
Accounts payable	(248,488)	(55,938)	13,633		(290,793)
Workers' compensation claims	407,519				407,519
Cash Flows from Operating Activities	<u>(\$292,239)</u>	<u>(\$67,139)</u>	<u>\$310,117</u>	<u>\$1,188,847</u>	<u>\$1,139,586</u>

AGENCY FUNDS

ASSESSMENT DISTRICTS

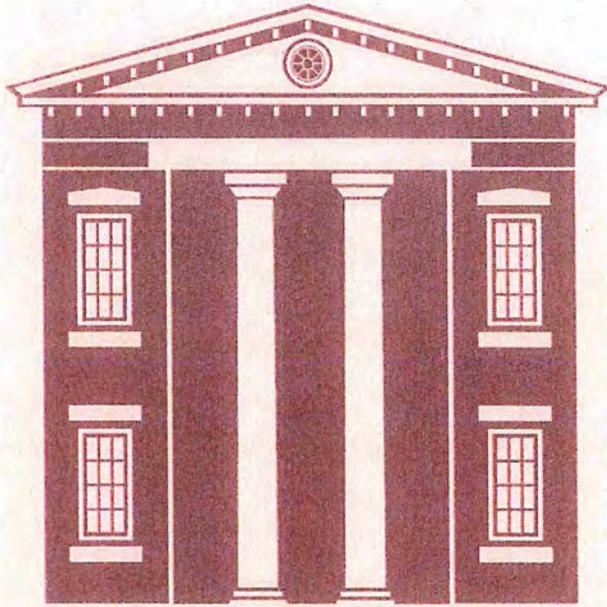
Accounts for the collection of assessments and disbursements to District bondholders for Assessment Districts debt without City commitment.

CITY OF BENICIA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Fleetside Industrial Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$651,497	\$444,325	\$421,626	\$674,196
Interest receivable	140	149	140	149
Total assets	<u>\$651,637</u>	<u>\$444,474</u>	<u>\$421,766</u>	<u>\$674,345</u>
<u>Liabilities</u>				
Accounts payable		\$2,000		\$2,000
Due to bondholders	\$651,637	442,474	\$421,766	672,345
Total liabilities	<u>\$651,637</u>	<u>\$442,474</u>	<u>\$421,766</u>	<u>\$672,345</u>
<u>East 2nd Street Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$707,848	\$487,041	\$576,334	\$618,555
Interest receivable	152	136	152	136
Total assets	<u>\$708,000</u>	<u>\$487,177</u>	<u>\$576,486</u>	<u>\$618,691</u>
<u>Liabilities</u>				
Accounts payable		\$98		\$98
Due to bondholders	\$708,000	487,079	576,486	618,593
Total liabilities	<u>\$708,000</u>	<u>\$487,177</u>	<u>\$576,486</u>	<u>\$618,691</u>
<u>Combined Drake/Gateway Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$162,519	\$79,219	\$73,241	\$168,497
Interest receivable	35	37	35	37
Total assets	<u>\$162,554</u>	<u>\$79,256</u>	<u>\$73,276</u>	<u>\$168,534</u>
<u>Liabilities</u>				
Accounts payable		\$21		\$21
Due to bondholders	\$162,554	79,235	\$73,276	168,513
Total liabilities	<u>\$162,554</u>	<u>\$79,256</u>	<u>\$73,276</u>	<u>\$168,534</u>

CITY OF BENICIA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>McAllister Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$1,771,037	\$884,116	\$1,012,435	\$1,642,718
Interest receivable	380	362	380	362
Total assets	<u>\$1,771,417</u>	<u>\$884,478</u>	<u>\$1,012,815</u>	<u>\$1,643,080</u>
<u>Liabilities</u>				
Accounts payable		\$136		\$136
Due to bondholders	\$1,771,417	884,342	\$1,012,815	1,642,944
Total liabilities	<u>\$1,771,417</u>	<u>\$884,478</u>	<u>\$1,012,815</u>	<u>\$1,643,080</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Restricted cash and investments	\$3,292,901	\$1,894,701	\$2,083,636	\$3,103,966
Interest receivable	707	684	707	684
Total assets	<u>\$3,293,608</u>	<u>\$1,895,385</u>	<u>\$2,084,343</u>	<u>\$3,104,650</u>
<u>Liabilities</u>				
Accounts payable		\$2,255		\$2,255
Due to bondholders	\$3,293,608	1,893,130	\$2,084,343	3,102,395
Total liabilities	<u>\$3,293,608</u>	<u>\$1,895,385</u>	<u>\$2,084,343</u>	<u>\$3,104,650</u>



THE CITY OF
BENICIA
CALIFORNIA

STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

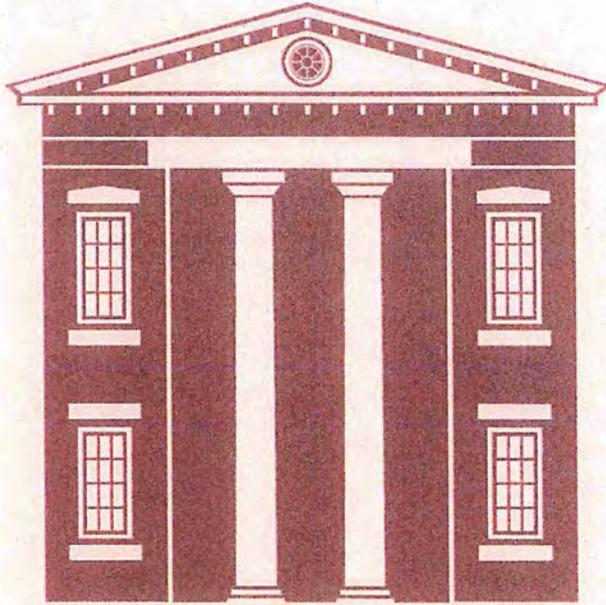
Operating Information

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

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

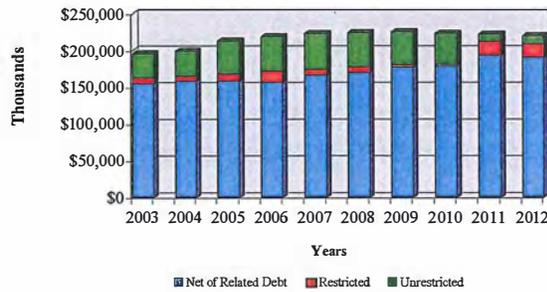
Sources

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



THE CITY OF
BENICIA
CALIFORNIA

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



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$104,537,453	\$103,928,682	\$106,131,111	\$106,154,667	\$109,082,400	\$110,609,618	\$113,264,434	\$115,359,499	129,965,244	\$127,548,839
Restricted	6,580,574	6,542,947	8,273,480	14,218,067	7,848,173	8,052,003	3,195,339	2,507,802	18,730,523	18,332,977
Unrestricted	9,138,044	10,649,209	15,644,661	10,153,833	15,361,828	13,489,203	15,465,114	14,171,681	(16,182,254)	(13,863,380)
Total governmental activities net assets	\$120,256,071	\$121,120,838	\$130,049,252	\$130,526,567	\$132,292,401	\$132,150,824	\$131,924,887	\$132,038,982	132,513,513	\$132,018,436
Business-type activities										
Invested in capital assets, net of related debt	\$49,773,778	\$53,923,197	\$52,003,981	\$50,368,665	\$56,818,976	\$58,724,744	\$63,624,158	\$62,819,454	63,064,298	\$62,660,031
Restricted	1,489,729	441,326	1,058,372	648,123	360	256	-	-	0	-
Unrestricted	23,693,578	23,316,541	29,788,462	36,731,790	33,563,541	32,863,392	29,231,383	27,932,802	26,022,756	24,419,432
Total business-type activities net assets	\$74,957,085	\$77,681,064	\$82,850,815	\$87,748,578	\$90,382,877	\$91,588,392	\$92,855,541	\$90,752,256	89,087,054	\$87,079,463
Primary government										
Invested in capital assets, net of related debt	\$154,311,231	\$157,851,879	\$158,135,092	\$156,523,332	\$165,901,376	\$169,334,362	\$176,888,592	\$178,178,953	193,029,542	\$190,208,870
Restricted	8,070,303	6,984,273	9,331,852	14,866,190	7,848,533	8,052,259	3,195,339	2,507,802	18,730,523	18,332,977
Unrestricted	32,831,622	33,965,750	45,433,123	46,885,623	48,925,369	46,352,595	44,696,497	42,104,483	9,840,502	10,556,052
Total primary government net assets	\$195,213,156	\$198,801,902	\$212,900,067	\$218,275,145	\$222,675,278	\$223,739,216	\$224,780,428	\$222,791,238	221,600,567	\$219,097,899

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

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$3,300,970	\$2,824,341	\$3,114,153	\$3,404,371	3,202,068	\$3,046,735
2,095,746	2,384,853	1,821,213			
10,439,354	8,774,285	9,150,887	8,898,817	8,896,808	8,812,511
6,335,969	7,089,431	7,212,291	6,744,682	6,925,232	6,503,886
5,966,185	6,650,653	5,999,749	5,867,659	5,714,379	5,744,533
5,605,290	4,273,248	4,186,559	6,017,134	6,113,748	7,621,379
2,153,638	2,349,721	2,403,239	2,117,872	2,600,356	2,081,313
385,726	473,311	536,124	485,052	609,814	474,430
2,864,213	3,182,776	4,283,723	2,339,200	3,386,270	3,163,220
503,819	472,189	525,341	1,658,589	1,265,618	1,160,564
<u>39,650,910</u>	<u>38,474,808</u>	<u>39,233,279</u>	<u>37,533,376</u>	<u>38,714,293</u>	<u>38,608,571</u>
6,853,399	7,023,768	7,294,741	7,422,265	7,082,311	7,030,478
6,614,679	7,572,285	7,345,574	7,780,492	7,753,095	7,843,223
579,184	624,611	594,863	479,098	564,182	419,517
1,847,674	1,765,644	1,370,621	1,165,705	1,005,375	72,047
<u>15,894,936</u>	<u>16,986,308</u>	<u>16,605,799</u>	<u>16,847,560</u>	<u>16,404,963</u>	<u>15,365,265</u>
<u>\$55,545,846</u>	<u>\$55,461,116</u>	<u>\$55,839,078</u>	<u>\$54,380,936</u>	<u>\$55,119,256</u>	<u>\$53,973,836</u>
\$32,950	\$56,609	\$41,724	\$16,863	50,305	\$17,817
1,284,313	1,092,871	771,524			
199,039	190,136	200,824	202,345	155,331	236,101
196,361	223,919	425,753	171,946	44,626	44,897
1,768,794	1,226,842	1,687,534	1,707,119	1,181,041	1,106,889
444,159	146,363	265,001	1,123,401	577,489	774,391
246,302	205,981	186,595	158,938	144,819	101,045
	1,000	30	52	320	
557,754	712,131	316,230	422,926	667,848	284,818
1,827,358	1,898,958	2,909,497	2,751,185	2,299,326	3,322,456
	366,550		868,271	4,350,257	1,714,778
<u>6,557,030</u>	<u>6,121,360</u>	<u>6,804,712</u>	<u>7,423,046</u>	<u>9,471,362</u>	<u>7,603,192</u>
7,223,062	6,955,313	6,897,189	6,522,329	6,620,605	6,543,982
7,465,686	7,141,569	6,772,607	6,610,587	6,379,255	6,569,607
284,187	547,422	323,034	318,767	307,916	141,842
290,474	332,687	153,573	84,520	88,486	
1,383,596	1,683,891	599,934	809,348	782,879	70,128
395,571		2,000,000			
<u>17,042,576</u>	<u>16,660,882</u>	<u>16,746,337</u>	<u>14,345,551</u>	<u>14,179,141</u>	<u>13,325,559</u>
<u>\$23,599,606</u>	<u>\$22,782,242</u>	<u>\$23,551,049</u>	<u>\$21,768,597</u>	<u>\$23,650,503</u>	<u>\$20,928,751</u>
(\$33,093,880)	(\$32,353,448)	(\$32,428,567)	(\$30,110,330)	(29,242,931)	(\$31,005,379)
1,147,640	(325,426)	140,538	(2,502,009)	(2,225,822)	(2,039,706)
<u>(\$31,946,240)</u>	<u>(\$32,678,874)</u>	<u>(\$32,288,029)</u>	<u>(\$32,612,339)</u>	<u>(\$31,468,753)</u>	<u>(\$33,045,085)</u>

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

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$13,942,074	\$14,275,801	\$13,812,912	\$13,266,103	12,974,217	\$13,447,764
6,986,922	7,514,258	7,688,775	7,196,964	6,854,911	6,888,750
5,056,904	4,190,517	4,413,428	4,938,585	5,027,163	5,087,381
	1,589,752	1,851,511	1,292,872	1,570,184	1,598,206
2,131,710	1,644,732	747,468	1,189,561	1,362,982	1,435,854
2,015,234	1,992,604	2,059,561	1,951,715	1,942,991	1,908,529
3,390,122	913,825	851,097	358,210	269,344	195,064
2,000	21,980			156	20,734
77,993	68,402	30,415	30,415	(284,486)	(71,980)
<u>33,602,959</u>	<u>32,211,871</u>	<u>31,455,167</u>	<u>30,224,425</u>	<u>29,717,462</u>	<u>30,510,302</u>
1,559,891	1,593,423	1,151,428	429,139	273,576	196,287
4,761	5,920	5,598		2,558	(236,152)
<u>(77,993)</u>	<u>(68,402)</u>	<u>(30,415)</u>	<u>(30,415)</u>	<u>284,486</u>	<u>71,980</u>
<u>1,486,659</u>	<u>1,530,941</u>	<u>1,126,611</u>	<u>398,724</u>	<u>560,620</u>	<u>32,115</u>
<u>\$35,089,618</u>	<u>\$33,742,812</u>	<u>\$32,581,778</u>	<u>\$30,623,149</u>	<u>\$30,278,082</u>	<u>\$30,542,417</u>
\$509,079	(\$141,577)	(\$973,400)	\$114,095	\$474,531	(\$495,077)
2,634,299	1,205,515	1,267,149	(2,103,285)	(1,665,202)	(2,007,591)
<u>\$3,143,378</u>	<u>\$1,063,938</u>	<u>\$293,749</u>	<u>(\$1,989,190)</u>	<u>(\$1,190,671)</u>	<u>(\$2,502,668)</u>

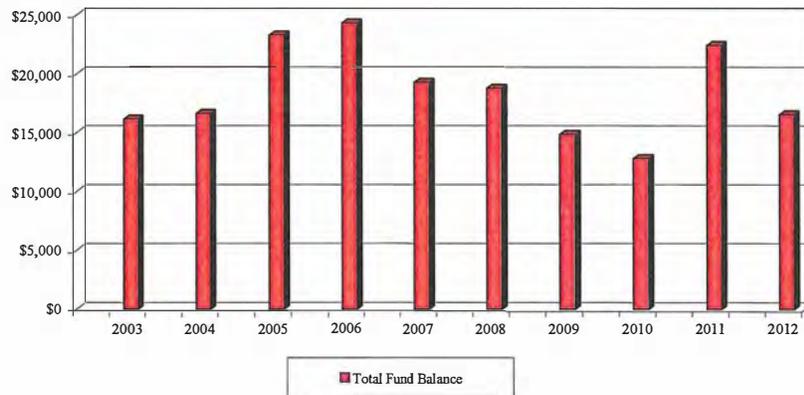
CITY OF BENICIA
Governmental Activities of Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Utility Users Tax	Other Taxes	Total
2003	\$10,900,163	\$4,180,368	\$2,739,530	\$1,358,955	\$19,179,016
2004	11,280,618	4,758,335	2,747,951	1,934,761	20,721,665
2005	11,853,045	4,890,592	2,826,370	1,702,584	21,272,591
2006	12,780,912	5,974,307	3,001,316	985,088	22,741,623
2007	13,633,623	6,986,922	5,056,904	1,032,343	26,709,792
2008	14,275,801	7,514,258	4,190,517	2,390,562	28,371,138
2009	13,812,912	7,688,775	4,413,428	2,598,979	28,514,094
2010	13,266,103	7,196,964	4,938,585	2,067,433	27,469,085
2011	12,974,217	6,854,911	5,027,163	2,933,166	27,789,457
2012	13,447,764	6,888,750	5,087,381	3,034,060	28,457,955

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

Total Fund Balance

Thousands



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$1,396,791	\$961,703	\$534,805	\$240,831	\$359,361	\$411,078	\$627,687	\$560,871	\$ -	\$ -
Unreserved	7,597,068	8,326,733	9,144,553	7,736,096	9,927,737	9,296,480	5,662,297	5,384,445	-	-
Nonspendable	-	-	-	-	-	-	-	-	2,143,040	636,667
Restricted	-	-	-	-	-	-	-	-	128,430	162,961
Committed	-	-	-	-	-	-	-	-	2,999,973	3,106,627
Assigned	-	-	-	-	-	-	-	-	200,471	255,033
Unassigned	-	-	-	-	-	-	-	-	(72,371)	2,792,694
Total General Fund	\$8,993,859	\$9,288,436	\$9,679,358	\$7,976,927	\$10,287,098	\$9,707,558	\$6,289,984	\$5,945,316	\$5,399,543	(a) \$6,953,982
All Other Governmental Funds										
Reserved	\$2,472,659	\$1,375,669	\$1,482,587	\$6,026,937	\$2,756,636	\$4,739,462	\$1,759,627	\$2,414,901	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,907,327	2,159,603	2,680,139	2,877,038	2,532,927	3,169,621	3,406,367	3,639,961	-	-
Capital project funds	2,766,542	3,806,758	9,450,507	7,436,806	3,685,773	1,140,250	3,379,820	800,599	-	-
Nonspendable	-	-	-	-	-	-	-	-	1,475	-
Restricted	-	-	-	-	-	-	-	-	16,114,930	7,325,797
Committed	-	-	-	-	-	-	-	-	2,612,563	2,618,151
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(1,713,546)	(355,839)
Total all other governmental funds	\$7,146,528	\$7,342,030	\$13,613,233	\$16,340,781	\$8,975,336	\$9,049,333	\$8,545,814	\$6,855,461	\$17,015,422	\$9,588,109

(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)

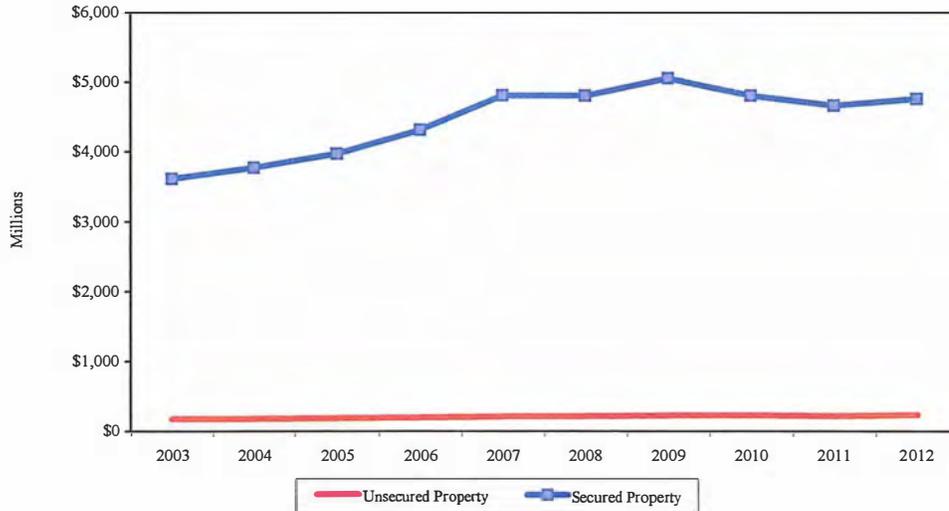
	2003	2004	2005	2006	2007
Revenues					
Taxes	\$18,184,822	\$19,275,764	\$20,363,436	\$23,184,336	\$27,152,426
Licenses, permits and fees	1,249,966	1,820,934	1,840,903	2,111,252	1,829,485
Fines and forfeitures	116,426	113,731	122,161	124,583	109,744
Use of money and property	310,508	201,991	588,076	770,987	1,768,089
Intergovernmental revenues	3,203,978	3,311,483	4,439,778	3,279,587	3,278,054
Charges for services	2,216,140	3,040,407	4,917,147	4,146,512	2,856,369
Other	1,137,193	888,187	310,460	385,325	749,500
Total Revenues	26,419,033	28,652,497	32,581,961	34,002,582	37,743,667
Expenditures					
Current:					
Administration	3,310,286	3,188,510	3,808,377	3,440,007	3,256,967
Community development	1,843,907	1,356,782	1,850,714	1,336,391	1,765,245
Public Safety - Police	5,090,826	5,816,993	6,623,787	6,908,386	7,531,759
Public Safety - Fire	3,686,728	4,457,242	5,013,129	5,772,527	6,110,150
Parks & Community Services	3,678,977	4,021,893	3,948,215	4,772,498	5,286,401
Public Works & Community Development	1,907,666	1,983,554	3,660,641	1,707,728	1,750,115
Library	1,626,987	1,684,413	1,744,702	1,837,995	2,073,228
Economic Development	256,322	272,690	159,933	693,089	333,337
General	1,911,287	2,774,007	1,941,904	2,324,258	2,554,884
Capital outlay	2,564,166	2,804,971	6,665,306	3,702,523	11,123,214
Debt service:					
Principal repayment	545,000	370,000	395,000	420,000	617,933
Interest and fiscal charges	447,075	408,724	388,431	426,508	511,846
Refunding bonds issuance costs					
Total Expenditures	26,869,227	29,139,779	36,200,139	33,341,910	42,915,079
Excess (deficiency) of revenues over (under) expenditures	(450,194)	(487,282)	(3,618,178)	660,672	(5,171,412)
Other Financing Sources (Uses)					
Transfers in	1,386,935	1,303,265	2,359,714	1,743,366	4,382,451
Transfers (out)	(943,785)	(588,800)	(1,751,229)	(3,584,771)	(4,268,313)
Capital lease issued			1,400,000	2,200,000	
Proceeds from bonds issuance					
Bond issue costs			(50,033)		
Refunding bonds issued					
Discount on bond					
Discount on refunding bonds issued					
Contribution from other entity/land owners			8,295,000		
Sale of capital assets	766,274	262,896	26,851	5,850	2,000
Total other financing sources (uses)	1,209,424	977,361	10,280,303	364,445	116,138
Net Change in fund balances	\$759,230	\$490,079	\$6,662,125	\$1,025,117	(\$5,055,274)
Debt service as a percentage of noncapital expenditures	(a)	3.0%	2.7%	2.9%	3.6%

NOTE:

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

Fiscal Year Ended June 30,				
2008	2009	2010	2011	2012
\$28,813,851	\$29,080,090	\$27,896,749	\$27,698,473	\$28,289,246
349,130	323,241	320,466	315,208	277,267
128,770	115,596	105,391	99,898	184,084
1,628,652	1,003,453	587,040	701,264	514,674
4,576,701	4,451,238	4,855,610	5,200,591	4,931,453
2,310,008	2,344,817	2,234,871	1,485,991	1,507,509
580,013	492,841	1,651,482	1,933,329	2,446,893
<u>38,387,125</u>	<u>37,811,276</u>	<u>37,651,609</u>	<u>37,434,754</u>	<u>38,151,126</u>
2,729,399	2,975,571	3,365,557	3,101,146	2,978,057
2,263,730	2,268,403	-		
8,292,356	8,544,690	8,970,286	8,568,999	8,425,574
6,782,268	6,974,688	6,779,441	6,555,355	6,193,806
5,764,217	5,672,170	5,482,353	5,371,171	5,097,677
1,912,747	2,220,756	4,615,700	2,825,598	2,412,189
2,262,383	2,322,259	2,134,589	2,158,850	2,019,269
466,322	517,268	493,857	458,470	443,384
3,025,451	4,187,891	2,418,903	2,641,205	2,863,369
4,227,287	4,883,976	4,356,489	7,080,488	9,872,108
698,064	734,049	770,542	807,565	5,435,150
481,502	451,063	429,328	471,211	1,138,271
				98,550
<u>38,905,726</u>	<u>41,752,784</u>	<u>39,817,045</u>	<u>40,040,058</u>	<u>46,977,404</u>
<u>(518,601)</u>	<u>(3,941,508)</u>	<u>(2,165,436)</u>	<u>(2,605,304)</u>	<u>(8,826,278)</u>
2,653,351	3,448,918	1,926,107	2,521,117	3,331,208
(2,662,273)	(3,428,503)	(1,795,692)	(2,805,603)	(3,933,188)
			13,195,000	
			(433,765)	
				4,270,000
			(257,413)	(21,350)
<u>21,980</u>			<u>156</u>	<u>20,734</u>
<u>13,058</u>	<u>20,415</u>	<u>130,415</u>	<u>12,219,492</u>	<u>3,667,404</u>
<u>(\$505,543)</u>	<u>(\$3,921,093)</u>	<u>(\$2,035,021)</u>	<u>\$9,614,188</u>	<u>(\$5,158,874)</u>
3.4%	3.2%	3.4%	3.9%	17.7%

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



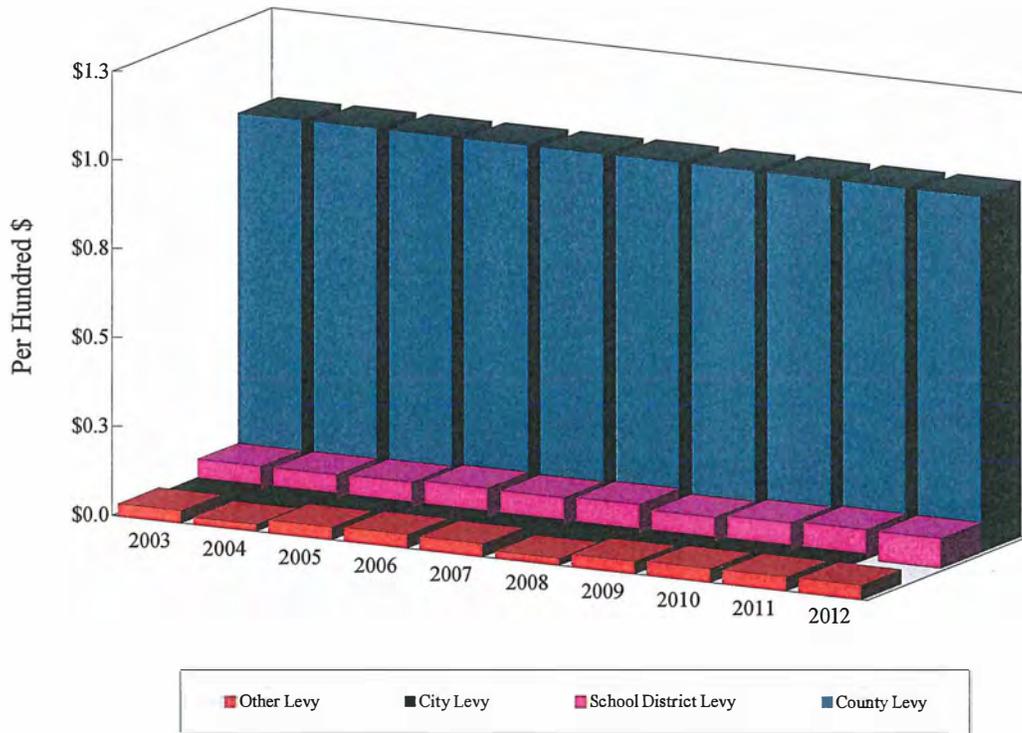
Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2003	\$1,877,242,130	\$115,871,808	\$1,395,918,255	\$48,987,127	\$3,438,019,320	\$178,013,190	\$3,616,032,510	\$3,616,032,510	0.29718%
2004	2,007,330,232	120,150,588	1,417,063,456	50,007,479	3,594,551,755	179,959,785	3,774,511,540	3,774,511,540	0.29257%
2005	2,165,141,847	124,906,264	1,426,651,050	69,656,432	3,786,355,593	190,108,523	3,976,464,116	3,976,464,116	0.26611%
2006	2,426,738,885	131,146,054	1,438,207,502	116,638,859	4,112,731,300	201,105,380	4,313,836,680	4,313,836,680	0.26313%
2007	2,823,114,166	142,156,389	1,546,655,534	83,018,745	4,594,944,834	212,949,929	4,807,894,763	4,807,894,763	0.26560%
2008	3,082,710,837	149,511,998	1,278,262,415	78,174,389	4,588,659,639	218,303,830	4,806,963,469	4,806,963,469	0.26295%
2009	3,068,156,685	176,210,305	1,509,076,085	70,419,724	4,823,862,799	229,137,903	5,053,000,702	5,053,000,702	0.26382%
2010	2,828,918,727	175,489,888	1,502,183,217	67,625,542	4,574,217,374	232,563,062	4,806,780,436	4,806,780,436	0.26547%
2011	2,740,155,696	176,848,852	1,463,741,183	67,837,288	4,448,583,019	218,306,994	4,666,890,013	4,666,890,013	0.26506%
2012	2,671,810,615	173,679,880	1,608,049,893	66,734,598	4,520,274,986	238,247,984	4,758,522,970	4,758,522,970	0.26145%

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

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

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

CITY OF BENICIA
PROPERTY TAX RATES
ALL DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS



Fiscal Year	Basic County Wide Levy	School District Levy	City Levy	Other Levy	Total Levy
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
2008	1.0000	0.0823	0.0157	0.0200	1.1180
2009	1.0000	0.0701	0.0159	0.0350	1.1210
2010	1.0000	0.0788	0.0173	0.0385	1.1345
2011	1.0000	0.0839	0.0171	0.0395	1.1405
2012	1.0000	0.0827	0.0165	0.0402	1.1394

Source: Solano County Auditor-Controller's Office

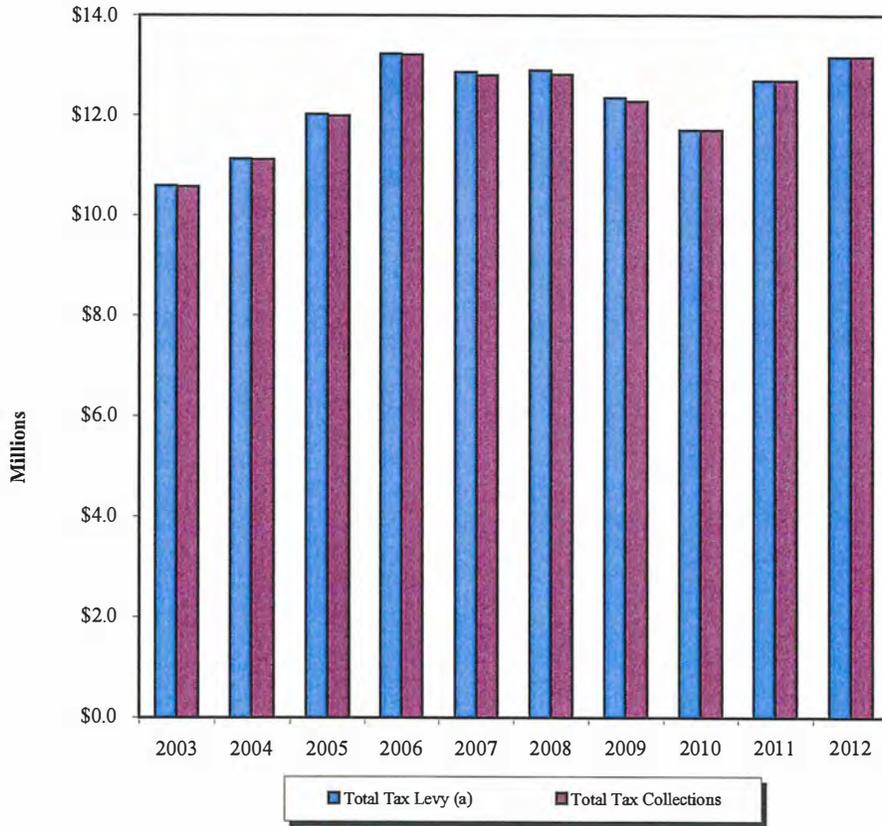
CITY OF BENICIA
Principal Property Taxpayers
Current Year and Ten Years Ago

Taxpayer	2011-2012			2002-03		
	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	\$1,040,516,406	1	21.87%	\$1,023,490,102	1	28.3%
Walton CWCA	143,096,301	2	3.01%			
Benicia Industries	68,259,034	3	1.43%	52,528,140	3	1.45%
WRI Golden State LLC	25,448,916	4	0.53%	22,070,250	4	0.6%
Gonsalves and Santucci Inc.	22,243,208	5	0.47%			
Club Pacifica LLC	22,178,542	6	0.47%			
Tulloch Construction Inc.	21,939,114	7	0.46%			
SPK Industrial Portfolio LLC	20,078,397	8	0.42%	16,728,000	6	0.5%
GE Capital Corporation	16,251,351	9	0.34%			
Bebe Studio Realty LLC	13,905,861	10	0.29%			
Calwest Industrial Properties LLC				79,946,124	2	2.21%
Cal-Midwest Properties Company				19,139,276	5	0.53%
Western Container Corporation				15,001,735	7	0.41%
Cambridge Circle Investments				12,565,300	8	0.35%
Prime Waterview LLC				11,694,218	9	0.32%
Lincoln Po Benicia Limited Partners				11,661,939	10	0.32%
Total	\$1,393,917,130		29.29%	\$1,264,825,084		34.96%

Total Net Assessed Valuation:
Fiscal Year 2011-2012 \$4,758,522,970
Fiscal Year 2002-2003 \$3,617,979,105

Source: HdL, Coren & Cone Report

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



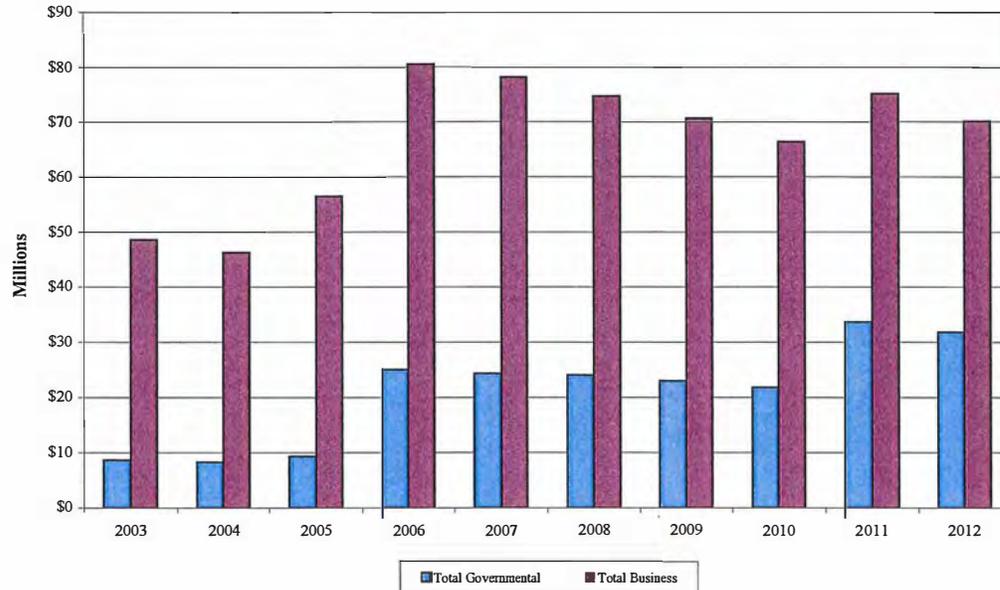
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2002	\$9,745,064	\$9,729,153	99.8367%	\$9,729,153	99.8367%
2003	10,590,048	10,572,364	99.8330%	10,572,364	99.8330%
2004	11,129,665	11,114,556	99.8642%	11,114,556	99.8642%
2005	12,020,080	11,989,000	99.7414%	11,989,000	99.7414%
2006	13,227,173	13,209,063	99.8631%	13,209,063	99.8631%
2007	12,863,706	12,796,607	99.4784%	12,796,607	99.4784%
2008	12,898,327	12,814,858	99.3529%	12,814,858	99.3529%
2009	12,346,920	12,280,522	99.4622%	12,280,522	99.4622%
2010 *	11,701,913	11,701,913	100.0000%	11,701,913	100.0000%
2011 *	12,689,250	12,689,250	100.0000%	12,689,250	100.0000%
2012 *	13,162,059	13,162,059	100.0000%	13,162,059	100.0000%

Source: Solano County Auditor-Controller's Office

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

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

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



Governmental Activities

Fiscal Year	General Obligation Bonds	Pension Obligation Bonds	Lease Obligation	Total	Certificates of Participation
2003	\$8,670,000			8,670,000	
2004	8,300,000			8,300,000	
2005	7,905,000		\$1,400,000	9,305,000	
2006	7,485,000	\$13,972,596	3,600,000	25,057,596	
2007	7,045,000	\$13,891,327	3,422,067	24,358,394	
2008	6,585,000	\$14,302,593	3,184,003	24,071,596	
2009	6,100,000	\$13,676,377	3,262,926	23,039,303	
2010	5,590,000	\$13,273,493	2,971,873	21,835,366	
2011	5,055,000	\$12,758,370	2,667,460	33,675,830	13,195,000
2012	4,270,000	\$12,148,201	2,349,067	31,867,268	13,100,000

Business-Type Activities

Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Loans Payable	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2003	\$12,065,000	\$4,815,000	\$23,055,898	\$39,935,898	\$48,605,898	4.82%	1,791.26
2004	11,285,000	4,630,000	22,064,776	37,979,776	46,279,776	4.51%	1,714.70
2005	10,425,000	4,435,000	32,349,308	47,209,308	56,514,308	5.26%	2,068.38
2006	9,550,000	4,260,000	41,620,216	55,430,216	80,487,812	7.12%	2,946.22
2007	8,650,000	4,015,000	41,118,395	53,783,395	78,141,789	6.51%	2,799.18
2008	7,720,000	3,770,000	39,114,917	50,604,917	74,676,513	5.95%	2,669.12
2009	7,055,000	3,510,000	37,065,133	47,630,133	70,669,436	5.60%	2,525.98
2010	6,370,000	3,245,000	34,967,876	44,582,876	66,418,242	5.21%	2,364.82
2011	5,670,000	2,970,000	32,820,100	41,460,100	75,135,930	6.26%	2,770.70
2012	4,940,000	2,685,000	30,624,276	38,249,276	70,116,544	5.74%	2,604.72

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 125 (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)
2003	\$8,670,000	\$8,670,000	0.24%	319.51
2004	8,300,000	8,300,000	0.22%	307.52
2005	7,905,000	7,905,000	0.20%	289.32
2006	7,485,000	7,485,000	0.17%	273.99
2007	7,045,000	7,045,000	0.15%	252.36
2008	6,585,000	6,585,000	0.14%	235.36
2009	6,100,000	6,100,000	0.12%	218.04
2010	5,590,000	5,590,000	0.12%	199.03
2011	5,055,000	5,055,000	0.11%	186.41
2012	4,270,000	4,270,000	0.09%	158.62

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, 2012**

2011-12 Assessed Valuation \$4,873,270,489 (1)

	Total Debt 6/30/2012	Percentage Applicable (2)	City's Share of Debt 6/30/2012
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			
Solano County Community College District	\$104,445,090	15.864%	\$17,484,108
Benicia Unified School District	30,929,177	99.086%	30,672,156
City of Benicia	4,270,000	100%	4,270,000
City of Benicia 1915 Act Bonds	12,538,000	100%	12,538,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			<u>64,964,264</u>
Ratios to 2011-12 Assessed Valuation			
Direct Debt (\$4,270,000)	0.09%		
Total Direct and Overlapping Tax and Assessment Debt	1.33%		
DIRECT AND OVERLAPPING GENERAL FUND DEBT			
Solano County Certificates of Participation	117,170,000	15.952%	18,690,958
Solano County Pension Obligation	78,880,000	15.952%	12,582,938
Solano County Board of Education Certificates of Participation	2,230,000	15.952%	355,730
City of Benicia Certificates of Participation	13,100,000	100%	13,100,000
City of Benicia Pension Obligations	12,148,201	100%	12,148,201 (3)
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$56,877,827
TOTAL DIRECT DEBT			29,518,201
TOTAL OVERLAPPING DEBT			<u>92,323,890</u>
COMBINED TOTAL DEBT			<u>121,842,091</u> (4)

(1) From Summary of TRA Values by Agency report dated 10/3/11.

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

(3) Includes accreted value.

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

RATIOS TO 2010-11 ASSESSED VALUATION:

Total Direct Debt (\$29,518,201)	0.61%
Combined Total Debt	2.50%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12: \$0

Source: California Municipal Statistics, Inc.

**CITY OF BENICIA
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2012**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$4,520,274,986
-----------------------------------------------------------------	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$169,510,312
-------------------------------------------------	---------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$37,143,201
Less Revenue Bonds, Certificate of Participation not subject to limit	32,873,201
Amount of debt subject to limit	4,270,000

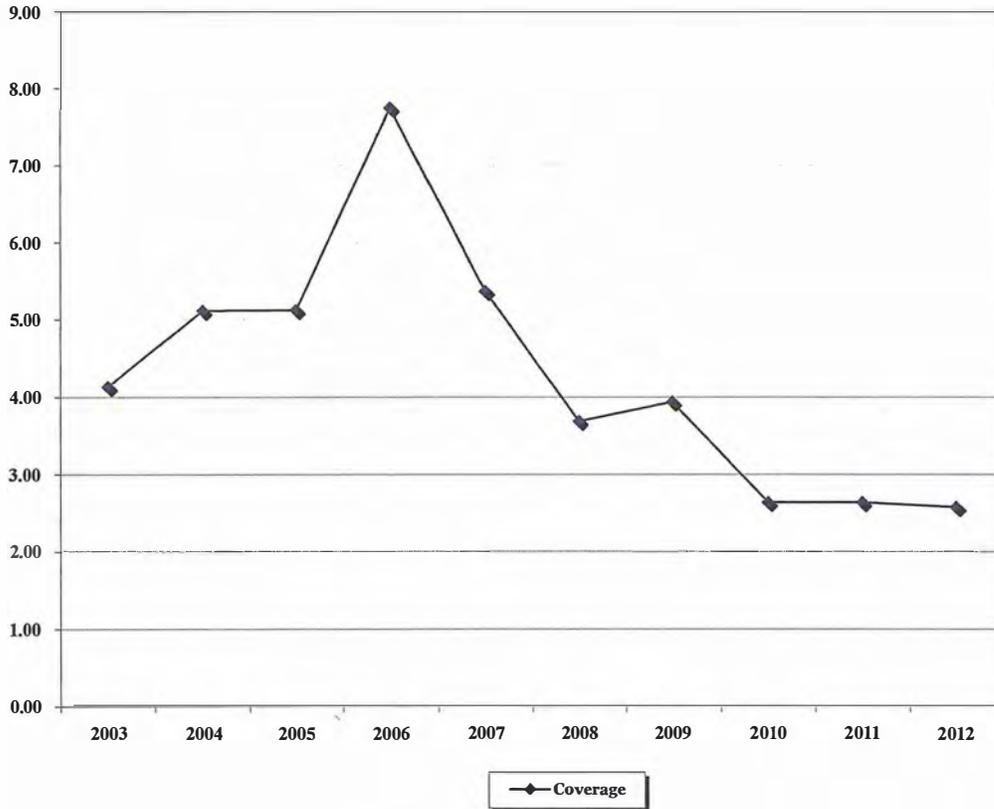
LEGAL BONDED DEBT MARGIN	\$165,240,312
--------------------------	---------------

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
2003	128,925,725	8,670,000	120,255,725	7.21%
2004	134,795,691	8,300,000	126,495,691	6.56%
2005	141,988,335	7,905,000	134,083,335	5.90%
2006	154,227,424	7,485,000	146,742,424	5.10%
2007	172,310,431	7,045,000	165,265,431	4.26%
2008	172,074,736	6,585,000	165,489,736	3.98%
2009	180,894,855	6,100,000	174,794,855	3.49%
2010	171,533,152	5,590,000	165,943,152	3.37%
2011	166,821,863	5,055,000	161,766,863	3.12%
2012	169,510,312	4,270,000	165,240,312	2.58%

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
PLEGDED-REVENUE COVERAGE
WATER AND WASTEWATER REVENUE BONDS
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

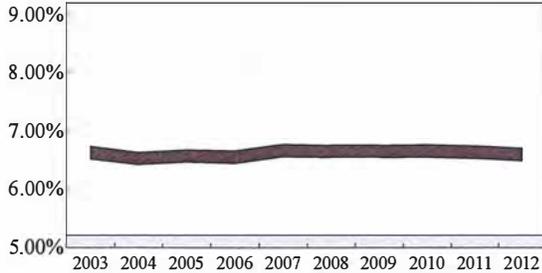


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2003	\$11,723	\$6,153	\$5,570	\$805	\$540	\$1,345	4.14
2004	14,570	6,349	8,221	965	642	1,607	5.12
2005	15,426	6,837	8,589	1,055	620	1,675	5.13
2006	17,165	6,837	10,328	875	458	1,333	7.75
2007	16,222	7,477	8,745	1,145	482	1,627	5.37
2008	15,668	9,689	5,979	1,175	446	1,621	3.69
2009	14,804	9,536	5,268	925	413	1,338	3.94
2010	13,540	10,014	3,526	950	385	1,335	2.64
2011	13,253	9,736	3,517	975	356	1,331	2.64
2012	13,290	9,845	3,445	1,015	321	1,336	2.58

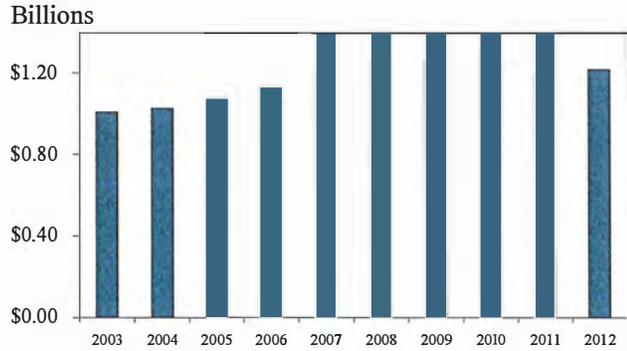
Notes: (1) Includes all Water & Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue
(2) Includes all Water & Wastewater Operating Expenses less Depreciation and Interest

Source: City of Benicia

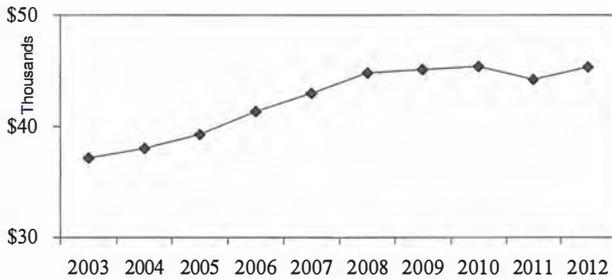
**CITY OF BENICIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



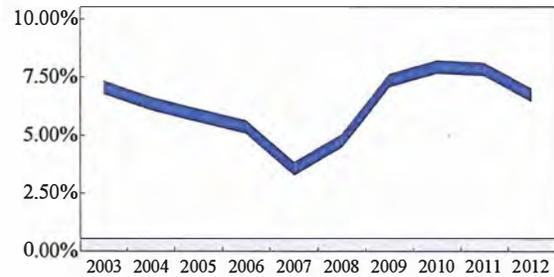
■ City Population as a % of County Population



■ Total Personal Income



◆ Per Capita Personal Income



■ Series1

<u>Fiscal Year</u>	<u>City Population</u>	<u>Total Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (%)</u>	<u>County Population</u>	<u>City Population % of County</u>
2003	27,135	1,008,953,921	37,183	6.8%	415,405	6.53%
2004	26,990	1,026,744,714	38,042	6.1%	419,270	6.44%
2005	27,323	1,073,505,323	39,289	5.6%	421,657	6.48%
2006	27,319	1,129,806,279	41,356	5.1%	422,848	6.46%
2007	27,916	1,200,213,884	42,994	3.3%	424,823	6.57%
2008	27,978	1,254,489,947	44,838	4.5%	426,757	6.56%
2009	27,977	1,262,222,668	45,116	7.1%	426,729	6.56%
2010	28,086	1,274,996,631	45,396	7.7%	427,837	6.56%
2011	27,118	1,199,784,395	44,243	7.6%	414,509	6.54%
2012	26,919	1,220,873,617	45,354	6.5%	413,786	6.51%

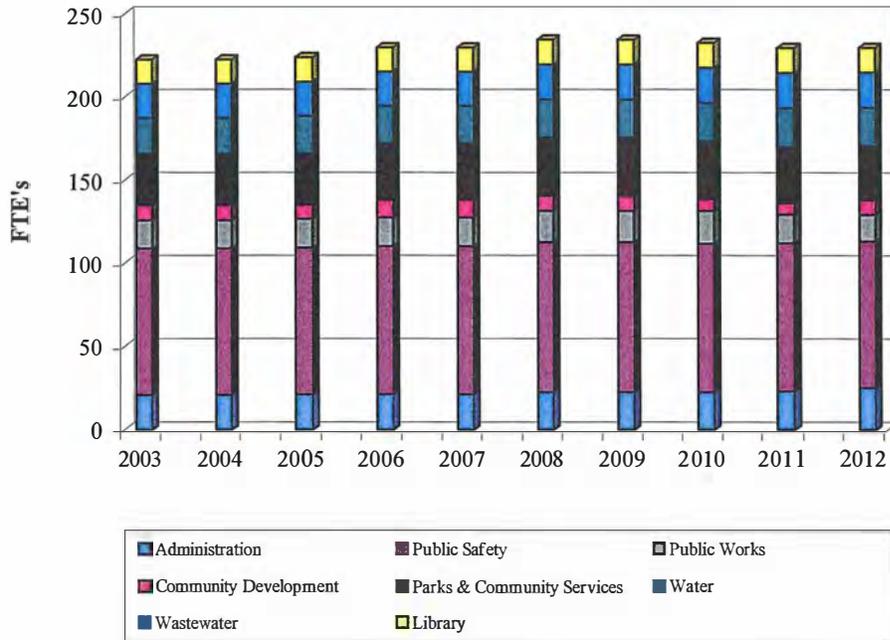
Sources: California State Department of Finance & EDD

CITY OF BENICIA
Principal Employers
Current Year and Eight Years Ago

<u>Employer</u>	<u>2011-12</u>			<u>2003-04</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	480	1	1.7%	500	1	1.8%
Benicia Unified School District	375	2	1.3%	491	2	1.8%
Dunlop Manufacturing Inc.	258	3	0.9%	196	6	0.7%
City of Benicia	230	4	0.8%	223	8	0.8%
Bio-Rad Laboratories Inc.	226	5	0.8%			
Cytosport	200	6	0.7%			
Valley Fine Foods Co. Inc.	181	8	0.6%			
Coca-Cola Bottling Co.	173	7	0.6%			
The Pepsi Bottling Group	119	9	0.4%			
Benicia Fabrication & Machine	108	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>2,350</u>		<u>8.4%</u>	<u>2,682</u>		<u>9.9%</u>
Total City Day Population	<u>28,000</u>			<u>27,135</u>		

Source: City of Benicia

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



	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Function										
Administration	20.75	20.75	21.00	21.00	21.00	22.50	22.50	22.50	23.00	25.00
Public Safety	88.00	88.00	88.00	89.00	89.00	90.00	90.00	89.00	89.00	88.00
Public Works	16.95	16.95	17.55	17.45	17.45	18.95	18.95	19.95	17.35	16.03
Community Development	9.00	9.00	8.40	10.50	10.50	9.00	9.00	7.00	6.67	8.97
Parks & Community Services	31.00	31.00	31.00	34.00	34.00	35.00	35.00	35.00	34.00	32.50
Water	21.45	21.45	22.45	22.45	22.45	22.95	22.95	22.95	23.16	23.05
Wastewater	20.60	20.60	20.60	20.60	20.60	21.10	21.10	21.10	21.31	21.20
Library	14.75	14.75	14.75	14.75	14.75	15.00	15.00	15.00	15.00	15.00
Total	<u>222.50</u>	<u>222.50</u>	<u>223.75</u>	<u>229.75</u>	<u>229.75</u>	<u>234.50</u>	<u>234.50</u>	<u>232.50</u>	<u>229.49</u>	<u>229.75</u>

Source: City of Benicia

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

Function/Program	Fiscal Year				
	2003	2004	2005	2006	2007
Public safety:					
Fire:					
Fire calls for service	1,958	1,970	1,984	1,703	1,915
Primary fire inspections conducted (estimate)	750	750	750	750	200
Police:					
Police calls for Service	14,609	14,022	14,410	14,981	14,374
Law violations:					
Physical arrests (adult and juvenile)	1,026	1,077	1,099	1,036	1,139
Traffic violations	1,876	1,679	1,873	2,027	2,649
Parking violations	744	466	794	759	665
Public Works					
Street resurfacing (miles)	n/a	n/a	n/a	1.5	1.0
Potholes repaired (cubic feet) *	n/a	n/a	n/a	1,000	1,200
Parks & Community Services:					
Community Services:					
Recreation class programs	706	822	880	834	978
Recreation class participants	10,394	11,375	12,393	11,610	10,482
Library:					
Volumes in Collection (thousands)	n/a	106,927	110,214	116,996	113,470
Total Volumes Borrowed (thousands)	n/a	34,302	34,164	47,295	320,873
Water					
Water service connections	n/a	n/a	n/a	9,380	9,576
Water main breaks	n/a	n/a	n/a	11	17
Average daily consumption (thousands of gallons)	n/a	n/a	n/a	4,170	4,437
Wastewater					
Storm drain inlets	n/a	n/a	n/a	2,000	2,010
Sewer service connections	n/a	n/a	n/a	9,380	9,310
Sewer main blockages	n/a	n/a	n/a	101	30
Average daily treatment (thousands of gallons)	n/a	n/a	n/a	2,860	2,200

Source: City of Benicia

Note: n/a denotes information not available.

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

Fiscal Year				
2008	2009	2010	2011	2012
2,040	2,243	2,122	2,067	2,238
200	1,074	935	750	690
15,934	17,302	27,029	14,536	12,422
1,056	838	836	866	734
2,208	3,671	2,546	2,346	2,394
646	434	237	230	206
0.3	-	5.0	0.8	8.9
1,200	1,200	1,764	1,395	953
824	773	800	820	1,104
10,622	8,291	8,560	9,137	10,126
111,145	107,756	106,965	106,264	109,436
346,106	371,581	384,056	384,134	433,264
9,370	9,506	9,557	9,547	9,434
17	14	33	10	15
4,610	4,209	3,540	3,808	3,714
2,040	2,040	2,040	2,040	2,040
9,109	9,243	9,261	9,278	9,277
59	51	46	27	24
2,600	2,195	2,280	2,433	2,370

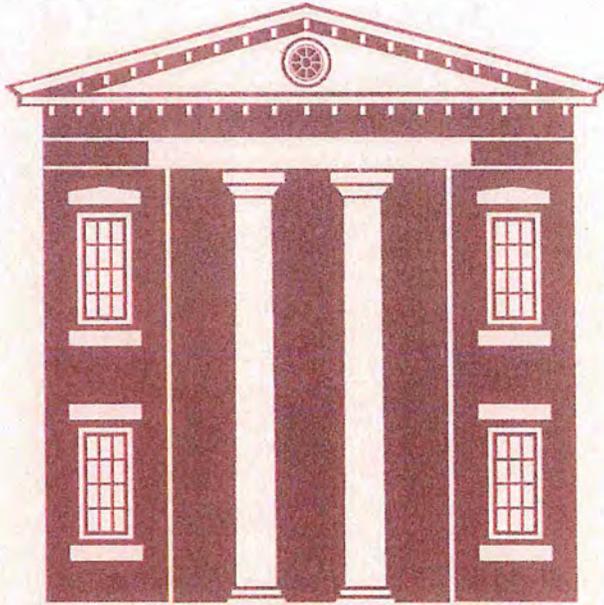
CITY OF BENICIA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2003	2004	2005	2006	2007
Public safety:					
Fire stations	2	2	2	2	2
Police stations	1	1	1	1	1
Police patrol units	11	11	11	13	13
Public works					
Miles of streets	95	95	95	95	95
Street lights	2,046	2,046	2,046	2,046	2,062
Traffic Signals	10	10	10	10	10
Parks and recreation:					
Community services:					
City parks	35	35	35	36	36
City parks acreage	166	211	214	214	214
Recreation centers	1	1	1	1	1
Senior citizen centers	1	1	1	1	1
Regional park acreage	577	577	577	577	577
Library:					
City libraries	1	1	1	1	1
Water					
Miles of water mains	158	158	158	158	158
Fire hydrants	1,245	1,245	1,245	1,194	1,203
Maximum daily capacity (millions of gallons)	12	12	12	12	12
Wastewater					
Miles of sanitary sewers	149	149	149	149	149
Miles of storm drains	77	77	77	77	77
Number of treatment plants	1	1	1	1	1
Maximum daily capacity (millions of gallons)	4.5	4.5	4.5	4.5	4.5

Source: City of Benicia

Note: n/a denotes information is not available.

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



THE CITY OF
BENICIA
CALIFORNIA