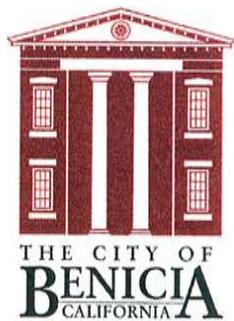




2014

Fiscal Year Ended June 30, 2014

**CITY OF BENICIA**

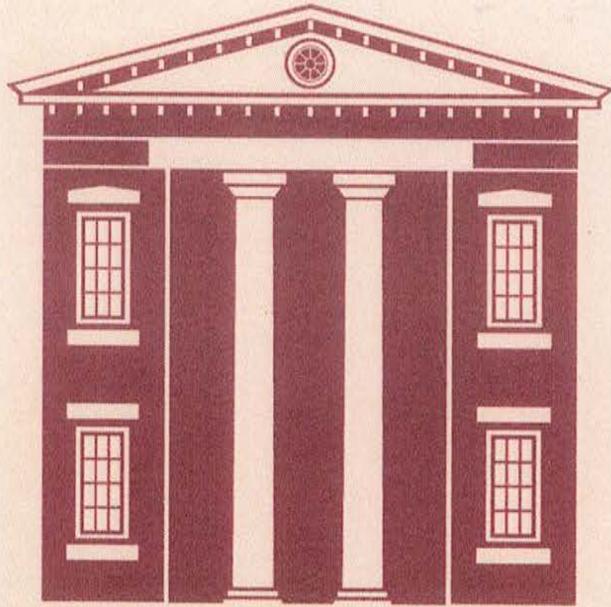


COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT



**CITY OF BENICIA, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**Prepared by**  
**FINANCE DEPARTMENT**



THE CITY OF  
**BENICIA**  
CALIFORNIA

**CITY OF BENICIA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2014**

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**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2014**

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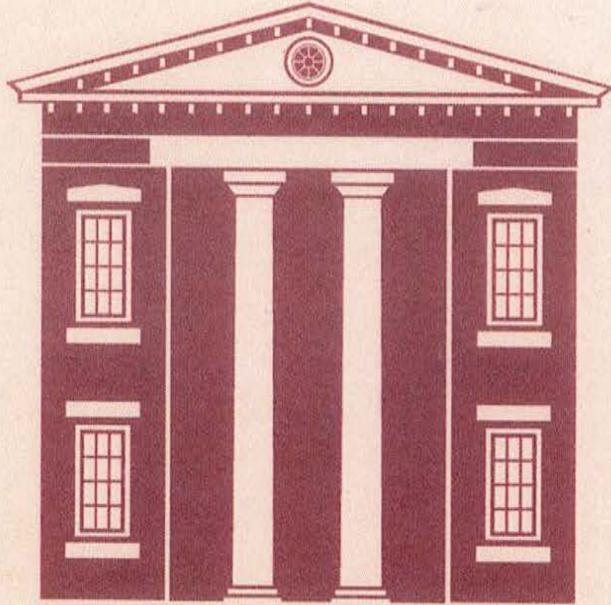
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THE CITY OF  
**BENICIA**  
CALIFORNIA



December 15, 2014

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

The Comprehensive Annual Financial Report (CAFR) of the City of Benicia for the fiscal year ended June 30, 2014, is submitted for Council's review and is published as a matter of public record for interested citizens. Management takes responsibility for completeness and reliability of the information contained in this report based upon a framework of internal control that has been established for this purpose. The objective of internal controls is to provide reasonable, rather than absolute, assurance that the CAFR information is accurate in all material respects.

The City of Benicia's financial statements have been audited by Maze and Associates, Certified Public Accountants. The goal of the independent audit is to obtain reasonable assurance that the basic financial statements are free of material misstatement and are fairly presented in conformity with generally accepted accounting principles (GAAP). Maze and Associates issued an unqualified opinion for the fiscal year ended June 30, 2014. Their report is presented as the first component of the financial section of this report.

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

## **THE BENICIA GOVERNMENT**

Benicia, California is located in southern Solano County adjacent to the Carquinez Strait, which is part of the San Francisco Bay. It is a waterfront city, known for its small-town charm, history, and high quality of life. Benicia has moderate Mediterranean weather with dry warm summers and moderate winters. It currently occupies 14 square miles and serves a population of 27,454.

The City was incorporated in April 24, 1851, under the laws of the State of California. The City is a general law city administered by a council-manager form of government. The City provides a wide range of municipal services to its citizens including public safety (fire and police), library, parks and recreation, public works, planning and zoning, water and wastewater utilities, economic development, and general administrative services.

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

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

## **THE BENICIA ECONOMY**

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

**Benicia Industrial Park:** The City's Industrial Park has been a model for other California cities on how to transform an abandoned military base into a viable industrial park and local economic catalyst. The Benicia Industrial Park (BIP) provides a strong tax base for the City, generating over 45% of the local tax revenue collected (including property, sales, and utility users). There is a mix of industrial and related uses including petro-chemical, manufacturing, wholesale trade, transportation, suppliers to major anchor businesses, and emerging new technology businesses.

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

**Property Tax:** Property tax revenues for FY13-14 increased by approximately 5%, taking into account the deduction of the in-lieu property tax on motor vehicles (Vehicle License Fee –property tax swap) that were previously classified under other taxes on prior years. The overall property tax assessment roll values growth was attributable to a 9% growth in residential properties offset by nearly flat overall assessment growth in commercial, industrial

and other property categories. Factors contributing to the robust residential growth relate primarily to increases in assessed values for residential properties that had previously received a Proposition 8 temporary reduction in value. While significant potential for Proposition 8 value recovery still exists in the residential property category; flattening commercial and industrial valuations, continued low level of development activity, and significant property tax assessment appeals continue to dampen the City's projected property tax growth trends.

**Sales Tax:** Sales tax revenue accounts for approximately 20% of average General Fund revenues. Revenues decreased approximately 7% from FY 2012-13 levels. This reduction is primarily due to a high level of one-time events during FY 2012-13. However, adjusting for the one-time events, the underlying trend is flat to modest growth projection in the near-term. This revenue source tends to be volatile year-over-year due to the high concentration of business-industrial taxpayers. On average, the City's top five sales tax producers generate approximately 30% of total sales tax collected.

**Measure C:** The City, in the November 2014 elections took to the voters a ballot measure, Measure C, to increase sales tax by 1%, from 7.625% to 8.625% to help ensure the City's financial viability as a full-service city and at the same time protecting the small town quality of life. This measure passed and is expected to generate an additional \$3.7 million to support existing services and fund capital and equipment purchases and will be in effect as of April 1, 2015.

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

## **FINANCIAL INFORMATION**

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

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

5. Increase economic vitality of BIP and other commercial areas, while preserving existing economic strengths and historic resources.

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

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

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

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

As the City looks ahead, it is not anticipated that economic conditions will improve significantly during the next several years. The City continues to implement strategies to reduce costs and improve operational efficiencies while continuing to provide excellent citizen services. A cornerstone of this effort is titled "Strategic Path to Financial Resiliency and Organizational Sustainability" in which the City is embarking on targeted financial and organizational studies regarding the City's long-term financial and organizational capacity. Ultimately, the City intends to engage the community in the financial efforts and revenue strategies needed to maintain current service-delivery levels while, at the same time, managing the City's resources, infrastructure, and obligations in a financial prudent manner.

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

**Internal Controls:** City management is responsible for establishing and maintaining an internal control structure designed to ensure government assets are protected from loss, theft or misuse and to ensure adequate accounting data are compiled for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives

are met. The concept of reasonable assurance recognizes (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

**General Fund Reserves:** The City has adopted a fund balance reserve policy establishing a minimum fund balance equal to 20% of the fund's annual operating revenue budget for the purpose of stabilizing the delivery of City services during periods of operational budget deficits. At a minimum, the reserves include the following: Contingency Reserve of 10% to mitigate the effects of economic uncertainties, local disasters, and/or severe financial hardships resulting from unforeseen changes in operating results; and, an Emergency Reserve of 10% to mitigate all unforeseen events not covered in the Contingency Reserve. As of June 30, 2014, the General Fund reserve balance was 20.7% of operating revenues.

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

**Gann Limit vs. Appropriations Subject to Limit:** Proposition 4, the "Gann Initiative," was passed by California voters in 1978, and is intended to limit government appropriations. The appropriations limit is calculated each year based upon fiscal year 1978-79 appropriations, which is modified by the composite consumer price index and population changes that have occurred in subsequent years. The City's appropriations limit and the estimated appropriations subject to the limit for the FY 2013-14 amounted to \$78,712,057 and \$27,795,630 respectively. City appropriations subject to the limit have consistently remained far below the appropriation limits and are not expected to deviate from this trend in the foreseeable future.

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Benicia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. 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 22 years and it is our goal to be awarded this Certificate once again. The award demonstrates the City's conformance to the highest level of financial reporting standards.

## **ACKNOWLEDGEMENTS**

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Karin Schnaider".

Karin Schnaider  
Finance Director

**MUNICIPAL OFFICERS**

CITY COUNCIL (Elected)

Elizabeth Patterson, Mayor	November 2016
Mark Hughes, Vice Mayor	November 2018
Tom Campbell, Councilmember	November 2016
Christina Strawbridge, Councilmember	November 2016
Alan Schwartzman, Councilmember	November 2018

OTHER (Elected)

Lisa Wolfe, City Clerk	November 2016
Kenneth Paulk, City Treasurer	November 2016

FINANCE COMMITTEE (Appointed)

Michael Clarke	January 2017
Chris Carvalho	January 2015
Kathy Griffin	January 2017
Alan Nadritch	January 2015
John Potter	January 2015

APPOINTED OFFICIALS

Brad Kilger	City Manager
Heather McLaughlin	City Attorney

DEPARTMENT HEADS

Anne Cardwell	Administrative Services
Karin Schnaider	Finance
Jim Lydon	Fire
Diane Smikahl	Library
Mike Dotson	Parks & Community Services
Joseph Kreins	Police
Graham Wadsworth	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**

CITIZENS OF BENICIA

---

---

CITY COUNCIL

Elizabeth Patterson, Mayor

CITY CLERK

Lisa Wolfe

Mark Hughes, Vice Mayor

Tom Campbell

CITY TREASURER

Kenneth Paulk

Alan Schwartzman

Christina Strawbridge

---

---

CITY MANAGER

Brad Kilger

CITY ATTORNEY

Heather McLaughlin

---

---

INTERIM  
POLICE  
CHIEF

---

Joseph  
Kreins

FIRE  
CHIEF

---

Jim  
Lydon

FINANCE  
DIRECTOR

---

Karin  
Schneider

ASSISTANT CITY  
MANAGER

---

Anne  
Cardwell

PARKS &  
COMMUNITY  
SERVICES  
DIRECTOR

---

Mike  
Dotson

LIBRARY  
DIRECTOR

---

Diane  
Smikahl

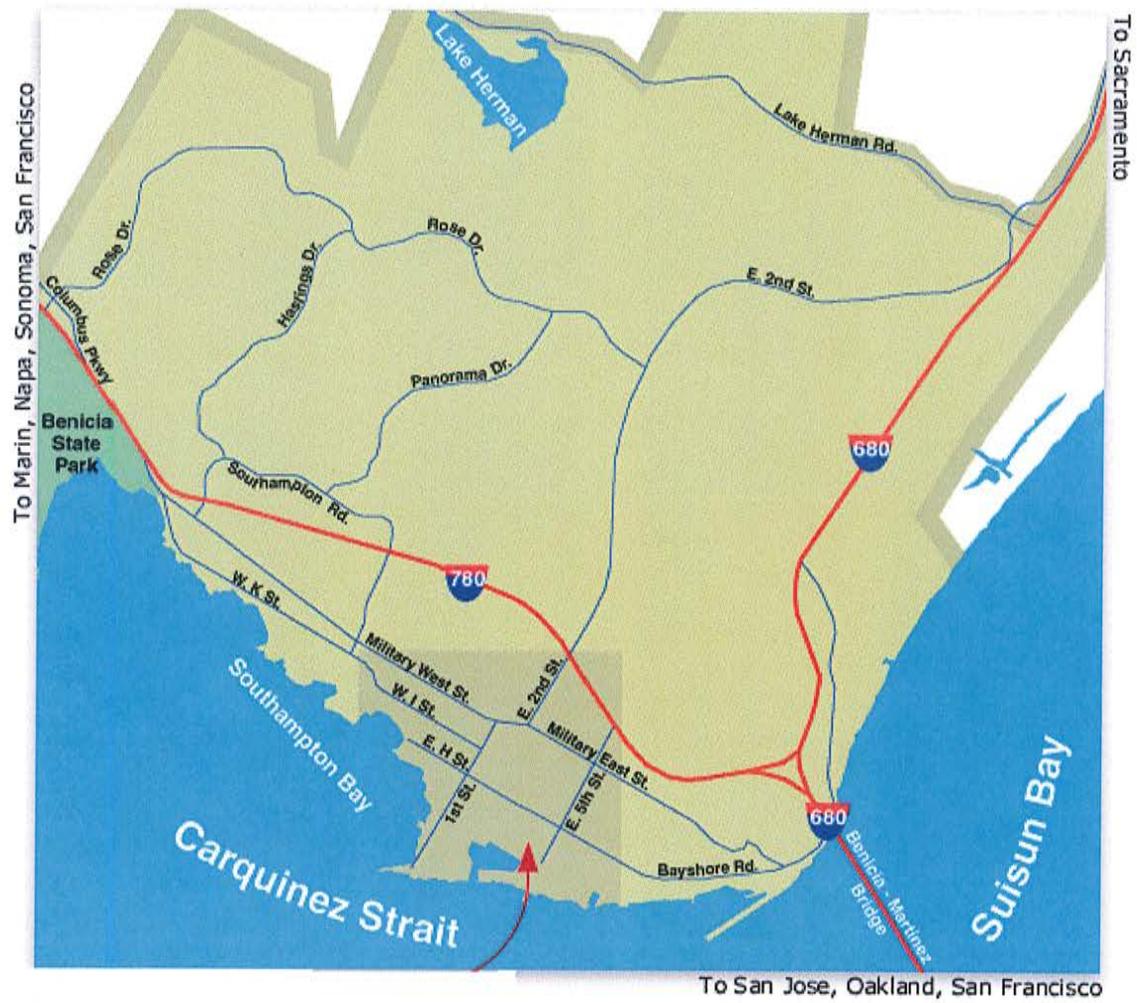
PUBLIC WORKS  
DIRECTOR

---

Graham  
Wadsworth

Location Map

City of Benicia





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

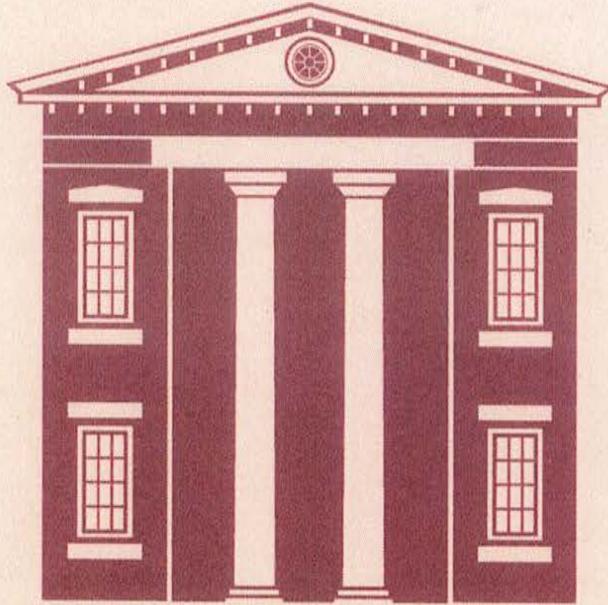
Presented to

**City of Benicia  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO



THE CITY OF  
**BENICIA**  
CALIFORNIA

## INDEPENDENT AUDITOR'S REPORT

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

### *Report on Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Benicia, California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Benicia, California, as of June 30, 2014 and the respective changes in the financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principles***

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2014 and required a format change in the financial statements and certain nomenclature revisions in the footnotes accompanying the financial statements:

Statement 65 – *Items Previously Reported as Assets and Liabilities*. See Note 1K to the financial statements for relevant disclosures.

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

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

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

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

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

*Maze & Associates*

Pleasant Hill, California  
December 15, 2014

**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, 2014. 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 \$224.5 million. Of this amount, \$34.2 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position is more favorable this year and increased by \$3.4 million due to decreases in expenditures and increases in program revenues City-wide.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16.1 million, an increase of \$1.5 million in comparison with the prior year, due to a decrease in capital expenditures and transfers out to cover for other funds deficits.
- At the end of the current fiscal year, the General Fund's fund balance totaled \$9.6 million, an increase of 15.0%, due to increases in current service charges and decreases in transfers out.
- The City's total debt decreased by \$5.5 million as a net result of debt maturities during the year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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

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

In the Government-wide statements, City activities are reported in two categories:

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

**CITY OF BENICIA**  
**Management's Discussion and Analysis**

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

### **Fund Financial Statements**

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

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

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

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

- **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.

<b>CITY OF BENICIA</b> <b>Management's Discussion and Analysis</b>
---

**Notes to the Financial Statements**

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The City's combined Net Position for the year ended June 30, 2014 are summarized below.

**Summary of Net Position**  
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 36.0	\$ 36.2	\$ 27.5	\$ 26.7	\$ 63.5	\$ 62.9
Capital assets	134.2	135.9	94.9	97.2	229.1	233.1
Total Assets	170.2	172.1	122.4	123.9	292.6	296.0
Long-term liabilities outstanding	27.3	29.5	31.6	34.9	58.9	64.4
Other liabilities	7.8	9.3	1.4	1.2	9.2	10.5
Total Liabilities	35.1	38.8	33.0	36.1	68.1	74.9
Net Position:						
Net investment in						
capital assets	120.4	121.9	63.3	62.3	183.7	184.2
Restricted	6.6	6.3	-	-	6.6	6.3
Unrestricted	8.1	5.1	26.1	25.5	34.2	30.6
Total Net Position	\$ 135.1	\$ 133.3	\$ 89.4	\$ 87.8	\$ 224.5	\$ 221.1

The largest portion of the City's net position (81.9%) reflects its net investments in capital assets. The City uses these capital assets to provide services to citizens and are not available for future spending.

Restricted net assets represent 2.9% of the total net assets and are subject to external restrictions. The balance of unrestricted net assets, which represents 15.2% of the total assets, may be used to meet the City's ongoing obligations to citizens and creditors.

<b>CITY OF BENICIA</b> <b>Management's Discussion and Analysis</b>
---

A Statement of Activities and Changes in Net Position, as of June 30, 2014, is presented below.

**Statement of Activities and Changes in Net Position**

(in millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 3.2	\$ 2.5	\$ 16.1	\$ 14.9	\$ 19.3	\$ 17.4
Operating grants and contributions	2.0	3.2	0.1	0.2	2.1	3.4
Capital grants and contributions	1.8	0.5	0.4	-	2.2	0.5
General Revenues:					0.0	
Property taxes	15.0	11.8	-	-	15.0	11.8
Sales taxes	7.1	7.9	-	-	7.1	7.9
Utility users' tax	4.7	4.8	-	-	4.7	4.8
Franchise	1.9	1.6	-	-	1.9	1.6
Other taxes	1.1	2.9	-	-	1.1	2.9
Motor vehicle license fees	-	1.8	-	-	0.0	1.8
Investment earnings	0.1	-	0.2	-	0.3	-
Total Revenues	36.9	37.0	16.8	15.1	53.7	52.1
<b>Expenses:</b>						
Administration	2.9	3.1	-	-	2.9	3.1
Public Safety - Police	8.1	8.2	-	-	8.1	8.2
Public Safety - Fire	6.1	6.4	-	-	6.1	6.4
Parks and Community Services	5.8	5.6	-	-	5.8	5.6
Public Works	1.6	3.1	-	-	1.6	3.1
Community Development	3.7	1.9	-	-	3.7	1.9
Library	2.0	1.9	-	-	2.0	1.9
Economic Development	0.5	0.6	-	-	0.5	0.6
General Government	2.9	3.1	-	-	2.9	3.1
Interest on long-term debt	1.4	1.6	-	-	1.4	1.6
Wastewater	-	-	7.0	7.2	7.0	7.2
Water	-	-	7.7	7.3	7.7	7.3
Benicia Marina	-	-	0.6	0.6	0.6	0.6
Transit	-	-	-	-	-	-
Loss from disposal of capital assets	-	-	-	-	-	-
Total Expenses	35.0	35.5	15.3	15.1	50.3	50.6
Increase in net assets before transfers	1.9	1.5	1.5	-	3.4	1.5
Transfers	(0.1)	(0.7)	0.1	0.7	-	-
Increase in net position	1.8	0.8	1.6	0.7	3.4	1.5
Net position - 7/1/13	133.3	132.5	87.8	87.1	221.1	219.6
Net position - 6/30/14	\$ 135.1	\$ 133.3	\$ 89.4	\$ 87.8	\$ 224.5	\$ 221.1

<b>CITY OF BENICIA</b> <b>Management's Discussion and Analysis</b>
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**Governmental Activities**

Total resources available during the year to finance governmental operations were \$170.1 million consisting of Net Position at July 1, 2013, of \$133.3 million, program revenues of \$7.0 million and general revenues of \$29.8 million.

The cost of all governmental activities this year was \$35.0 million. The largest governmental programs include Public Safety - both Police and Fire, and Parks and Community Services. The amount that was paid by those who directly benefited from governmental programs was \$3.2 million, while operating and capital grants and contributions paid for \$3.8 million of total costs. The City paid for the remaining "public benefit" portion of governmental activities with taxes and investment earnings.

The following table shows the Net Cost of Governmental Activities, which totaled \$28.0 million.

**Net Cost of Governmental Activities**

	Expenses	Program Revenues	Net Revenue (Expense) of Activities
Administration	\$ 2,924,434	\$ 54,582	\$ (2,869,852)
Public Safety - Police	8,077,408	691,991	(7,385,417)
Public Safety - Fire	6,115,013	461,776	(5,653,237)
Parks and Community Services	5,767,977	1,681,461	(4,086,516)
Public Works	1,556,413	2,593,082	1,036,669
Community Development	3,747,043	754,473	(2,992,570)
Library	1,976,200	183,034	(1,793,166)
Economic Development	488,870	-	(488,870)
General Government	2,948,133	597,760	(2,350,373)
Interest expense	1,387,936	-	(1,387,936)
<b>Total</b>	<b>\$ 34,989,427</b>	<b>\$ 7,018,159</b>	<b>\$ (27,971,268)</b>

**CITY OF BENICIA**  
**Management's Discussion and Analysis**

**Business-type Activities**

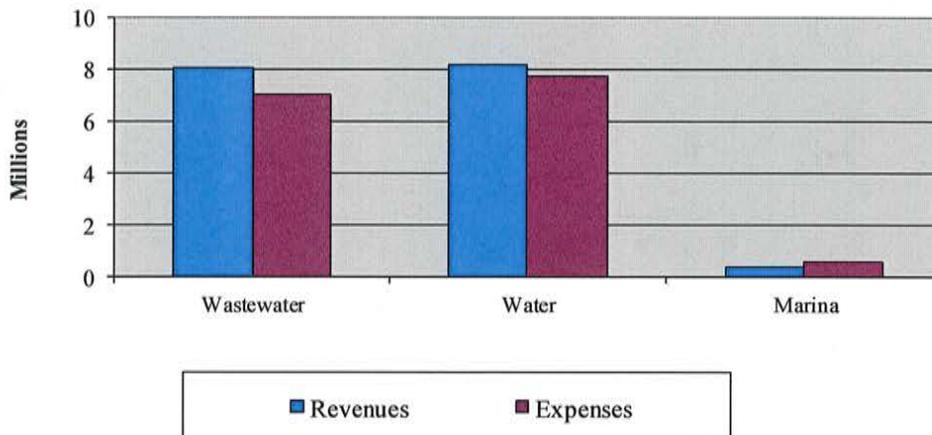
Total resources available during the year to finance Business-Type Activities were \$104.6 million consisting of Net Position at July 1, 2013, of \$87.8 million, program revenues of \$16.6 million and general revenues of \$.2 million.

The cost of all Business-Type activities this year was \$15.3 million. As shown in the Statement of Activities and Changes in Net Position, the amounts paid by users of the systems were \$16.1 million, while operating and capital grants and contributions were \$.5 million.

**Net Cost of Business-Type Activities**

	Expenses	Program Revenues	Net Revenue (Expense) of Activities
Wastewater	\$ 7,012,560	\$ 8,030,511	\$ 1,017,951
Water	7,746,457	8,195,488	449,031
Benicia Marina	572,931	387,762	(185,169)
<b>Total</b>	<b>\$ 15,331,948</b>	<b>\$ 16,613,761</b>	<b>\$ 1,281,813</b>

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



<b>CITY OF BENICIA</b> <b>Management's Discussion and Analysis</b>
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## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

### Governmental Funds

The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. The City's governmental funds reported a combined fund balance at June 30, 2014, of \$16.1 million, an increase of \$1.5 million in comparison with the prior year, due to a combination of reduction in capital expenditures and decrease in transfers out to other funds.

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 \$9.6 million. The reserve requirement adopted by the Council falls under Committed Fund Balance of \$3.1 million for Emergency Reserve, which was 10.0% of the actual operating revenues; and \$3.1 million for Contingency Reserve, which was part of the Assigned Fund Balance.

The General Fund realized general tax and other revenues of \$31.5 million during the year to pay for \$30.1 million operating expenditures, realizing an excess of revenues over expenditures of \$1.3 million. Cost cutting measures, such as freezing open positions, delaying major expenditures, and continued employee concessions were implemented to prepare for future years deficiencies.

**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 \$8.0 million in user fees to maintain the system. The fund has \$55.6 million in capital assets, net of accumulated depreciation, financed with \$15.0 million of long-term debt. The fund made debt service payments of \$2.3 million during the year. The net position increased by \$.6 million due to higher charges for services and lower interest expense.

**Water Fund** – The City's water utility fund collected \$7.8 million in user fees to sustain the system. The system has \$36.7 million in capital assets, net of accumulated depreciation, financed with \$10.3 million of long-term debt. The fund made \$1.7 million in debt service payments for the year. The net position increased by \$.9 million due to increase in water rates charged to customers and lower operating costs during the year.

**Benicia Marina** – The City's Marina collected \$.3 million in user fees to support its operating and debt service costs. The Marina has \$2.5 million in capital assets, net of accumulated depreciation, financed with \$2.9 million of long-term debt. Debt service payments for the year were \$.3 million. The fund continues to have a deficit. The City continues to evaluate options for a long-term operating solution. In the meantime, General Fund transfers support the operations.

**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 2013-14 was the first year of a two-year budget. The original budget for 2013-14 was developed in early 2013. The original budget for the General Fund revenues was \$30.0 million, while expenditures were at \$31.2 million. The final budget estimates for revenues was \$31.2 million, an increase of \$1.1 million, and \$31.5 million for expenditures, an increase of \$.3 million. The main components of the increases are as follows:

- \$.4 million increase in property taxes due to the higher assessed valuation for residential properties
- \$.1 increase in sales taxes as a result of a high level of one-time events and re-allocation of taxes from prior periods by the State
- \$.2 million increase in utility users tax due to a higher revenues recognized by utility carriers
- \$.1 million increase in franchise fees due to higher revenues recognized by utility carriers
- \$.1 million increase in revenue from other agencies for capital grants
- \$.2 million increase in charges for services
- \$.2 million increase for contracted services as a result of continuing hiring freeze on open positions
- \$.3 million increase in capital expenditures
- \$.2 million decrease for salary and benefit adjustments from continuing to freeze open positions and employee concessions

<b>CITY OF BENICIA</b> <b>Management's Discussion and Analysis</b>
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During the year, revenues surpassed the budget by \$.3 million. The largest revenue variance was for other revenues, to reimburse prior years expenditures. Actual expenditures were \$1.4 million less than the final budget due to cutbacks on operating expenditures, lower liability claims, salary savings from the hiring freeze and continuing concessions from employee bargaining groups.

**CAPITAL ASSETS**

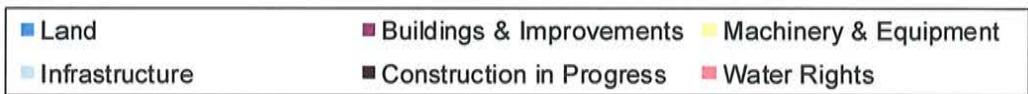
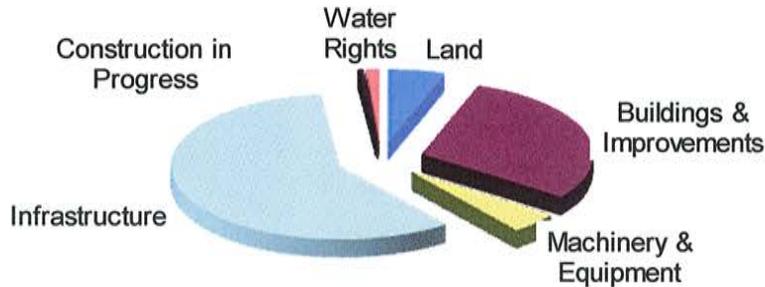
The capital assets of the City are those assets, which are used in the performance of the City's functions including infrastructure assets. This investment in capital assets includes land and easements, infrastructure, buildings and improvements, equipment and construction in progress. At June 30, 2014, net capital assets of the governmental activities totaled \$134.1 million and the net capital assets of the business-type activities totaled \$94.9 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, 2014:

**Capital Assets**  
**(in millions)**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 18.5	\$ 18.5	\$ 2.6	\$ 2.6	\$ 21.1	\$ 21.1
Buildings & Improvements	26.5	26.5	91.5	91.5	118.0	118.0
Machinery & Equipment	9.3	8.8	9.3	8.5	18.6	17.3
Infrastructure	156.2	152.8	77.3	73.9	233.5	226.7
Construction in Progress	1.3	3.4	0.6	2.8	1.9	6.2
Water Rights	-	-	5.0	5.0	5.0	5.0
<b>Total Capital Assets</b>	<b>211.8</b>	<b>210.0</b>	<b>186.3</b>	<b>184.3</b>	<b>398.1</b>	<b>394.3</b>
<b>Accumulated Depreciation</b>	<b>(77.7)</b>	<b>(74.1)</b>	<b>(91.4)</b>	<b>(87.1)</b>	<b>(169.1)</b>	<b>(161.2)</b>
<b>Net Assets</b>	<b>\$ 134.1</b>	<b>\$ 135.9</b>	<b>\$ 94.9</b>	<b>\$ 97.2</b>	<b>\$ 229.0</b>	<b>\$ 233.1</b>

**CITY OF BENICIA**  
**Management's Discussion and Analysis**



This year's major capital asset additions were the purchase of vehicles and the Vactor unit and the Western Gateway project.

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, 2014, the City's long-term debt outstanding was \$58.9 million. Of this total, \$27.3 million was in governmental activities and \$31.6 was in business-type activities. The City's governmental activities decreased by \$2.2 million, and business-type activities decreased by \$3.3 million as a result of debt maturities during the year.

The percentage of net bonded debt to taxable property valuation, and the amount of bonded debt per capita are useful indicators of the City's debt position. Per capita debt outstanding decreased by \$236 per capita from \$2,382 to \$2,146 from the previous fiscal year.

<b>CITY OF BENICIA</b> <b>Management's Discussion and Analysis</b>
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The following is a summary of the City's long-term debt obligations at June 30, 2014:

**Long-term Debt**  
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 3.0	\$ 3.5	\$ -	\$ -	\$ 3.0	\$ 3.5
Pension Obligation Bonds	10.7	11.4	-	-	10.7	11.4
Certificates of Participation	12.0	12.6	-	-	12.0	12.6
Capital Lease Obligations	1.6	2.0		-	1.6	2.0
Utility Revenue Bonds	-	-	5.5	6.6	5.5	6.6
Loans Payable	-	-	26.1	28.3	26.1	28.3
<b>Total Indebtedness</b>	<b>\$ 27.3</b>	<b>\$ 29.5</b>	<b>\$ 31.6</b>	<b>\$ 34.9</b>	<b>\$ 58.9</b>	<b>\$ 64.4</b>

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

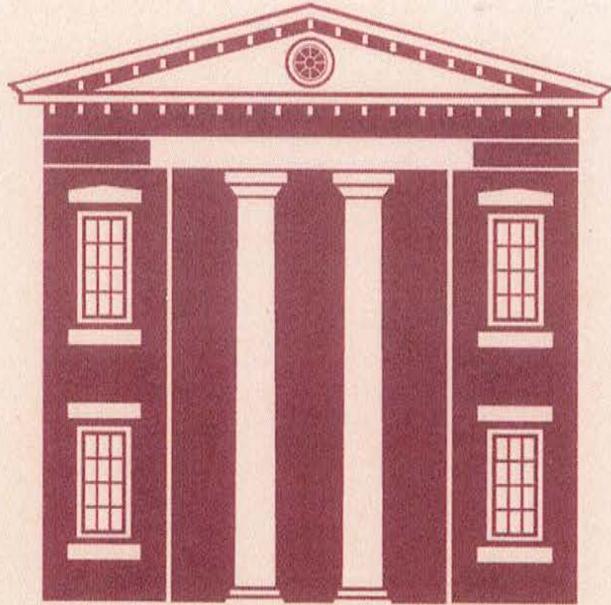
### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

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, including allocating resources and establishing priorities. For fiscal year 2014-15, the General Fund budget included flat projected revenues and a continued containment of budgeted expenditures despite inflationary cost increases. Due to the current economic climate, the City maintained an aggressive soft-hiring freeze throughout the budget period, assumed continued concessions with employee bargaining groups, and assumed a minimum-growth increase in general operating expenditures. The FY 2014-15 City-wide budget includes increased revenues in the Proprietary Funds due to Council-approved rates increases for both water and wastewater services. The City-wide budget also includes major capital investments occurring in the Proprietary Funds as a result of major capital upgrades in the City's water and wastewater assets. The City will also incur some grant-funded capital expenditures in the next fiscal year.

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

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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



THE CITY OF  
**BENICIA**  
CALIFORNIA

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION  
AND STATEMENT OF ACTIVITIES**

CITY OF BENICIA  
STATEMENT OF NET POSITION  
JUNE 30, 2014

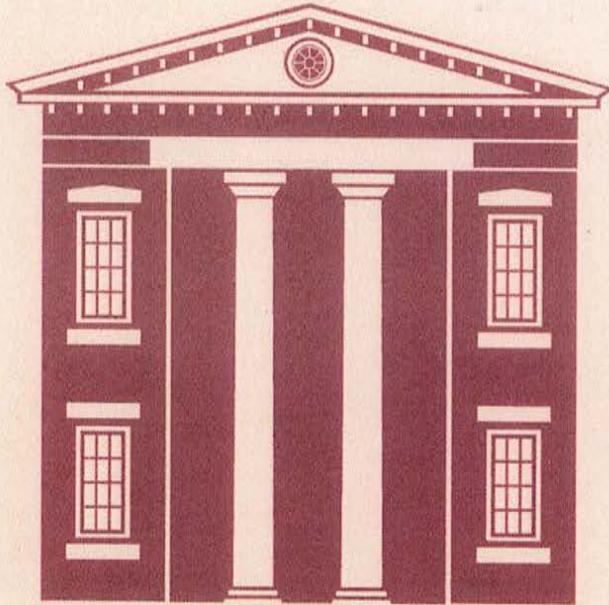
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments available for City operations (Note 3)	\$19,593,218	\$21,593,764	\$41,186,982
Restricted cash and investments held by fiscal agents (Note 3)	658,550		658,550
Accounts receivable	2,495,599	3,394,394	5,889,993
Interest receivable	3,309	3,428	6,737
Materials, parts and supplies (Note 1H)	15,416	593,240	608,656
Prepaid items (Note 1H)	60,448	75,000	135,448
Internal balances	(416,081)	416,081	
Other assets	181,727	167,387	349,114
Lease receivable		374,717	374,717
Loans receivable (Note 5)	2,639,610	923,557	3,563,167
Prepaid PERS contribution (Notes 7 and 10)	10,810,341		10,810,341
Capital assets (Note 6):			
Non-depreciable	19,857,800	3,144,365	23,002,165
Depreciable, net of accumulated depreciation	114,294,547	91,735,527	206,030,074
Total Assets	<u>170,194,484</u>	<u>122,421,460</u>	<u>292,615,944</u>
<b>LIABILITIES</b>			
Accounts payable	1,697,211	609,843	2,307,054
Accrued payroll	98,941		98,941
Customer and performance deposits	504,859	142,215	647,074
Interest payable	173,075	287,442	460,517
Unearned revenue	23,263	149,357	172,620
General liability claims (Note 12):			
Due within one year	211,648		211,648
Workers compensation claims (Note 12):			
Due within one year	781,307		781,307
Due in more than one year	1,459,693		1,459,693
Accrued compensated absences (Note 1G):			
Due within one year	836,700	267,906	1,104,606
Due in more than one year	316,788		316,788
Net OPEB Liability, due in more than one year (Note 11)	1,653,565		1,653,565
Long-term debt (Note 7):			
Due within one year	2,624,186	3,465,050	6,089,236
Due in more than one year	24,712,517	28,103,261	52,815,778
Total Liabilities	<u>35,093,753</u>	<u>33,025,074</u>	<u>68,118,827</u>
<b>NET POSITION (Note 8)</b>			
Net investments in capital assets	<u>120,434,163</u>	<u>63,311,581</u>	<u>183,745,744</u>
Restricted for:			
Capital projects	1,554,811		1,554,811
Debt service	708,435		708,435
Special revenue projects	1,761,953		1,761,953
Landscaping and Lighting	382,652		382,652
Library	979,097		979,097
Open Space	476,840		476,840
Community Services	709,624		709,624
Total Restricted Net Position	<u>6,573,412</u>		<u>6,573,412</u>
Unrestricted	<u>8,093,156</u>	<u>26,084,805</u>	<u>34,177,961</u>
Total Net Position	<u>\$135,100,731</u>	<u>\$89,396,386</u>	<u>\$224,497,117</u>

See accompanying notes to financial statements

CITY OF BENICIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Governmental Activities:</b>						
Administration	\$2,924,434	\$26,391	\$28,191		(\$2,869,852)	(\$2,869,852)
Public safety - police	8,077,408	392,556	299,435		(7,385,417)	(7,385,417)
Public safety - fire	6,115,013	189,670	179,443	\$92,663	(5,653,237)	(5,653,237)
Parks and community services	5,767,977	1,591,878	100	89,483	(4,086,516)	(4,086,516)
Public works	1,556,413	121,677	1,011,026	1,460,379	1,036,669	1,036,669
Community development	3,747,043	437,529	316,944		(2,992,570)	(2,992,570)
Library	1,976,200	71,080	111,954		(1,793,166)	(1,793,166)
Economic development	488,870				(488,870)	(488,870)
General government	2,948,133	407,560	12,244	177,956	(2,350,373)	(2,350,373)
Interest on long-term debt	1,387,936				(1,387,936)	(1,387,936)
<b>Total Governmental Activities</b>	<b>34,989,427</b>	<b>3,238,341</b>	<b>1,959,337</b>	<b>1,820,481</b>	<b>(27,971,268)</b>	<b>(27,971,268)</b>
<b>Business-type Activities:</b>						
Wastewater	7,012,560	8,030,511			\$1,017,951	1,017,951
Water	7,746,457	7,760,079		435,409	449,031	449,031
Benicia Marina	572,931	315,602	72,160		(185,169)	(185,169)
<b>Total Business-type Activities</b>	<b>15,331,948</b>	<b>16,106,192</b>	<b>72,160</b>	<b>435,409</b>	<b>1,281,813</b>	<b>1,281,813</b>
<b>Total</b>	<b>\$50,321,375</b>	<b>\$19,344,533</b>	<b>\$2,031,497</b>	<b>\$2,255,890</b>	<b>(27,971,268)</b>	<b>(26,689,455)</b>
<b>General revenues:</b>						
<b>Taxes:</b>						
Property taxes					14,960,814	14,960,814
Sales taxes					7,100,073	7,100,073
Utility users' tax					4,739,792	4,739,792
Franchise tax					1,859,241	1,859,241
Other taxes					1,087,893	1,087,893
Motor vehicle in-lieu, unrestricted					11,915	11,915
Investment earnings					98,392	227,924
Gain from disposal of capital assets					10,631	10,631
Transfers, net					(100,100)	100,100
<b>Total general revenues and transfers</b>					<b>29,768,651</b>	<b>328,024</b>
<b>Change in Net Position</b>					<b>1,797,383</b>	<b>1,609,837</b>
<b>Net Position-Beginning</b>					<b>133,303,348</b>	<b>87,786,549</b>
<b>Net Position-Ending</b>					<b>\$135,100,731</b>	<b>\$89,396,386</b>

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 2014. Individual non-major funds may be found in the Supplemental section.

### **GENERAL FUND**

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

### **GENERAL OBLIGATION BONDS DEBT SERVICE FUND**

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

CITY OF BENICIA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2014

	General	General Obligation Bonds Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments available for City operations (Note 3)	\$9,176,459	\$49,989	\$6,405,234	\$15,631,682
Restricted cash and investments (Note 3)		658,438		658,438
Accounts receivable	1,841,424		536,123	2,377,547
Interest receivable	1,592	8	964	2,564
Due from other funds (Note 4B)	204,511			204,511
Prepaid items (Note 1H)	30,750			30,750
Loans receivable (Note 5)	719,503		1,920,107	2,639,610
<b>Total Assets</b>	<b>\$11,974,239</b>	<b>\$708,435</b>	<b>\$8,862,428</b>	<b>\$21,545,102</b>
<b>LIABILITIES</b>				
Accounts payable	\$1,104,402		\$451,324	\$1,555,726
Accrued payroll	98,941			98,941
Customer deposits	4,535		495,324	499,859
Unearned revenue			23,263	23,263
Due to other funds (Note 4B)			107,433	107,433
Advances from other funds (Note 4C)	470,854			470,854
<b>Total Liabilities</b>	<b>1,678,732</b>		<b>1,077,344</b>	<b>2,756,076</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - loans receivable	719,503		1,920,107	2,639,610
<b>Total Deferred Inflows of Resources</b>	<b>719,503</b>		<b>1,920,107</b>	<b>2,639,610</b>
<b>FUND BALANCES</b>				
Fund balance (Note 8):				
Nonspendable	30,750			30,750
Restricted	189,581	\$708,435	4,310,166	5,208,182
Committed	3,146,027		1,555,616	4,701,643
Assigned	5,976,428			5,976,428
Unassigned	233,218		(805)	232,413
<b>Total Fund Balances</b>	<b>9,576,004</b>	<b>708,435</b>	<b>5,864,977</b>	<b>16,149,416</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$11,974,239</b>	<b>\$708,435</b>	<b>\$8,862,428</b>	<b>\$21,545,102</b>

See accompanying notes to financial statements

CITY OF BENICIA  
Reconciliation of the  
GOVERNMENTAL FUNDS -- BALANCE SHEET  
with the  
STATEMENT OF NET POSITION  
JUNE 30, 2014

Total fund balances reported on the Governmental Funds Balance Sheet \$16,149,416

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

**CAPITAL ASSETS**

Capital assets used in Governmental Activities are not current assets or financial resources and  
therefore are not reported in the Governmental Funds. 114,314,988

**ALLOCATION OF INTERNAL SERVICE FUND NET POSITION**

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

Cash and investments, available for City Operations	3,961,536
Restricted cash and investments	112
Accounts receivable	118,052
Interest receivable	745
Materials, parts and supplies	15,416
Prepaid items	29,698
Prepaid PERS contributions	10,810,341
Other assets	181,727
Capital assets, net of accumulated depreciation	19,837,359
Accounts payable	(141,485)
Deposits payable	(5,000)
Internal balances	(42,305)
Workers' compensation claims	(2,241,000)
Interest payable	(142,961)
Long-term debt	(22,880,479)

**ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES**

Revenues which are unavailable on the Fund Balance Sheets, because they are not available currently,  
are taken into revenue in the Statement of Activities. 2,639,610

**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	(4,456,224)
Interest payable	(30,114)
Non-current portion of compensated absences	(1,153,488)
OPEB	(1,653,565)
General Liability claims payable	(211,648)

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$135,100,731

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, 2014

	General	General Obligation Bonds Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$14,291,376	\$669,438		\$14,960,814
Sales taxes	6,371,951		\$728,122	7,100,073
Utility users' taxes	4,739,792			4,739,792
Franchise tax	1,859,241			1,859,241
Other taxes	965,749			965,749
Assessments			427,664	427,664
Licenses and permits	391,987			391,987
Fines and forfeitures	92,633			92,633
Use of money and property	437,227	3,595	121,746	562,568
Revenue from other agencies	382,457		2,983,764	3,366,221
Current service charges	1,712,085		80,306	1,792,391
Community donations	38,197		88,413	126,610
Other	179,912		320,814	500,726
<b>Total Revenues</b>	<b>31,462,607</b>	<b>673,033</b>	<b>4,750,829</b>	<b>36,886,469</b>
<b>EXPENDITURES</b>				
Current:				
Administration	3,074,350		214,325	3,288,675
Public safety - police	8,231,407		264,004	8,495,411
Public safety - fire	6,449,095			6,449,095
Parks and community services	4,839,940		567,227	5,407,167
Public works	1,177,976		306,931	1,484,907
Community development	931,502		100,677	1,032,179
Library	1,196,032		831,035	2,027,067
Economic development	537,493			537,493
General	2,899,981			2,899,981
Capital outlay	406,691		2,197,934	2,604,625
Debt service:				
Principal	312,139	625,000		937,139
Interest and fiscal charges	86,945	42,410		129,355
<b>Total Expenditures</b>	<b>30,143,551</b>	<b>667,410</b>	<b>4,482,133</b>	<b>35,293,094</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,319,056</b>	<b>5,623</b>	<b>268,696</b>	<b>1,593,375</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	733		9,898	10,631
Transfers in (Note 4A)	180,569		317,560	498,129
Transfers (out) (Note 4A)	(253,640)		(344,589)	(598,229)
<b>Total Other Financing Sources (Uses)</b>	<b>(72,338)</b>		<b>(17,131)</b>	<b>(89,469)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,246,718</b>	<b>5,623</b>	<b>251,565</b>	<b>1,503,906</b>
<b>BEGINNING FUND BALANCES</b>	<b>8,329,286</b>	<b>702,812</b>	<b>5,613,412</b>	<b>14,645,510</b>
<b>ENDING FUND BALANCES</b>	<b>\$9,576,004</b>	<b>\$708,435</b>	<b>\$5,864,977</b>	<b>\$16,149,416</b>

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, 2014

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$1,503,906

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	2,604,625
Non-capitalized capital outlay expenditures were reclassified to various governmental activities	(873,596)
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$890,579 which has already been allocated to serviced funds)	(2,783,242)

LONG-TERM DEBT PROCEEDS AND PAYMENTS

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

Repayment of debt principal is added back to fund balance	937,139
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ACCRUAL OF NON-CURRENT ITEMS

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

Unavailable revenue	(283,449)
Interest payable	119,699
Compensated absences	(48,152)
Net OPEB liability	(222,553)
Claims payable	(41,348)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities because they service those activities.

Change in Net Position - Internal Service Fund	884,354
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$1,797,383
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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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes:				
Property	\$13,878,100	\$14,289,210	\$14,291,376	\$2,166
Sales	6,205,000	6,330,000	6,371,951	41,951
Utility users'	4,595,000	4,770,000	4,739,792	(30,208)
Franchise tax	1,710,600	1,840,900	1,859,241	18,341
Other	910,000	920,000	965,749	45,749
Licenses and permits	353,340	353,340	391,987	38,647
Fines and forfeitures	99,000	99,000	92,633	(6,367)
Use of money and property	361,100	358,600	437,227	78,627
Revenue from other agencies	315,500	410,115	382,457	(27,658)
Current service charges	1,520,200	1,685,200	1,712,085	26,885
Community donations	28,835	28,835	38,197	9,362
Other	72,860	72,860	179,912	107,052
<b>Total Revenues</b>	<b>30,049,535</b>	<b>31,158,060</b>	<b>31,462,607</b>	<b>304,547</b>
<b>EXPENDITURES:</b>				
Current:				
Administration	3,296,165	3,225,690	3,074,350	151,340
Public safety - police	8,191,605	8,166,605	8,231,407	(64,802)
Public safety - fire	6,513,185	6,507,380	6,449,095	58,285
Parks and community services	4,919,465	4,949,265	4,839,940	109,325
Public works	849,285	1,028,260	1,177,976	(149,716)
Community development	1,381,355	1,322,870	931,502	391,368
Library	1,241,320	1,187,055	1,196,032	(8,977)
Economic development	492,645	591,130	537,493	53,637
General	3,716,380	3,607,640	2,899,981	707,659
Capital outlay	212,900	508,840	406,691	102,149
Debt service:				
Principal retirement	309,150	312,260	312,139	121
Interest and fiscal charges	92,800	89,690	86,945	2,745
<b>Total Expenditures</b>	<b>31,216,255</b>	<b>31,496,685</b>	<b>30,143,551</b>	<b>1,353,134</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(1,166,720)</b>	<b>(338,625)</b>	<b>1,319,056</b>	<b>1,657,681</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets			733	733
Transfers in (Note 4A)	94,500	180,545	180,569	24
Transfers (out) (Note 4A)	(303,600)	(253,640)	(253,640)	
<b>Total other financing sources (uses)</b>	<b>(209,100)</b>	<b>(73,095)</b>	<b>(72,338)</b>	<b>757</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(\$1,375,820)</b>	<b>(\$411,720)</b>	<b>1,246,718</b>	<b>\$1,658,438</b>
Beginning fund balance			<u>8,329,286</u>	
Ending fund balance			<u><u>\$9,576,004</u></u>	

See accompanying notes to financial statements

<b>MAJOR PROPRIETARY FUNDS</b>
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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 2014.

**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.

CITY OF BENICIA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2014

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Wastewater	Water	Benicia Marina	Totals	
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and investments (Note 3):					
Available for City operations	\$12,244,640	\$8,704,264		\$20,948,904	\$4,606,396
Restricted cash and investments held by fiscal agents					112
Accounts receivable	1,680,130	1,561,136	\$153,128	3,394,394	118,052
Interest receivable	2,016	1,412		3,428	745
Materials, parts and supplies (Note 1H)	31,745	561,495		593,240	15,416
Prepaid items (Note 1H)			75,000	75,000	29,698
Advances to other funds (Note 4C)	470,854			470,854	
<b>Total Current Assets</b>	<b>14,429,385</b>	<b>10,828,307</b>	<b>228,128</b>	<b>25,485,820</b>	<b>4,770,419</b>
<b>Non-Current Assets:</b>					
<b>Long-Term Assets:</b>					
Prepaid PERS contribution (Notes 7 and 10)					10,810,341
Other assets	100,673	66,714		167,387	181,727
Loans receivable (Note 5)	500,478	423,079		923,557	
Lease receivable			374,717	374,717	
<b>Total Long-Term Assets</b>	<b>601,151</b>	<b>489,793</b>	<b>374,717</b>	<b>1,465,661</b>	<b>10,992,068</b>
<b>Property, Plant and Equipment (Note 6):</b>					
Land and improvements	669,709	1,850,389	63,983	2,584,081	556,909
Buildings and improvements	51,036,558	32,556,273	7,933,206	91,526,037	24,986,539
Machinery and equipment	6,150,646	3,114,210		9,264,856	4,365,012
Infrastructure and water rights	43,030,083	39,275,955		82,306,038	
Construction in progress		560,284		560,284	
Less: accumulated depreciation	(45,259,013)	(40,627,189)	(5,475,202)	(91,361,404)	(10,071,101)
<b>Net Property, Plant and Equipment</b>	<b>55,627,983</b>	<b>36,729,922</b>	<b>2,521,987</b>	<b>94,879,892</b>	<b>19,837,359</b>
<b>Total Non-Current Assets</b>	<b>56,229,134</b>	<b>37,219,715</b>	<b>2,896,704</b>	<b>96,345,553</b>	<b>30,829,427</b>
<b>Total Assets</b>	<b>70,658,519</b>	<b>48,048,022</b>	<b>3,124,832</b>	<b>121,831,373</b>	<b>35,599,846</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts payable	220,041	373,802	16,000	609,843	141,485
Customer and performance deposits		67,215	75,000	142,215	5,000
Interest payable	137,951	23,898	125,593	287,442	142,961
Due to other funds (Note 4B)			54,773	54,773	42,305
Unearned revenue	149,357			149,357	
Workers' compensation claims (Note 12)					781,307
Compensated absences (Note 1G)	111,828	156,078		267,906	
Current portion long-term liabilities (Note 7)	1,933,854	1,356,908	174,288	3,465,050	1,657,806
<b>Total Current Liabilities</b>	<b>2,553,031</b>	<b>1,977,901</b>	<b>445,654</b>	<b>4,976,586</b>	<b>2,770,864</b>
<b>Long-Term Liabilities</b>					
Workers' compensation claims (Note 12)					1,459,693
Utility revenue bonds (Note 7)	1,755,121	2,597,716		4,352,837	
Loans payable (Note 7)	13,197,251	7,684,623	2,868,550	23,750,424	
Lease obligation (Note 7)					123,645
General obligation bonds (Note 7)					11,585,509
Pension obligation bonds (Note 7)					9,513,519
<b>Total Long-Term Liabilities</b>	<b>14,952,372</b>	<b>10,282,339</b>	<b>2,868,550</b>	<b>28,103,261</b>	<b>22,682,366</b>
<b>Total Liabilities</b>	<b>17,505,403</b>	<b>12,260,240</b>	<b>3,314,204</b>	<b>33,079,847</b>	<b>25,453,230</b>
<b>NET POSITION (Note 8)</b>					
Net investment in capital assets	38,741,757	25,090,675	(520,851)	63,311,581	7,625,399
Restricted for debt service					112
Restricted for capital projects					
Unrestricted	14,411,359	10,697,107	331,479	25,439,945	2,521,105
<b>Total Net Position</b>	<b>\$53,153,116</b>	<b>\$35,787,782</b>	<b>(\$189,372)</b>	<b>\$88,751,526</b>	<b>\$10,146,616</b>

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

Change in Net Position of Business-type Activities

644,860

\$89,396,386

See accompanying notes to financial statements

CITY OF BENICIA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Wastewater	Water	Benicia Marina	Totals	
<b>OPERATING REVENUES</b>					
Charges for services	\$7,999,265	\$7,729,560		\$15,728,825	\$6,011,303
Connection fees	31,181	15,392		46,573	
Rentals			\$315,602	315,602	
Refunds and rebates	65	15,127		15,192	497,997
<b>Total Operating Revenues</b>	<b>8,030,511</b>	<b>7,760,079</b>	<b>315,602</b>	<b>16,106,192</b>	<b>6,509,300</b>
<b>OPERATING EXPENSES</b>					
Wages and benefits	2,371,934	2,305,158		4,677,092	722,048
Materials and supplies	382,800			382,800	369,279
Operations and maintenance	2,096,684	2,248,232	245,683	4,590,599	485,162
Pension obligation amortization					392,085
Purchased water		553,117		553,117	
Depreciation	2,201,893	1,851,808	189,612	4,243,313	890,579
Claims and Insurance					1,329,003
<b>Total Cost of Sales and Operating Expenses</b>	<b>7,053,311</b>	<b>6,958,315</b>	<b>435,295</b>	<b>14,446,921</b>	<b>4,188,156</b>
<b>Operating Income (Loss)</b>	<b>977,200</b>	<b>801,764</b>	<b>(119,693)</b>	<b>1,659,271</b>	<b>2,321,144</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	128,025	81,610	18,289	227,924	36,247
Interest (expense)	(430,237)	(363,456)	(137,636)	(931,329)	(1,359,648)
Amortization of issuance/discount	(23,541)	(31,389)		(54,930)	(18,632)
Intergovernmental revenue			72,160	72,160	
Other					
Gain / (loss) from sale of capital assets					6,475
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(325,753)</b>	<b>(313,235)</b>	<b>(47,187)</b>	<b>(686,175)</b>	<b>(1,335,558)</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>651,447</b>	<b>488,529</b>	<b>(166,880)</b>	<b>973,096</b>	<b>985,586</b>
Capital contributions		435,409		435,409	
Transfers in (Note 4A)			194,600	194,600	
Transfers (out) (Note 4A)	(37,500)	(57,000)		(94,500)	
<b>Change in Net Position</b>	<b>613,947</b>	<b>866,938</b>	<b>27,720</b>	<b>1,508,605</b>	<b>985,586</b>
<b>BEGINNING NET POSITION (DEFICIT)</b>	<b>52,539,169</b>	<b>34,920,844</b>	<b>(217,092)</b>		<b>9,161,030</b>
<b>ENDING NET POSITION (DEFICIT)</b>	<b>\$53,153,116</b>	<b>\$35,787,782</b>	<b>(\$189,372)</b>		<b>\$10,146,616</b>

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

101,232

Change in Net Position of Business-type Activities

\$1,609,837

See accompanying notes to financial statements

CITY OF BENICIA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Wastewater	Water	Benicia Marina	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$7,873,914	\$7,834,521	\$367,041	\$16,075,476	\$6,022,831
Payments to suppliers	(2,355,646)	(2,637,643)	(243,194)	(5,236,483)	(1,788,465)
Payments to employees	(2,387,356)	(2,285,825)		(4,673,181)	(1,160,916)
Refunds and rebates					495,777
Claims paid					(768,135)
<b>Cash Flows from (used for) Operating Activities</b>	<b>3,130,912</b>	<b>2,911,053</b>	<b>123,847</b>	<b>6,165,812</b>	<b>2,801,092</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Interfund receipts	251,905			251,905	6,519
Interfund payments			(97,596)	(97,596)	
Operating grant and contributions			72,160	72,160	
Transfers in			194,600	194,600	
Transfers (out)	(37,500)	(57,000)		(94,500)	
Principal paid on non-capital debt					(1,105,000)
Interest paid on non-capital debt					(339,265)
<b>Cash Flows from (used for) Noncapital Financing Activities</b>	<b>214,405</b>	<b>(57,000)</b>	<b>169,164</b>	<b>326,569</b>	<b>(1,437,746)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(184,900)	(1,252,835)		(1,437,735)	(215,045)
Proceeds from sale of capital assets					6,475
Savings from capital energy project					
Principal payments on capital debt	(1,875,961)	(1,284,067)	(166,784)	(3,326,812)	(461,220)
Interest paid	(474,098)	(428,271)	(144,516)	(1,046,885)	(700,538)
<b>Cash Flows (used for) Capital and Related Financing Activities</b>	<b>(2,534,959)</b>	<b>(2,965,173)</b>	<b>(311,300)</b>	<b>(5,811,432)</b>	<b>(1,370,328)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	127,342	81,291	18,289	226,922	35,832
<b>Cash Flows from Investing Activities</b>	<b>127,342</b>	<b>81,291</b>	<b>18,289</b>	<b>226,922</b>	<b>35,832</b>
<b>Net Cash Flows</b>	<b>937,700</b>	<b>(29,829)</b>		<b>907,871</b>	<b>28,850</b>
Cash and investments at beginning of period	11,306,940	8,734,093		20,041,033	4,577,658
<b>Cash and investments at end of period</b>	<b>\$12,244,640</b>	<b>\$8,704,264</b>		<b>\$20,948,904</b>	<b>\$4,606,508</b>
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>					
Operating income (loss)	\$977,200	\$801,764	(\$119,693)	\$1,659,271	\$2,321,144
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation	2,201,893	1,851,808	189,612	4,243,313	890,579
Pension obligation amortization					392,085
Change in assets and liabilities:					
Receivables, net	(145,917)	51,462	51,439	(43,016)	9,308
Materials, parts and supplies	(1,764)	11,106		9,342	(18)
Other assets	18,877	29,810		48,687	3,608
Accounts payable and other accrued expenses	106,725	122,790	2,489	232,004	(937,614)
Accrued compensated absences	(15,422)	19,333		3,911	
Refundable deposits		22,980		22,980	
Unearned revenue	(10,680)			(10,680)	
Workers' compensation claims					122,000
<b>Cash Flows from (used for) Operating Activities</b>	<b>\$3,130,912</b>	<b>\$2,911,053</b>	<b>\$123,847</b>	<b>\$6,165,812</b>	<b>\$2,801,092</b>

See accompanying notes to financial statements

## **FIDUCIARY FUNDS**

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

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

CITY OF BENICIA  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2014

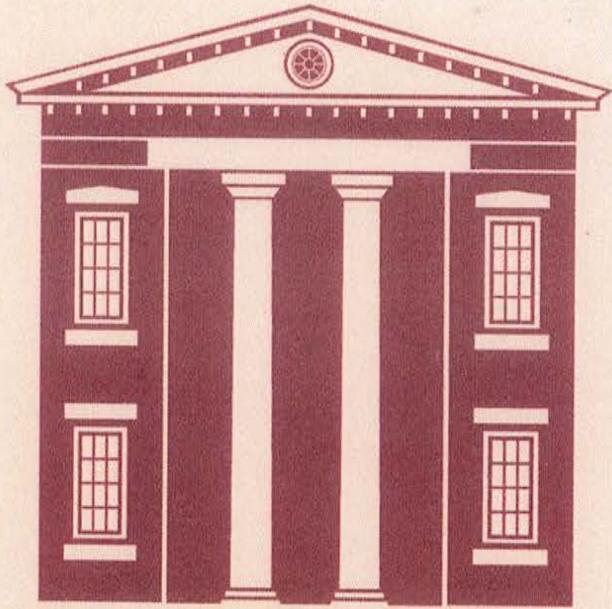
	<u>Affordable Housing Private Purpose Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Restricted cash and investments (Note 3)	\$20,298	\$2,614,575
Interest receivable	<u>3</u>	<u>171</u>
Total Assets	<u><u>\$20,301</u></u>	<u><u>\$2,614,746</u></u>
<b>LIABILITIES</b>		
Due to bondholders	<u>                    </u>	<u>\$2,614,746</u>
Total Liabilities	<u><u>                    </u></u>	<u><u>\$2,614,746</u></u>
<b>NET POSITION</b>		
Held in trust for:		
Other governments	<u>\$20,301</u>	
Total Net Position	<u><u>\$20,301</u></u>	

See accompanying notes to financial statements

CITY OF BENICIA  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2014

	Affordable Housing Private Purpose Trust Fund
ADDITIONS	
Use of money and property	\$81
Total Additions	81
CHANGE IN NET POSITION	81
NET POSITION, BEGINNING OF YEAR	20,220
NET POSITION, END OF YEAR	\$20,301

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, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Background**

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

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

***Reporting Entity***

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

***Joint Ventures***

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

***Other Related Organization***

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

**B. Basis of Presentation**

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

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

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

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

**C. Major Funds**

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

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

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

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

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

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

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

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

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**D. Basis of Accounting**

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

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

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

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

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

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

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

**E. *Property Tax Revenues***

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

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

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

**F. *Revenue Recognition For Water and Sewer***

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

**G. *Compensated Absences***

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

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**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, 2014:

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$1,105,336	\$263,995	\$1,369,331
Additions	884,852	126,888	1,011,740
Payments	(836,700)	(122,977)	(959,677)
Ending Balance	<u>\$1,153,488</u>	<u>\$267,906</u>	<u>\$1,421,394</u>
Current Portion	<u>\$836,700</u>	<u>\$267,906</u>	<u>\$1,104,606</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 Funds, Closed Funds and Fund Recategorization***

In fiscal year 2014, the Streets Projects Fund was closed and merged with the Intermodal Transportation Fund. The combined fund has been renamed Streets and Transportation Fund.

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. *Deferred Outflows/Inflows of Resources***

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

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

**NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING**

**A. *Budgeting Procedures***

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

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

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

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**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.

Statement of Net Position:	
Cash and investments available for City operations	\$41,186,982
Restricted cash and investments	658,550
	_____
City cash and investments of primary government	41,845,532
Restricted Cash and investments	
in Fiduciary Funds (separate statement)	
Private Purpose Trust Fund	20,298
Agency Funds	2,614,575
	_____
Total cash and investments	\$44,480,405

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Cash and investments as of June 30, 2014, consist of the following:

Cash on hand	\$4,767
Deposits with financial institutions	3,121,769
Investments	41,353,869
Total cash and investments	\$44,480,405

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-Sponsored Enterprise Agencies	5 years	N/A	No Limit	No Limit
Repurchase Agreements	30 days	A-1	N/A	\$1 Million
Medium Term Corporate Notes	5 years	AA	30%	No Limit
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, 2014**

**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, 2014**

**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	6/30/2013	6/30/2014	6/30/2015		Total
	12 Months or less	13 to 24 Months	25 to 36 Months	36 to 60 Months	
<b>Held by the City:</b>					
U.S. Treasury Bills and Notes	\$1,948,976	\$2,152,523	\$1,534,546	\$1,062,508	\$6,698,553
State Local Agency Investment Fund	13,186,487				13,186,487
Medium Term Corporate Notes		2,228,688	3,660,258	1,711,073	7,600,019
Non-Negotiable Certificates of Deposit		2,348,025			2,348,025
U.S. Government-Sponsored Enterprise Agencies	1,095,730	2,655,132	3,172,613	3,279,887	10,203,362
Commercial Paper	549,546				549,546
Money Market Funds (U.S. Securities)	109,327				109,327
<b>Held by Trustees:</b>					
Money Market Mutual (U.S. Securities)	658,550				658,550
<b>Total Investments</b>	<b>\$17,548,616</b>	<b>\$9,384,368</b>	<b>\$8,367,417</b>	<b>\$6,053,468</b>	<b>\$41,353,869</b>

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, 2014, these investments matured in an average of 232 days.

Money market funds are available for withdrawal on demand and at June 30, 2014, matured in an average of 33 to 47 days.

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**F. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2013, for all U.S. Treasury Notes, U.S. Government Agencies Securities and Money Market Mutual Funds are as provided by Standard and Poor's investment rating system except as noted. The Local Agency Investment Fund was not rated as of June 30, 2014.

Investment Type	Total
<i>Rated AAA:</i>	
Medium Term Corporate Notes	\$893,658
<i>Rated AA+:</i>	
U.S. Government-Sponsored Enterprise Agencies	
Non-callable	9,107,632
Callable	1,095,730
Corporate Notes	1,474,280
<i>Rated AA:</i>	
Medium Term Corporate Notes	
Non-callable	1,310,180
Callable	228,943
<i>Rated AA-:</i>	
Non-Negotiable Certificates of Deposit	549,783
Medium Term Corporate Notes	2,213,706
<i>Rated A+:</i>	
Non-Negotiable Certificates of Deposit	550,182
Medium Term Corporate Notes	1,479,252
<i>Rated A-1+:</i>	
Non-Negotiable Certificates of Deposit	1,248,060
<i>Rated A-1:</i>	
Commercial Paper	549,546
<i>Rated AAAm:</i>	
Money Market Funds (U.S. Securities)	767,877
<i>Not rated:</i>	
State Local Agency Investment Fund	13,186,487
<i>Exempt from credit rating disclosure:</i>	
U.S. Treasury Bill and Notes	6,698,553
Total Investments	\$41,353,869

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**G. Concentration of Credit Risk**

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

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity-wide	Federal Home Loan Mortgage Corporation	U.S. Government-Sponsored Enterprise Agencies	\$2,256,094
	Federal National Mortgage Association	U.S. Government-Sponsored Enterprise Agencies	6,151,464

**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, 2014 were as follows:

Fund Making Transfer	Fund Receiving Transfers	Amount Transferred	
<b>General Fund</b>	Non-Major Governmental Funds	\$59,040	(A)
	Benicia Marina Fund	194,600	(A)
<b>Special Revenue Fund:</b>			
Non-Major Governmental Funds	General Fund	86,044	(B)
<b>Capital Projects Fund:</b>			
Non-Major Governmental Funds	Non-Major Governmental Funds	258,520	(C)
Non-Major Governmental Funds	General Fund	25	(C)
<b>Enterprise Fund:</b>			
Wastewater	General Fund	37,500	(B)
Water	General Fund	57,000	(B)
		\$692,729	

(A) Transfer to fund City operations.

(B) Transfer to fund administrative expenses.

(C) Transfer to close out fund.

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 4 - INTERFUND TRANSACTIONS (Continued)**

**B. Current Interfund Balances**

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2014, the following funds have balances due to the General Fund:

<b>Special Revenue Fund:</b>	
Miscellaneous Grants	\$92,663
<b>Capital Projects Fund:</b>	
Park Dedication	14,770
<b>Enterprise Fund:</b>	
Benicia Marina	54,773
<b>Internal Service Fund:</b>	
General Services	<u>42,305</u>
Total	<u><u>\$204,511</u></u>

**C. Advances Between Funds**

During fiscal year 2009, an advance in the amount of \$1,627,009 was made from the Wastewater Enterprise Fund to the General Fund to finance property tax settlement payments to Valero Energy Corporation. The advance is being repaid with interest at the current portfolio earning rate and is expected to be fully repaid by 2015. The outstanding balance at June 30, 2014 was \$470,854.

**D. Internal Balances**

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 5 – LOANS RECEIVABLE**

At June 30, 2014, the City had the following loans receivable:

	Balance at June 30, 2014		
	Governmental Activities	Business-Type Activities	Total
Housing Rehabilitation Loan Program	\$266,058		\$266,058
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	47,837	78,557	126,394
Benicia Resource Incentive Program			
RB Squared, LLC	35,715		35,715
Total Loans Receivable	<u>2,832,124</u>	<u>1,871,879</u>	<u>4,704,003</u>
Less: Forgivable Amounts	<u>(192,514)</u>	<u>(948,322)</u>	<u>(1,140,836)</u>
Total	<u><u>\$2,639,610</u></u>	<u><u>\$923,557</u></u>	<u><u>\$3,563,167</u></u>

**A. Housing Rehabilitation Loan Program**

The City administers a Housing Rehabilitation Loan Program using the Housing and Community Development Act funds. Under this program, residents with incomes below a certain level are eligible to receive low interest loans, secured by deeds of trust, for construction work on their homes. Federal grants are used to fund these loans. Upon approval of loans, the City disburses the funds, and arranges for and collects repayments. As of June 30, 2014, residents owed the City \$266,058 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, 2014**

**NOTE 5 – LOANS RECEIVABLE (Continued)**

**C. *Burgess Point, Benicia Housing Authority***

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

**D. *Hearthstone Village, Affordable Housing Affiliation***

On May 21, 2003, the City authorized loans to the Affordable Housing Affiliation in the amount of \$96,000 and \$288,086 in deferred fees, totaling \$384,086. The loans were later assumed by individual low income and very low-income home buyers (collectively “Hearthstone Village”) within the twelve-unit development. The loans are secured by deeds of trust creating a valid lien, not lower than third priority, upon the related property. The loans were assumed under a ten-year regulatory agreement requiring continued use of the properties for low and very low-income households. This requirement is no longer mandated by the City’s regulatory agreement which expired in May 2013; however, it is the City’s intent that the loans will continue to be deferred while the units are occupied by the low and very low-income owners.

**E. *Bay Ridge Affordable Housing***

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

**F. *Casa de Vilarrasa, Benicia Housing Authority***

On January 6, 2005, the City authorized a loan to Benicia Housing Authority in an amount up to \$1.4 million. The loan bears simple interest not to exceed 10% a year and is unsecured. The loan was used to fund the improvements of the Casa de Vilarrasa housing project. The loan will be paid in full on or before April 1, 2016. As of June 30, 2014, the outstanding amount of this loan was \$1,400,000.

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**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 5<sup>th</sup> 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, 2014, the outstanding amount was \$126,394.

**H. Benicia Resource Incentive Program**

On August 6, 2013, the City authorized loans to RB Squared LLC for the Benicia Resource Incentive Program in the amounts of \$25,000 at 0% and \$13,459 at 3.5% for a total amount of \$38,459. The principal and interest are to be amortized over 120 months and monthly payments are to be made starting November 1, 2013. Final payments for these loans will be on October 1, 2023. As of June 30, 2014, the outstanding amount was \$35,715.

**NOTE 6 – CAPITAL ASSETS**

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

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

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

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

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 6 – CAPITAL ASSETS (Continued)**

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

	Balance June 30, 2013	Additions	Retirements	Transfers	Balance June 30, 2014
<b>Governmental Activities:</b>					
Capital assets, not depreciated:					
Land	\$18,545,953				\$18,545,953
Construction in Progress	3,429,485	\$1,543,077		(\$3,660,715)	1,311,847
Total capital assets, not depreciated	<u>21,975,438</u>	<u>1,543,077</u>		<u>(3,660,715)</u>	<u>19,857,800</u>
Buildings and Improvements	26,451,836				26,451,836
Machinery and Equipment	8,752,099	360,765	(\$28,000)	177,428	9,262,292
Computer Software	92,391				92,391
Infrastructure	152,663,504	42,233		3,483,287	156,189,024
Total cost of depreciable assets	<u>187,959,830</u>	<u>402,998</u>	<u>(28,000)</u>	<u>3,660,715</u>	<u>191,995,543</u>
Less accumulated depreciation:					
Buildings and Improvements	(9,125,229)	(742,567)			(9,867,796)
Machinery and Equipment	(6,433,135)	(411,473)	28,000		(6,816,608)
Computer Software	(30,855)	(23,940)			(54,795)
Infrastructure	(58,465,956)	(2,495,841)			(60,961,797)
Total accumulated depreciation	<u>(74,055,175)</u>	<u>(3,673,821)</u>	<u>28,000</u>		<u>(77,700,996)</u>
Net depreciable assets	<u>113,904,655</u>	<u>(3,270,823)</u>		<u>3,660,715</u>	<u>114,294,547</u>
Governmental Activity Capital Assets, Net	<u>\$135,880,093</u>	<u>(\$1,727,746)</u>			<u>\$134,152,347</u>
<b>Business-Type Activities:</b>					
Capital assets, not depreciated:					
Land and Improvements	\$2,584,081				\$2,584,081
Construction in Progress	2,837,956	\$1,053,453		(\$3,331,125)	560,284
Total capital assets, not depreciated:	<u>5,422,037</u>	<u>1,053,453</u>		<u>(3,331,125)</u>	<u>3,144,365</u>
Capital assets, being depreciated:					
Buildings and Improvements	91,526,037				91,526,037
Machinery and Equipment	8,481,894	384,284		398,678	9,264,856
Infrastructure	73,938,182	435,409		2,932,447	77,306,038
Water Rights	5,000,000				5,000,000
Total cost of depreciable assets	<u>178,946,113</u>	<u>819,693</u>		<u>3,331,125</u>	<u>183,096,931</u>
Less accumulated depreciation:					
Buildings and Improvements	(41,343,839)	(2,257,180)			(43,601,019)
Machinery and Equipment	(4,430,669)	(360,633)			(4,791,302)
Infrastructure	(40,543,585)	(1,425,498)			(41,969,083)
Water Rights	(800,000)	(200,000)			(1,000,000)
Total accumulated depreciation	<u>(87,118,093)</u>	<u>(4,243,311)</u>			<u>(91,361,404)</u>
Net depreciable assets	<u>91,828,020</u>	<u>(3,423,618)</u>		<u>3,331,125</u>	<u>91,735,527</u>
Business-type Activity Capital Assets, Net	<u>\$97,250,057</u>	<u>(\$2,370,165)</u>			<u>\$94,879,892</u>

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 6 – CAPITAL ASSETS (Continued)**

**B. Project Commitments**

At June 30, 2014, the City had outstanding commitments with contractors for the following projects:

Project	Commitment
Electric vehicle fast charging station	\$43,200
Intermodal - Phase II	53,967
Cordelia Pump	83,739
Filter Slide Gate	68,800
Water Treatment Plant Influent Improvement	107,620
Water Treatment Plant PLC Replacement	65,598
	\$422,924

**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	\$23,255
Public safety - police	92,480
Public safety - fire	16,488
Parks and community services	501,044
Public works and community development	2,095,552
Library	400
General government	54,023
Internal Service Fund	890,579
Total Governmental Activities	\$3,673,821
Business-type Activities:	
Wastewater	\$2,201,891
Water	1,851,808
Benicia Marina	189,612
Total Business-Type Activities	\$4,243,311

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**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, 2013	Additions/ Accretion	Deletions	Balance at June 30, 2014	Due Within One Year
<b>GOVERNMENTAL ACTIVITY DEBT</b>					
2006 Pension Obligation Bonds					
Series A-1 (Current Interest Bonds)	\$5,625,000			\$5,625,000	
Series A-2 (Capital Appreciation Bonds)	5,826,726	\$321,793	\$1,105,000	5,043,519	\$1,155,000
2011 Certificates of Participation					
Energy Conservation Projects	12,700,000		425,000	12,275,000	465,000
Less unamortized original issue discount	(234,788)		(10,297)	(224,491)	
2012 General Obligation Refunding Bonds	3,575,000		625,000	2,950,000	640,000
Casa de Vilarrasa- Capital Lease	1,050,991		67,840	983,151	70,830
Fire Engine Capital Lease	197,671		36,220	161,451	37,806
Police and Marina Area Storm Drain Improvements Capital Lease	767,372		244,299	523,073	255,550
Total Governmental Activity Debt	<u>\$29,507,972</u>	<u>\$321,793</u>	<u>\$2,493,062</u>	<u>\$27,336,703</u>	<u>\$2,624,186</u>
<b>BUSINESS-TYPE ACTIVITY DEBT</b>					
2002 Water Revenue Refunding Bonds	\$4,190,000		\$780,000	\$3,410,000	\$810,000
2005 Wastewater Refunding Revenue Bonds	2,395,000		300,000	2,095,000	315,000
Less unamortized original issue discount	(33,406)		(6,243)	(27,163)	
Total utility bonds payable net of discount	<u>6,551,594</u>		<u>1,073,757</u>	<u>5,477,837</u>	<u>1,125,000</u>
State of California Marina Loans	3,209,621		166,783	3,042,838	174,288
State Revolving Loan Fund- WWTP	8,923,164		1,046,893	7,876,271	1,065,770
State Revolving Loan Fund- I & I WW	7,478,901		539,067	6,939,834	553,084
State Revolving Loan Fund- Water Treatment Plant	8,765,598		534,067	8,231,531	546,908
Total Business-type Activity Debt	<u>\$34,928,878</u>		<u>3,360,567</u>	<u>\$31,568,311</u>	<u>3,465,050</u>

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 7 - LONG - TERM DEBT (Continued)**

***B. 2006 Pension Obligation Bonds***

On June 15, 2006, the California Statewide Communities Development Authority issued the 2006 Series A-1 Current Interest Bonds and Series A-2 Capital Appreciation Bonds in the amounts of \$27,985,000 and \$34,828,647, of which \$7,430,000 and \$6,542,596 were the City's portion. The bond proceeds were used to fund the unfunded actuarial accrued liability of the Miscellaneous and Safety pension plans through the California Public Employees' Retirement System. The application of the proceeds was treated as employer contributions of that year. Since the amounts were greater than the required pension contributions of that year, the difference resulted in the City reporting a pension asset. As of June 30, 2014, the City's prepaid PERS contribution amounted to \$10,810,341.

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

The Series A-2 Capital Appreciation Bonds unaccreted discount totaled \$3,111,483 at June 30, 2014. The capital appreciation bonds will accrete interest from the date of issuance and will be payable only upon maturity or redemption. The bonds are payable in any form of taxation. Interest on the Bonds accretes in value at the rates of 5.67% to 6.12%. Repayments of the accreted principal commenced on June 1, 2008.

***C. 2011 Certificates of Participation Energy Conservation Projects***

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

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

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

***D. General Obligation Refunding Bonds Series 2012***

On June 7, 2012, the City issued General Obligation Refunding Bonds, Series 2012, in the amount of \$4,270,000, bearing interest of 1.25%. The proceeds were used to refund the City's outstanding 1997 General Obligation Wastewater Bonds, Series A and B. Principal payments are due annually on August 1 through 2018.

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 7 - LONG - TERM DEBT (Continued)**

***E. Casa de Vilarrasa - Capital Lease***

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

***F. Fire Engine – Capital Lease***

In April 2008, the City entered into a Capital Lease for \$365,000, at 3.92% interest, to finance the purchase of a fire engine. Semi-annual payments are due on September 30 and March 31 each year through 2018. Ownership of the vehicle will be reverted to the City at the end of the lease.

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

In May 2006, the City entered into a Capital Lease for \$2.2 million, at 4.58% interest, to finance the improvements to the Police Building and the portion of the storm drain system located in the Marina Area. Semi-annual payments are due on December 22 and June 22 each year until 2016. Ownership of the improvements will be reverted to the City at the end of the lease. Since the lease is in essence a financing arrangement, the cost of the improvements and the amount of the lease have been included in the City's financial statements.

***H. 2002 Water Revenue Refunding Bonds***

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

***I. 2005 Wastewater Refunding Revenue Bonds***

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

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 7 – LONG - TERM DEBT (Continued)**

***J. State of California Marina Loans***

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

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

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

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

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

***M. State Revolving Loan Fund - Water Treatment Plant***

In 2004, the City entered into a State Revolving Fund loan agreement with the State Department of Water Resources to assist financing the Water Treatment Plant Improvement Project, which will enable the City to meet safe drinking water standards set by the State. The loan is a long-term liability of the Water Enterprise Fund, bearing interest of 2.39%. Principal and interest are payable semi-annually on January 1 and July 1 of each year, commencing January 1, 2008 through 2027. The maximum amount the City can borrow is \$13,600,000; however, the City only borrowed \$11,716,747. As of June 30, 2014, the outstanding principal amount was \$8,231,531.

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 7 – LONG - TERM DEBT (Continued)**

**N. Pledged Revenue**

The city has pledged future wastewater revenues, net of specified operating expenses, to repay the 2005 Wastewater Refunding Revenue Bonds, the State Revolving Loan Fund – Wastewater Treatment Plant and the State Revolving Loan Fund – Inflow & Infiltration. Projected net customer revenues are expected to provide coverage over debt service of at least 1.20 over the life of the bonds. The Wastewater Fund’s total principal and interest remaining to be paid on the bonds is \$2,355,997, which is scheduled to occur in fiscal year 2020. For fiscal year 2014, Wastewater Fund Revenues including operating revenues and non-operating investment income totaled \$8,012,914 and operating costs, not including depreciation or amortization totaled \$4,795,600. Net Revenues available for debt service totaled 3,217,314, which represented coverage of 1.38% of debt service payment of \$2,328,158.

The city has pledged future water revenues, net of specified operating expenses, to repay the 2002 Water Revenue Refunding Bonds and the State Revolving Loan Fund – Water Treatment Plant. Projected net customer revenues are expected to provide coverage over debt service of at least 1.20 over the life of the bonds. The Water Fund’s total principal and interest remaining to be paid on the bonds is \$3,707,767, which is scheduled to occur in fiscal year 2018. For fiscal year 2014, gross Water Fund Revenues including operating revenues and non-operating interest earnings totaled \$7,767,150 and operating costs, not including depreciation or amortization, totaled \$5,154,540. Net Revenues available for debt service totaled \$2,612,610 which represented coverage of 1.56% of debt service payment of \$1,678,798.

**O. Debt Service Requirements**

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

*Governmental Activities: Pension Obligation Bonds*

Year ending June 30	Principal (A)	Interest
2015	\$1,155,000	\$332,415
2016	1,210,001	332,415
2017	1,310,000	277,811
2018	305,000	217,631
2019	325,000	217,631
2020-2024	1,935,000	1,088,155
2025-2029	2,505,001	1,088,155
2030-2034	3,275,000	993,276
2035-2036	1,760,000	158,924
Total	<u>\$13,780,002</u>	<u>\$4,706,413</u>

(A) Includes unaccrued discount totaling \$3,111,483

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 7 – LONG - TERM DEBT (Continued)**

*Governmental Activities: Certificates of Participation*

Year ending June 30	Principal	Interest
2015	\$465,000	\$681,065
2016	535,000	666,418
2017	120,000	647,693
2018	155,000	643,073
2019	195,000	636,563
2020-2024	1,520,000	3,005,595
2025-2029	2,170,000	2,508,036
2030-2034	4,350,000	1,717,800
2035-2036	2,765,000	252,900
Total	<u>\$12,275,000</u>	<u>\$10,759,143</u>

*Governmental Activities: General Obligation Bonds*

Year ending June 30	Principal	Interest
2015	\$640,000	\$32,876
2016	650,000	24,813
2017	655,000	16,656
2018	670,000	8,375
2019	335,000	2,094
Total	<u>\$2,950,000</u>	<u>\$84,814</u>

*Governmental Activities: Capital Leases*

Year ending June 30	Principal	Interest
2015	\$364,186	\$71,111
2016	380,993	54,390
2017	118,637	40,071
2018	123,957	34,742
2019	84,656	29,654
2020-2024	484,695	86,859
2025-2029	110,551	3,746
Total	<u>\$1,667,675</u>	<u>\$320,573</u>

*Enterprise Activities: Revenue Bonds*

Year ending June 30	Principal	Interest
2015	\$1,125,000	\$203,130
2016	1,170,000	157,551
2017	1,205,000	108,916
2018	1,245,000	57,488
2019	370,000	23,586
2020	390,000	8,093
Total	<u>\$5,505,000</u>	<u>\$558,764</u>

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 7 – LONG - TERM DEBT (Continued)**

*Enterprise Activities: Revolving Loans*

Year ending June 30	Principal	Interest
2015	\$2,340,050	\$659,398
2016	2,394,638	604,965
2017	2,450,615	549,148
2018	2,508,021	491,905
2019	2,566,897	433,197
2020-2024	10,083,022	1,296,747
2025-2029	3,747,231	162,323
Total	\$26,090,474	\$4,197,683

**P. Special Assessment Debt Without City Commitment**

At June 30, 2014, the outstanding principal amount of bonded debt issued by special assessment districts in the City was as follows:

McAllister	\$8,830,000
East Second Street	785,000
Fleetside Industrial Refunding	410,000

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

**NOTE 8 – NET POSITION AND FUND BALANCES**

**A. Net Position**

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

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

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

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

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 8 – NET POSITION 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 include amounts that can be used only for the specific purposes determined by a formal action of the City Council's highest level of decision-making authority. The City Council can, by adoption of resolution or ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the City Council remains in place until a similar action is taken (the adoption of another resolution or ordinance to remove or revise the limitation).

*Assigned* fund balances are comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. The City has, by resolution, authorized the City Manager to assign fund balance.

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

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 8 – NET POSITION AND FUND BALANCES (Continued)**

Detailed classifications of the City's Fund Balances, as of June 30, 2014, are stated below:

<b>Fund Balance Classifications</b>	<b>General Fund</b>	<b>General Obligation Bonds Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Nonspendables:</b>				
Items not in spendable form:				
Prepaid Expenses	\$30,750			\$30,750
<b>Total Nonspendable Fund Balances</b>	<b>30,750</b>			<b>30,750</b>
<b>Restricted for:</b>				
Debt Service		\$708,435		708,435
St. Catherine's Wood Open Space	98,587			98,587
Cable	90,994			90,994
Streets and Road			\$929,012	929,012
Landscaping and Lighting			382,652	382,652
Housing			440,865	440,865
City Cemetery and Tree Maintenance			268,759	268,759
Library Programs			979,097	979,097
South Pacific Depot			127,546	127,546
Public Safety Programs			226,102	226,102
Resident Assistance Programs			158,240	158,240
Open Space			476,840	476,840
Workplace Safety			565	565
Conservation Projects			320,488	320,488
<b>Total Restricted Fund Balances</b>	<b>189,581</b>	<b>708,435</b>	<b>4,310,166</b>	<b>5,208,182</b>
<b>Committed to:</b>				
Capital Projects			1,555,616	1,555,616
Emergency Reserves	3,146,027			3,146,027
<b>Total Committed Fund Balances</b>	<b>3,146,027</b>		<b>1,555,616</b>	<b>4,701,643</b>
<b>Assigned to:</b>				
Human Services	18,057			18,057
Arts and Cultural	4,035			4,035
Economic Development	816,972			816,972
Capital License	79,874			79,874
Library Books	480			480
City Operations	375,439			375,439
Fiscal Year 2014-15 Appropriations	1,535,545			1,535,545
Contingency Reserves	3,146,026			3,146,026
<b>Total Assigned Fund Balances</b>	<b>5,976,428</b>			<b>5,976,428</b>
<b>Unassigned:</b>				
General Fund	233,218			233,218
Negative Fund Deficits			(805)	(805)
<b>Total Unassigned Fund Balances</b>	<b>233,218</b>		<b>(805)</b>	<b>232,413</b>
<b>Total Fund Balances</b>	<b>\$9,576,004</b>	<b>\$708,435</b>	<b>\$5,864,977</b>	<b>\$16,149,416</b>

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 8 – NET POSITION AND FUND BALANCES (Continued)**

**C. *Minimum Fund Balance Policies***

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

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

**D. *Fund Equity Deficits***

The Park Dedication Capital Projects Fund had a deficit fund balance of \$805 at June 30, 2014. Grant funds are expected to offset the deficit in fiscal year 2014-15.

The Benicia Marina Enterprise Fund had a deficit net position of \$189,732 at June 30, 2014. Management is currently reviewing options to reduce deficit over time with Council approval.

The Insurance Internal Service Fund had deficit net position of \$1,059,983 at June 30, 2014. Management is looking for options to increase service rates and reduce the deficit over time.

**NOTE 9 – DEFERRED COMPENSATION PLAN**

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

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

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 10 - PENSION PLAN**

*CALPERS Safety and Miscellaneous Employees Plans*

The City participates in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding for city's contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS. A third plan was established to implement the provisions of the Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, and is applicable to employees new to CALPERS and hired after December 31, 2012. The Plans' provisions and benefits in effect at June 30, 2014, are summarized as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Safety Tier 2</u>
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	50	55
Monthly benefits, as a % of annual salary	2%-2.7%	3%	3%
Required employee contribution rates	8%	9%	9%
Required employer contribution rates	15.757%	27.877%	22.502%

	<u>PEPRA Miscellaneous</u>	<u>PEPRA-Safety Fire</u>	<u>PEPRA-Safety Police</u>
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	62	57	57
Monthly benefits, as a % of annual salary	2%	2.70%	2.70%
Required employee contribution rates	6.25%	12.25%	12.25%
Required employer contribution rates	15.187%	12.25%	12.25%

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 10 - PENSION PLAN (Continued)**

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, 2012	\$1,540,274	100%	\$0
June 30, 2013	1,506,006	100%	0
June 30, 2014	1,520,816	100%	0
<i>Miscellaneous Plan</i>			
June 30, 2012	\$1,523,607	100%	\$0
June 30, 2013	1,525,905	100%	0
June 30, 2014	1,525,712	100%	0

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.50% is assumed, including inflation at 2.75%. Annual salary increases are assumed to vary by duration of service and annual retirement benefit increases are assumed to be 3.00%. 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, 2014 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 \$10,810,341 at June 30, 2014. During fiscal year 2013-14, the amortization of the prepayment increased the actuarially required contributions by \$60,236 to arrive at the Annual Pension Costs of \$3,438,614.

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**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
2010	\$71,953,967	\$64,246,960	\$7,707,007	89.3%	\$11,267,528	68.4%
2011	77,140,133	68,317,491	8,822,642	88.6%	11,310,540	78.0%
2012	81,549,420	69,681,887	11,867,533	85.4%	10,321,317	115.0%

As required by State law, effective July 1, 2005, the City's Safety Plan was terminated, and the Safety employees in the plan were required by CalPERS to join new State-wide pools. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The State-Wide Pool Safety Plan's actuarial value (which differs from market value) and funding progress over the past three years is set forth below at their actuarial valuation date of June 30:

*State-Wide Pool Safety Plan:*

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2010	\$10,165,475,166	\$8,470,235,152	\$1,695,240,014	83.3%	\$955,980,815	177.3%
2011	10,951,745,049	9,135,654,246	1,816,090,803	83.4%	949,833,090	191.2%
2012	11,724,021,480	9,854,787,710	1,869,233,770	84.1%	947,734,809	197.2%

The City's Safety Plan represents approximately 0.61%, 0.78%, and 0.73% of the State-wide Safety 3% @ 50 Risk Pool for the years ended June 30, 2012, 2011, and 2010, respectively; based on covered payroll of \$5,745,430, \$6,715,523 and \$7,443,560 for those years.

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

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS**

**A. *Plan Description***

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

**B. *Eligibility***

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

**C. *City's Funding Policy***

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

**D. *Annual OPEB Cost and Net OPEB Obligation***

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

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

Annual required contribution	\$422,732
Interest on net OPEB obligation	64,396
Adjustment to annual required contribution	<u>(68,848)</u>
Annual OPEB cost (expense)	418,280
Contributions made (including premiums paid)	<u>(195,727)</u>
Increase in net OPEB obligation	222,553
Net OPEB obligation - beginning of year	<u>1,431,012</u>
Net OPEB obligation - end of year	<u><u>\$1,653,565</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$444,299	47%	\$1,167,310
6/30/2013	472,588	44%	1,431,012
6/30/2014	418,280	47%	1,653,565

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

**E. Actuarial Methods and Assumptions**

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

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.50 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.7 percent initially, reduced by decrements of 0.3% per year to an ultimate rate of 5.0 percent after the year 2020. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years. The valuation is based on a closed 30 year amortization period. It is assumed the City's payroll will increase 3.25% per year.

The schedule of funding progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the April 1, 2012, actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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%
7/1/2013	0	4,481,535	4,481,535	0.00%	17,354,119	26%

**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, 2014, the City contributed \$888,448 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, 2014, the City contributed \$119,786 for current year coverage.

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

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:

	2014			2013
	Workers' Compensation	General Liability	Total	
Beginning balance	\$2,149,000	\$170,300	\$2,319,300	\$1,404,883
Liability for current year claims and change in prior year claims estimate	613,283	147,317	760,600	2,392,803
Claims paid in fiscal year	(521,283)	(105,969)	(627,252)	(1,478,386)
Ending balance	<u>\$2,241,000</u>	<u>\$211,648</u>	<u>\$2,452,648</u>	<u>\$2,319,300</u>
Claim liabilities due within a year	<u>\$781,307</u>	<u>\$211,648</u>	<u>\$992,955</u>	<u>\$1,012,331</u>

For the years ended June 30, 2014, 2013, and 2012, the amount of settlements did not exceed insurance coverage.

**NOTE 13 – JOINT POWERS AUTHORITIES**

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

**A. Solano Water Authority**

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

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

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

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 13 – JOINT POWERS AUTHORITIES (Continued)**

**B. *Solano Transportation Authority***

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

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

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

**NOTE 14 – OPERATING LEASE**

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

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

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

**NOTE 15 – OTHER COMMITMENTS AND CONTINGENT LIABILITIES**

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

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

**CITY OF BENICIA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**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. At the June 17, 2014 Council meeting, Valero withdrew their Condensate Recovery Phase II Project and instead requested for a lower allocation for their Boiler Project. As a result of the re-allocation of settlement funds, the City's direct share increased to \$7,494,000. The commitment does not meet the criteria to be recorded as revenue until eligible project expenditures are incurred. As of June 30, 2014, Valero has paid the City \$5,302,285 of this commitment.

**NOTE 17 - MARINA**

The City of Benicia contracts with the Benicia Harbor Corporation (BHC) to conduct annual dredging in the Benicia Marina common areas. In fiscal 2009-10, they failed to initiate and complete their dredging commitment and have claimed that it was due, in part, to the City's inability to acquire a California Dredging Permit in a timely manner. In fiscal year 2013-14, the amount under review was \$141,137. At June 30, 2014, the City received \$37,891 of this amount, which represents the percentage rent for fiscal year 2013-14.

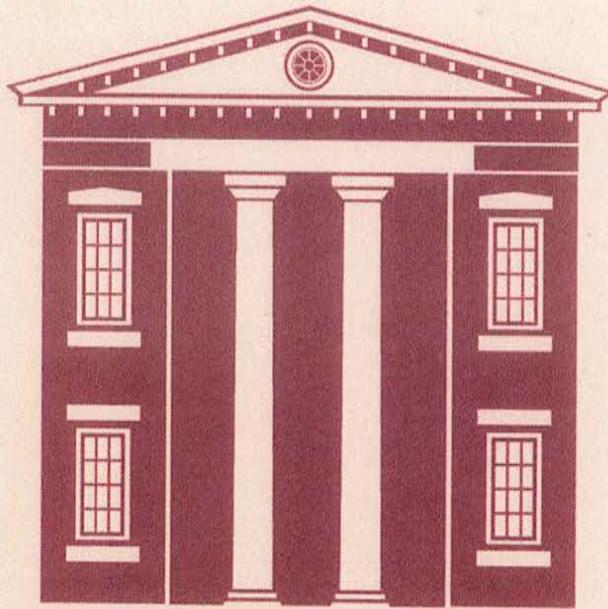
**NOTE 18 – OTHER RELATED ORGANIZATIONS**

The City Council of the City of Benicia appoints board members of the Benicia Housing Authority (the Authority). The Authority sets policy for, and administers, affordable housing programs within the City of Benicia. The City has related financial transactions with the Authority represented by loans receivable from the Authority in a total amount of \$2,585,000 as of June 30, 2014. See further discussion in Notes 5C and F.

**NOTE 19 – SUBSEQUENT EVENT**

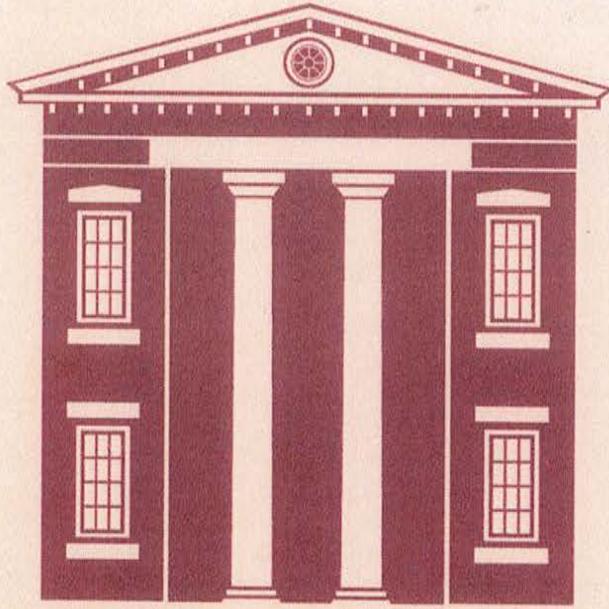
The City has placed a sales tax ballot measure in the November 2014 elections, Measure C. Measure C is an additional one (1) cent sales tax on purchases sold and/or consumed in Benicia. Presently, the sales tax rate is 7.625%, bringing the tax to 8.625% with the passage of Measure C.

Measure C will help ensure Benicia's financial viability as a full-service city and protecting the small town quality of life. This measure will improve public safety and city streets, maintain parks and trim trees, and fund programs to support our historic downtown and community events, and attract new businesses.



THE CITY OF  
**BENICIA**  
CALIFORNIA

**SUPPLEMENTARY INFORMATION**



THE CITY OF  
**BENICIA**  
CALIFORNIA

<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
-------------------------------------

**SPECIAL REVENUE FUNDS****GAS TAX**

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

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

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

**COMMUNITY DEVELOPMENT BLOCK GRANT**

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

**COMMUNITY SERVICES PROGRAM**

Accounts for moneys received from developers, grants, and cemetery fees for expenditures to maintain the City Cemetery, and also local grant money for a citywide tree maintenance program.

**LIBRARY PROGRAMS**

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

**LIBRARY MEASURE B**

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

**SOUTHERN PACIFIC DEPOT**

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

**PUBLIC SAFETY GRANTS**

Accounts for various public safety grant revenues and their expenditures.

**HUMAN SERVICES**

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

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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**DEVELOPER DEPOSITS**

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

**TOURTELOT MITIGATION**

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

**MISCELLANEOUS GRANTS**

Accounts for miscellaneous recycling and ABAG workplace safety grants.

**VALERO GNSC**

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

**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.

**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.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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**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.

**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.

**STREETS AND TRANSPORTATION FUND (INTERMODAL TRANSPORTATION FUND)**

Accounts for funding and construction of various intermodal transportation projects. Sources of revenue include transfers provided by the General Fund, debt proceeds, investment earnings and grant funding.

**CASA DE VILARRASA**

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

CITY OF BENICIA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2014

	SPECIAL REVENUE FUNDS			
	Gas Tax	Residential Landscaping and Lighting	Fleetside Landscaping and Lighting	Columbus Parkway Landscaping and Lighting
<b>ASSETS</b>				
Cash and investments available for City operations	\$952,551	\$58,069	\$138,818	\$111,524
Accounts receivable				
Interest receivable	154	9	23	18
Loans receivable				
Total Assets	<u>\$952,705</u>	<u>\$58,078</u>	<u>\$138,841</u>	<u>\$111,542</u>
<b>LIABILITIES</b>				
Accounts payable	\$23,693	\$10,510	\$2,079	\$263
Customer deposits				
Unearned revenue				
Due to other fund				
Total Liabilities	<u>23,693</u>	<u>10,510</u>	<u>2,079</u>	<u>263</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - accounts receivable				
Unavailable revenue - loans receivable				
Total Deferred Inflows of Resources				
<b>FUND BALANCES</b>				
Restricted	929,012	47,568	136,762	111,279
Committed				
Unassigned				
Total Fund Balances (Deficits)	<u>929,012</u>	<u>47,568</u>	<u>136,762</u>	<u>111,279</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$952,705</u>	<u>\$58,078</u>	<u>\$138,841</u>	<u>\$111,542</u>

SPECIAL REVENUE FUNDS

East 2nd Street Landscaping and Lighting	Goodyear Road Landscaping and Lighting	Community Development Block Grant	Community Services Program	Library Programs	Library Measure B	Southern Pacific Depot	Public Safety Grants
\$47,100	\$41,071	\$440,794	\$268,226	\$331,347	\$536,448	\$127,275	\$231,184
8	7	71	669	52	117,226	250	59,650
		266,058	44		87	21	29
<u>\$47,108</u>	<u>\$41,078</u>	<u>\$706,923</u>	<u>\$268,939</u>	<u>\$331,399</u>	<u>\$653,761</u>	<u>\$127,546</u>	<u>\$290,863</u>
\$1,046	\$97		\$180	\$4,733	\$1,330		\$19,512
							45,249
<u>1,046</u>	<u>97</u>		<u>180</u>	<u>4,733</u>	<u>1,330</u>		<u>64,761</u>
		\$266,058					
		266,058					
46,062	40,981	440,865	268,759	326,666	652,431	\$127,546	226,102
<u>46,062</u>	<u>40,981</u>	<u>440,865</u>	<u>268,759</u>	<u>326,666</u>	<u>652,431</u>	<u>127,546</u>	<u>226,102</u>
<u>\$47,108</u>	<u>\$41,078</u>	<u>\$706,923</u>	<u>\$268,939</u>	<u>\$331,399</u>	<u>\$653,761</u>	<u>\$127,546</u>	<u>\$290,863</u>

(Continued)

CITY OF BENICIA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2014

	SPECIAL REVENUE FUNDS			
	Human Services	Developer Deposits	Tourtelot Mitigation	Miscellaneous Grants
<b>ASSETS</b>				
Cash and investments available for City operations	\$158,211	\$632,857	\$484,063	\$565
Accounts receivable		36,297		92,663
Interest receivable	29	27	79	
Loans receivable				
Total Assets	\$158,240	\$669,181	\$484,142	\$93,228
<b>LIABILITIES</b>				
Accounts payable		\$219,106	\$7,302	
Customer deposits		450,075		
Unearned revenue				
Due to other fund				\$92,663
Total Liabilities		669,181	7,302	92,663
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - accounts receivable				
Unavailable revenue - loans receivable				
Total Deferred Inflows of Resources				
<b>FUND BALANCES</b>				
Restricted	\$158,240		476,840	565
Committed				
Unassigned				
Total Fund Balances (Deficit)	158,240		476,840	565
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$158,240	\$669,181	\$484,142	\$93,228

SPECIAL  
REVENUE  
FUNDS

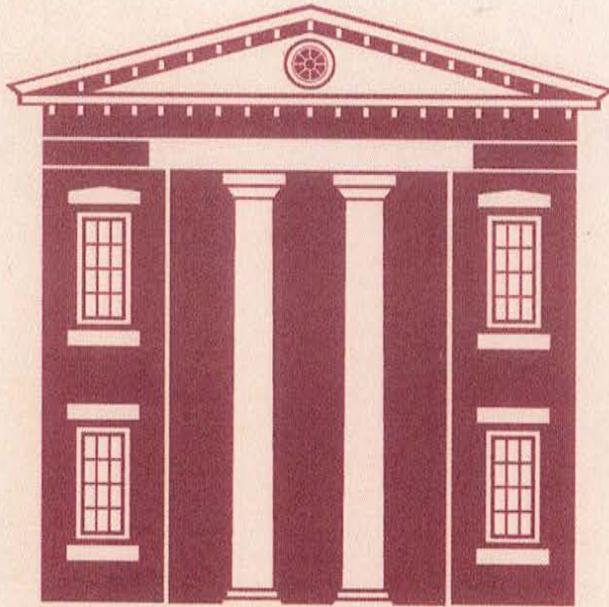
CAPITAL PROJECTS FUNDS

Valero GNSC	Traffic Mitigation	Street Projects	Park Dedication	Library Basement Project	Community Center	McAllister Assessment District
\$352,649	\$1,022,173			\$292,047	\$51,984	\$50,619
57	166		\$38,737	48		
	57,099		196,950			
<u>\$352,706</u>	<u>\$1,079,438</u>		<u>\$235,687</u>	<u>\$292,095</u>	<u>\$51,984</u>	<u>\$50,619</u>
\$32,218			\$24,772		\$1,647	\$50,619
	\$23,263		14,770			
<u>32,218</u>	<u>23,263</u>		<u>39,542</u>		<u>1,647</u>	<u>50,619</u>
	57,099		196,950			
	57,099		196,950			
320,488	999,076		(805)	\$292,095	50,337	
<u>320,488</u>	<u>999,076</u>		<u>(805)</u>	<u>292,095</u>	<u>50,337</u>	
<u>\$352,706</u>	<u>\$1,079,438</u>		<u>\$235,687</u>	<u>\$292,095</u>	<u>\$51,984</u>	<u>\$50,619</u>

(Continued)

CITY OF BENICIA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2014

	CAPITAL PROJECTS FUNDS		
	Streets and Transportation (Intermodal Transportation)	Casa De Vilarrasa	Total Non-major Governmental Funds
<b>ASSETS</b>			
Cash and investments available for City operations	\$75,659		\$6,405,234
Accounts receivable	190,631		536,123
Interest receivable	35		964
Loans receivable		\$1,400,000	1,920,107
Total Assets	\$266,325	\$1,400,000	\$8,862,428
<b>LIABILITIES</b>			
Accounts payable	\$52,217		\$451,324
Customer deposits			495,324
Unearned revenue			23,263
Due to other fund			107,433
Total Liabilities	52,217		1,077,344
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - accounts receivable			
Unavailable revenue - loans receivable		\$1,400,000	1,920,107
Total Deferred Inflows of Resources		1,400,000	1,920,107
<b>FUND BALANCES</b>			
Restricted			4,310,166
Committed	214,108		1,555,616
Unassigned			(805)
Total Fund Balances	214,108		5,864,977
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$266,325	\$1,400,000	\$8,862,428



THE CITY OF  
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CITY OF BENICIA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014

	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	\$7,243		1,325	1,044
Revenue from other agencies	857,776			
Current service charges				
Community donations				
Other				
Total Revenues	<u>865,019</u>	<u>299,886</u>	<u>81,302</u>	<u>16,844</u>
EXPENDITURES				
Current:				
Administration				
Public safety - police				
Parks and community services		319,380	94,005	11,450
Public works	293,606			
Community development				
Library				
Economic development				
Capital outlay	<u>243,733</u>			
Total Expenditures	<u>537,339</u>	<u>319,380</u>	<u>94,005</u>	<u>11,450</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>327,680</u>	<u>(19,494)</u>	<u>(12,703)</u>	<u>5,394</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets				
Transfers in				
Transfers (out)				
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	327,680	(19,494)	(12,703)	5,394
BEGINNING FUND BALANCES (DEFICITS)	<u>601,332</u>	<u>67,062</u>	<u>149,465</u>	<u>105,885</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$929,012</u>	<u>\$47,568</u>	<u>\$136,762</u>	<u>\$111,279</u>

SPECIAL REVENUE FUNDS

East 2nd Street Landscaping and Lighting	Goodyear Road Landscaping and Lighting	Community Development Block Grant	Community Services Program	Library Programs	Library Measure B	Southern Pacific Depot	Public Safety Grants
					\$728,122		
\$28,001 199	\$4,000 157	\$69,582	\$2,457	\$3,373	5,961	\$3,196	\$1,020
			49,593	33,432			296,781
				5,118			
				88,279			105
			1,870				
<u>28,200</u>	<u>4,157</u>	<u>69,582</u>	<u>53,920</u>	<u>130,202</u>	<u>734,083</u>	<u>3,196</u>	<u>297,906</u>
							264,004
22,886	4,824			135,104	695,931	31,416	
			54,356	2,769	2,844		98,140
<u>22,886</u>	<u>4,824</u>		<u>54,356</u>	<u>137,873</u>	<u>698,775</u>	<u>31,416</u>	<u>362,144</u>
5,314	(667)	69,582	(436)	(7,671)	35,308	(28,220)	(64,238)
							9,898
				35,000			24,040
		(86,044)					
		(86,044)		35,000			33,938
5,314	(667)	(16,462)	(436)	27,329	35,308	(28,220)	(30,300)
40,748	41,648	457,327	269,195	299,337	617,123	155,766	256,402
<u>\$46,062</u>	<u>\$40,981</u>	<u>\$440,865</u>	<u>\$268,759</u>	<u>\$326,666</u>	<u>\$652,431</u>	<u>\$127,546</u>	<u>\$226,102</u>

(Continued)

CITY OF BENICIA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014

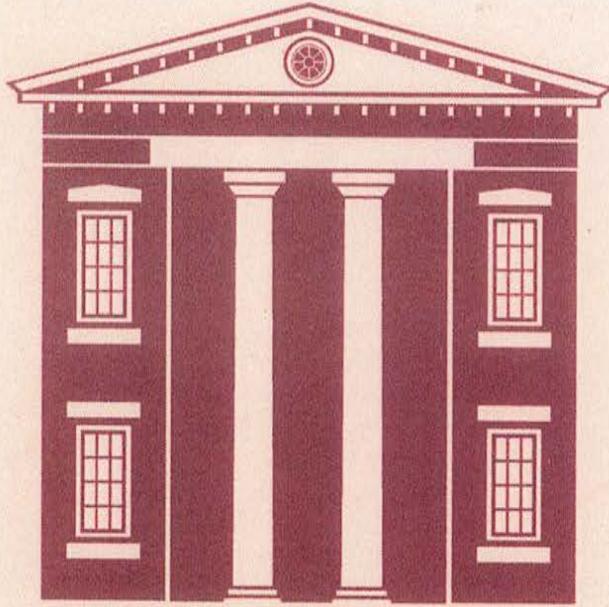
	SPECIAL REVENUE FUNDS			
	Human Services	Developer Deposits	Tourtelot Mitigation	Miscellaneous Grants
REVENUES				
Sales tax				
Assessments				
Use of money and property	\$1,637		\$4,593	
Revenue from other agencies				\$92,663
Current service charges				
Community donations	29			
Other				
Total Revenues	1,666		4,593	92,663
EXPENDITURES				
Current:				
Administration				
Public safety - police				
Parks and community services				
Public works			13,324	
Community development				
Library				
Economic development				
Capital outlay				92,663
Total Expenditures			13,324	92,663
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,666		(8,731)	
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets				
Transfers in				
Transfers (out)				
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	1,666		(8,731)	
BEGINNING FUND BALANCES (DEFICITS)	156,574		485,571	565
ENDING FUND BALANCES (DEFICITS)	\$158,240		\$476,840	\$565

SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS					
Valero GNSC	Traffic Mitigation	Street Projects	Park Dedication	Library Basement Project	Community Center	McAllister Assessment District
\$5,182	\$11,359			\$2,806		
	19,556		\$89,483 6,039			
316,944	2,000					
322,126	32,915		95,522	2,806		
199,080						\$15,245
83,266						
100,677		\$1				
319,420	117,753		98,756		\$17,761	24,671
702,443	117,753	1	98,756		17,761	39,916
(380,317)	(84,838)	(1)	(3,234)	2,806	(17,761)	(39,916)
	2,822	231,758 (26,787)				
	2,822	204,971				
(380,317)	(82,016)	204,970	(3,234)	2,806	(17,761)	(39,916)
700,805	1,081,092	(204,970)	2,429	289,289	68,098	39,916
\$320,488	\$999,076		(\$805)	\$292,095	\$50,337	

(Continued)

CITY OF BENICIA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>CAPITAL PROJECTS FUNDS</u>		
	<u>Streets and Transportation (Intermodal Transportation)</u>	<u>Casa De Vilarrasa</u>	<u>Total Non-major Governmental Funds</u>
<b>REVENUES</b>			
Sales tax			\$728,122
Assessments			427,664
Use of money and property	\$612		121,746
Revenue from other agencies	1,613,629		2,983,764
Current service charges			80,306
Community donations			88,413
Other			320,814
	<u>1,614,241</u>		<u>4,750,829</u>
<b>EXPENDITURES</b>			
Current:			
Administration			214,325
Public safety - police			264,004
Parks and community services			567,227
Public works			306,931
Community development			100,677
Library			831,035
Economic development			
Capital outlay	1,125,068		2,197,934
	<u>1,125,068</u>		<u>4,482,133</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>489,173</u>		<u>268,696</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets			9,898
Transfers in	23,940		317,560
Transfers (out)	(231,758)		(344,589)
	<u>(207,818)</u>		<u>(17,131)</u>
<b>NET CHANGE IN FUND BALANCES</b>			
	281,355		251,565
<b>BEGINNING FUND BALANCES (DEFICITS)</b>			
	<u>(67,247)</u>		<u>5,613,412</u>
<b>ENDING FUND BALANCES (DEFICITS)</b>			
	<u>\$214,108</u>		<u>\$5,864,977</u>



THE CITY OF  
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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, 2014

	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	\$7,243	\$3,243	500		(500)
Revenue from other agencies	755,820	857,776	101,956			
Current service charges						
Community donations						
Other						
<b>Total Revenues</b>	<u>759,820</u>	<u>865,019</u>	<u>105,199</u>	<u>300,385</u>	<u>299,886</u>	<u>(499)</u>
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services				336,295	319,380	16,915
Public works	403,320	293,606	109,714			
Community development						
Library						
Capital outlay	418,000	243,733	174,267			
<b>Total Expenditures</b>	<u>821,320</u>	<u>537,339</u>	<u>283,981</u>	<u>336,295</u>	<u>319,380</u>	<u>16,915</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(61,500)</u>	<u>327,680</u>	<u>389,180</u>	<u>(35,910)</u>	<u>(19,494)</u>	<u>16,416</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets						
Transfers in						
Transfers out						
<b>Total Other Financing Sources (Uses)</b>						
NET CHANGE IN FUND BALANCES	<u>(\$61,500)</u>	<u>327,680</u>	<u>\$389,180</u>	<u>(\$35,910)</u>	<u>(19,494)</u>	<u>\$16,416</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>601,332</u>			<u>67,062</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$929,012</u>			<u>\$47,568</u>	

FLEETSIDE LANDSCAPING AND LIGHTING			COLUMBUS PARKWAY LANDSCAPING AND LIGHTING			EAST 2ND STREET LANDSCAPING AND LIGHTING		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$79,975	\$79,977	\$2	\$15,800	\$15,800		\$28,000	\$28,001	\$1
1,210	1,325	115	900	1,044	\$144	275	199	(76)
<u>81,185</u>	<u>81,302</u>	<u>117</u>	<u>16,700</u>	<u>16,844</u>	<u>144</u>	<u>28,275</u>	<u>28,200</u>	<u>(75)</u>
111,205	94,005	17,200	24,525	11,450	13,075	34,090	22,886	11,204
<u>4,000</u>		<u>4,000</u>	<u>500</u>		<u>500</u>			
<u>115,205</u>	<u>94,005</u>	<u>21,200</u>	<u>25,025</u>	<u>11,450</u>	<u>13,575</u>	<u>34,090</u>	<u>22,886</u>	<u>11,204</u>
<u>(34,020)</u>	<u>(12,703)</u>	<u>21,317</u>	<u>(8,325)</u>	<u>5,394</u>	<u>13,719</u>	<u>(5,815)</u>	<u>5,314</u>	<u>11,129</u>
<u>(\$34,020)</u>	<u>(12,703)</u>	<u>\$21,317</u>	<u>(\$8,325)</u>	<u>5,394</u>	<u>\$13,719</u>	<u>(\$5,815)</u>	<u>5,314</u>	<u>\$11,129</u>
	<u>149,465</u>			<u>105,885</u>			<u>40,748</u>	
	<u>\$136,762</u>			<u>\$111,279</u>			<u>\$46,062</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, 2014

	GOODYEAR ROAD LANDSCAPING AND LIGHTING			COMMUNITY DEVELOPMENT BLOCK GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Sales tax						
Assessments	\$4,000	\$4,000				
Use of money and property	355	157	(\$198)	\$17,400	\$69,582	\$52,182
Revenue from other agencies						
Current service charges						
Community donations						
Other						
<b>Total Revenues</b>	<u>4,355</u>	<u>4,157</u>	<u>(198)</u>	<u>17,400</u>	<u>69,582</u>	<u>52,182</u>
<b>EXPENDITURES</b>						
<b>Current:</b>						
Administration						
Public safety - police						
Parks and community services	6,765	4,824	1,941			
Public works						
Community development				140,000		140,000
Library						
Capital outlay	500		500			
<b>Total Expenditures</b>	<u>7,265</u>	<u>4,824</u>	<u>2,441</u>	<u>140,000</u>		<u>140,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(2,910)</u>	<u>(667)</u>	<u>2,243</u>	<u>(122,600)</u>	<u>69,582</u>	<u>192,182</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of capital assets						
Transfers in						
Transfers out					(86,044)	(86,044)
<b>Total Other Financing Sources (Uses)</b>					<u>(86,044)</u>	<u>(86,044)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(\$2,910)</u>	<u>(667)</u>	<u>\$2,243</u>	<u>(\$122,600)</u>	<u>(16,462)</u>	<u>\$106,138</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<u>41,648</u>			<u>457,327</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<u>\$40,981</u>			<u>\$440,865</u>	

COMMUNITY SERVICES PROGRAM			LIBRARY PROGRAMS			LIBRARY MEASURE B		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$720,000	\$728,122	\$8,122
\$2,000	\$2,457	\$457	\$900	\$3,373	\$2,473	3,000	5,961	2,961
29,000	49,593	20,593	30,765	33,432	2,667			
			30	5,118	5,088			
500	1,870	1,370	70,500	88,279	17,779			
<u>31,500</u>	<u>53,920</u>	<u>22,420</u>	<u>102,195</u>	<u>130,202</u>	<u>28,007</u>	<u>723,000</u>	<u>734,083</u>	<u>11,083</u>
17,000		17,000						
87,995	54,356	33,639	195,145	135,104	60,041	836,495	695,931	140,564
			34,545	2,769	31,776	15,195	2,844	12,351
<u>104,995</u>	<u>54,356</u>	<u>50,639</u>	<u>229,690</u>	<u>137,873</u>	<u>91,817</u>	<u>851,690</u>	<u>698,775</u>	<u>152,915</u>
<u>(73,495)</u>	<u>(436)</u>	<u>73,059</u>	<u>(127,495)</u>	<u>(7,671)</u>	<u>119,824</u>	<u>(128,690)</u>	<u>35,308</u>	<u>163,998</u>
			35,000	35,000				
			35,000	35,000				
<u>(\$73,495)</u>	<u>(436)</u>	<u>\$73,059</u>	<u>(\$92,495)</u>	<u>27,329</u>	<u>\$119,824</u>	<u>(\$128,690)</u>	<u>35,308</u>	<u>\$163,998</u>
	<u>269,195</u>			<u>299,337</u>			<u>617,123</u>	
	<u>\$268,759</u>			<u>\$326,666</u>			<u>\$652,431</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, 2014

	SOUTHERN PACIFIC DEPOT			PUBLIC SAFETY GRANTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Sales tax						
Assessments						
Use of money and property	\$4,500	\$3,196	(\$1,304)	\$1,700	\$1,020	(\$680)
Revenue from other agencies				315,360	296,781	(18,579)
Current service charges						
Community donations				200	105	(95)
Other						
Total Revenues	4,500	3,196	(1,304)	317,260	297,906	(19,354)
EXPENDITURES						
Current:						
Administration				15,430		15,430
Public safety - police				308,860	264,004	44,856
Parks and community services	29,100	31,416	(2,316)			
Public works						
Community development						
Library						
Capital outlay				116,910	98,140	18,770
Total Expenditures	29,100	31,416	(2,316)	441,200	362,144	79,056
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(24,600)	(28,220)	(3,620)	(123,940)	(64,238)	59,702
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets					9,898	9,898
Transfers in				24,040	24,040	
Transfers out						
Total Other Financing Sources (Uses)				24,040	33,938	9,898
NET CHANGE IN FUND BALANCES	(\$24,600)	(28,220)	(\$3,620)	(\$99,900)	(30,300)	\$69,600
BEGINNING FUND BALANCES (DEFICITS)		155,766			256,402	
ENDING FUND BALANCES (DEFICITS)		\$127,546			\$226,102	

HUMAN SERVICES			TOURTELOT MITIGATION			MISCELLENOUS GRANTS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$2,000	\$1,637	(\$363)	\$3,500	\$4,593	\$1,093	\$149,875	\$92,663	(\$57,212)
	29	29						
<u>2,000</u>	<u>1,666</u>	<u>(334)</u>	<u>3,500</u>	<u>4,593</u>	<u>1,093</u>	<u>149,875</u>	<u>92,663</u>	<u>(57,212)</u>
			10,000	13,324	(3,324)			
						<u>149,875</u>	<u>92,663</u>	<u>57,212</u>
			<u>10,000</u>	<u>13,324</u>	<u>(3,324)</u>	<u>149,875</u>	<u>92,663</u>	<u>57,212</u>
<u>2,000</u>	<u>1,666</u>	<u>(334)</u>	<u>(6,500)</u>	<u>(8,731)</u>	<u>(2,231)</u>			
<u>\$2,000</u>	<u>1,666</u>	<u>(\$334)</u>	<u>(\$6,500)</u>	<u>(8,731)</u>	<u>(\$2,231)</u>			
	<u>156,574</u>			<u>485,571</u>			<u>565</u>	
	<u>\$158,240</u>			<u>\$476,840</u>			<u>\$565</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, 2014

	VALERO GNCS			TRAFFIC MITIGATION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Sales tax						
Assessments						
Use of money and property	\$5,000	\$5,182	\$182	\$8,000	\$11,359	\$3,359
Revenue from other agencies						
Current service charges				2,000	19,556	17,556
Community donations						
Other	<u>1,211,080</u>	<u>316,944</u>	<u>(894,136)</u>	<u>          </u>	<u>2,000</u>	<u>2,000</u>
Total Revenues	<u>1,216,080</u>	<u>322,126</u>	<u>(893,954)</u>	<u>10,000</u>	<u>32,915</u>	<u>22,915</u>
<b>EXPENDITURES</b>						
<b>Current:</b>						
Administration	233,530	199,080	34,450			
Public safety - police						
Parks and community services	91,290	83,266	8,024			
Public works						
Community development	186,455	100,677	85,778			
Library						
Capital outlay	<u>982,955</u>	<u>319,420</u>	<u>663,535</u>	<u>189,700</u>	<u>117,753</u>	<u>71,947</u>
Total Expenditures	<u>1,494,230</u>	<u>702,443</u>	<u>791,787</u>	<u>189,700</u>	<u>117,753</u>	<u>71,947</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>						
	<u>(278,150)</u>	<u>(380,317)</u>	<u>(102,167)</u>	<u>(179,700)</u>	<u>(84,838)</u>	<u>94,862</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of capital assets						
Transfers in					2,822	2,822
Transfers out	<u>(1,000,000)</u>		<u>1,000,000</u>			
Total Other Financing Sources (Uses)	<u>(1,000,000)</u>		<u>1,000,000</u>		<u>2,822</u>	<u>2,822</u>
<b>NET CHANGE IN FUND BALANCES</b>						
	<u>(\$1,278,150)</u>	<u>(380,317)</u>	<u>\$897,833</u>	<u>(\$179,700)</u>	<u>(82,016)</u>	<u>\$97,684</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>						
		<u>700,805</u>			<u>1,081,092</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>						
		<u>\$320,488</u>			<u>\$999,076</u>	

PARK DEDICATION			COMMUNITY CENTER			MCALLISTER ASSESSMENT DISTRICT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,000		(\$1,000)				\$2,195		(\$2,195)
136,520	\$89,483	(47,037)						
20,000	6,039	(13,961)						
<u>157,520</u>	<u>95,522</u>	<u>(61,998)</u>				<u>2,195</u>		<u>(2,195)</u>
							\$15,245	(15,245)
<u>137,500</u>	<u>98,756</u>	<u>38,744</u>	<u>\$65,600</u>	<u>\$17,761</u>	<u>\$47,839</u>	<u>42,115</u>	<u>24,671</u>	<u>(17,444)</u>
<u>137,500</u>	<u>98,756</u>	<u>38,744</u>	<u>65,600</u>	<u>17,761</u>	<u>47,839</u>	<u>42,115</u>	<u>39,916</u>	<u>(32,689)</u>
<u>20,020</u>	<u>(3,234)</u>	<u>(23,254)</u>	<u>(65,600)</u>	<u>(17,761)</u>	<u>47,839</u>	<u>(39,920)</u>	<u>(39,916)</u>	<u>4</u>
<u>\$20,020</u>	<u>(3,234)</u>	<u>(\$23,254)</u>	<u>(\$65,600)</u>	<u>(17,761)</u>	<u>\$47,839</u>	<u>(\$39,920)</u>	<u>(39,916)</u>	<u>\$4</u>
	<u>2,429</u>			<u>68,098</u>			<u>39,916</u>	
	<u>(\$805)</u>			<u>\$50,337</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, 2014

	STREETS AND TRANSPORTATION (INTERMODAL TRANSPORTATION)		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Sales tax			
Assessments			
Use of money and property		\$612	\$612
Revenue from other agencies	\$2,746,805	1,613,629	(1,133,176)
Current service charges			
Community donations			
Other			
Total Revenues	2,746,805	1,614,241	(1,132,564)
EXPENDITURES			
Current:			
Administration			
Public safety - police			
Parks and community services			
Public works			
Community development			
Library			
Capital outlay	2,411,495	1,125,068	1,286,427
Total Expenditures	2,411,495	1,125,068	1,286,427
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	335,310	489,173	153,863
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets			
Transfers in		23,940	23,940
Transfers out		(231,758)	(231,758)
Total Other Financing Sources (Uses)		(207,818)	(207,818)
NET CHANGE IN FUND BALANCES	\$335,310	281,355	(\$53,955)
BEGINNING FUND BALANCES (DEFICITS)		(67,247)	
ENDING FUND BALANCES (DEFICITS)		\$214,108	

## **INTERNAL SERVICE FUNDS**

### **INSURANCE FUND**

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

### **GENERAL SERVICES**

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

### **BUILDING AND EQUIPMENT MANAGEMENT**

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

### **RETIREMENT STABILITY FUND**

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

### **ENERGY FUND**

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

CITY OF BENICIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2014

	Insurance	General Services	Building and Equipment Management
<b>ASSETS</b>			
Current Assets:			
Cash and investments			
Available for City operations	\$1,281,352	\$15,929	\$1,816,005
Restricted cash and investments held by fiscal agents			
Accounts receivable	17		
Interest receivable	207		296
Materials, parts and supplies		15,416	
Prepaid items		29,698	
Total Current Assets	1,281,576	61,043	1,816,301
Non-Current Assets:			
Prepaid PERS contribution			
Other assets			
Property, plant and equipment:			
Land			
Buildings and improvements			12,343,352
Machinery and equipment			4,365,012
Less: accumulated depreciation			(9,389,219)
Total Non-Current Assets			7,319,145
Total Assets	1,281,576	61,043	9,135,446
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	100,559	18,738	17,652
Customer and performance deposits			
Interest payable			1,749
Workers' compensation claims	781,307		
Current portion long-term liabilities			37,806
Due to other funds		42,305	
Total Current Liabilities	881,866	61,043	57,207
Long-Term Liabilities:			
Workers' compensation claims	1,459,693		
Lease obligation			123,645
Certificates of participation			
Pension obligation bonds			
Total Long-Term Liabilities	1,459,693		123,645
Total Liabilities	2,341,559	61,043	180,852
<b>NET POSITION</b>			
Net investment in capital assets			7,157,694
Restricted for debt service			
Unrestricted	(1,059,983)		1,796,900
Total Net Position	(\$1,059,983)		\$8,954,594

<u>Retirement Stability</u>	<u>Energy</u>	<u>Total</u>
\$1,491,893	\$1,217	\$4,606,396
112		112
242	118,035	118,052
		745
		15,416
		29,698
<u>1,492,247</u>	<u>119,252</u>	<u>4,770,419</u>
10,810,341		10,810,341
	181,727	181,727
	556,909	556,909
	12,643,187	24,986,539
		4,365,012
	(681,882)	(10,071,101)
<u>10,810,341</u>	<u>12,699,941</u>	<u>30,829,427</u>
<u>12,302,588</u>	<u>12,819,193</u>	<u>35,599,846</u>
	4,536	141,485
	5,000	5,000
27,701	113,511	142,961
		781,307
1,155,000	465,000	1,657,806
		42,305
<u>1,182,701</u>	<u>588,047</u>	<u>2,770,864</u>
		1,459,693
		123,645
	11,585,509	11,585,509
<u>9,513,519</u>		<u>9,513,519</u>
<u>9,513,519</u>	<u>11,585,509</u>	<u>22,682,366</u>
<u>10,696,220</u>	<u>12,173,556</u>	<u>25,453,230</u>
	467,705	7,625,399
112		112
<u>1,606,256</u>	<u>177,932</u>	<u>2,521,105</u>
<u>\$1,606,368</u>	<u>\$645,637</u>	<u>\$10,146,616</u>

CITY OF BENICIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2014

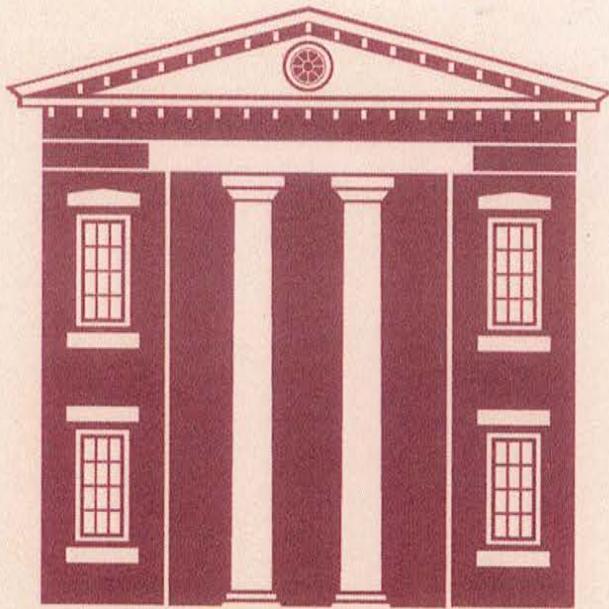
	<u>Insurance</u>	<u>General Services</u>	<u>Building and Equipment Management</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$1,222,191	\$1,394,480	\$722,455
Refunds and rebates	11,357	62	
<b>Total Operating Revenues</b>	<u>1,233,548</u>	<u>1,394,542</u>	<u>722,455</u>
<b>OPERATING EXPENSES</b>			
Wages and benefits	101,680	614,633	
Materials and supplies		11,869	337,356
Operations and maintenance	76,300	329,172	1,146
Pension obligation amortization			
Claims and Insurance	890,135	438,868	
Depreciation			540,832
<b>Total Operating Expenses</b>	<u>1,068,115</u>	<u>1,394,542</u>	<u>879,334</u>
<b>Operating Income (Loss)</b>	<u>165,433</u>		<u>(156,879)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	7,097		16,925
Interest expense			(7,785)
Amortization of bond issue/discount			
Other			
Gain on sale of capital assets			6,475
<b>Total Nonoperating Revenues (Expenses)</b>	<u>7,097</u>		<u>15,615</u>
<b>Income (Loss) Before Transfers</b>	<u>172,530</u>		<u>(141,264)</u>
<b>Change in Net Position</b>	172,530		(141,264)
<b>BEGINNING NET POSITION (DEFICITS), AS RESTATED (Note 1)</b>	<u>(1,232,513)</u>		<u>9,095,858</u>
<b>ENDING NET POSITION (DEFICITS)</b>	<u><u>(\$1,059,983)</u></u>		<u><u>\$8,954,594</u></u>

<u>Retirement Stability</u>	<u>Energy</u>	<u>Total</u>
\$1,892,216	\$779,961	\$6,011,303
	486,578	497,997
<u>1,892,216</u>	<u>1,266,539</u>	<u>6,509,300</u>
	5,735	722,048
	20,054	369,279
	78,544	485,162
392,085		392,085
		1,329,003
	349,747	890,579
<u>392,085</u>	<u>454,080</u>	<u>4,188,156</u>
<u>1,500,131</u>	<u>812,459</u>	<u>2,321,144</u>
6,673	5,552	36,247
(661,058)	(690,805)	(1,359,648)
	(18,632)	(18,632)
		6,475
<u>(654,385)</u>	<u>(703,885)</u>	<u>(1,335,558)</u>
<u>845,746</u>	<u>108,574</u>	<u>985,586</u>
845,746	108,574	985,586
<u>760,622</u>	<u>537,063</u>	<u>9,161,030</u>
<u>\$1,606,368</u>	<u>\$645,637</u>	<u>\$10,146,616</u>

CITY OF BENICIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Insurance</u>	<u>General Services</u>	<u>Building and Equipment Management</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$1,233,531	\$1,394,542	\$722,455
Payments to suppliers	(7,212)	(372,653)	(338,369)
Payments to employees	(101,680)	(1,053,501)	
Refunds and rebates			
Claims paid	(768,135)		
	<u>356,504</u>	<u>(31,612)</u>	<u>384,086</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Receipts from interfund loans		6,519	
Principal paid on non-capital debt			
Interest paid on non-capital debt			
		<u>6,519</u>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on debt			(36,220)
Interest paid on debt			(7,784)
Acquisition of capital assets			(215,045)
Savings from capital energy project			
Proceeds from sale of capital assets			6,475
			<u>6,475</u>
			<u>(252,574)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	6,896		16,841
	<u>6,896</u>		<u>16,841</u>
			<u>16,841</u>
Net Cash Flows	363,400	(25,093)	148,353
Cash and investments at beginning of period	917,952	41,022	1,667,652
Cash and investments at end of period	<u>\$1,281,352</u>	<u>\$15,929</u>	<u>\$1,816,005</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	\$165,433		(\$156,879)
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation			540,832
Pension obligation amortization			
Change in assets and liabilities:			
Materials, parts and supplies		(\$18)	
Prepaid items		3,608	
Accounts receivable	(17)		
Accounts payable	69,088	(35,202)	133
Workers' compensation claims	122,000		
	<u>356,504</u>	<u>(31,612)</u>	<u>384,086</u>
Cash Flows from Operating Activities	<u>\$356,504</u>	<u>(\$31,612)</u>	<u>\$384,086</u>

Retirement Stability	Energy	Total
\$1,892,342	\$779,961	\$6,022,831
	(1,070,231)	(1,788,465)
	(5,735)	(1,160,916)
	495,777	495,777
		(768,135)
<u>1,892,342</u>	<u>199,772</u>	<u>2,801,092</u>
		6,519
(1,105,000)		(1,105,000)
(339,265)		(339,265)
<u>(1,444,265)</u>		<u>(1,437,746)</u>
	(425,000)	(461,220)
	(692,754)	(700,538)
		(215,045)
		<u>6,475</u>
	<u>(1,117,754)</u>	<u>(1,370,328)</u>
<u>6,543</u>	<u>5,552</u>	<u>35,832</u>
<u>6,543</u>	<u>5,552</u>	<u>35,832</u>
454,620	(912,430)	28,850
<u>1,037,385</u>	<u>913,647</u>	<u>4,577,658</u>
<u>\$1,492,005</u>	<u>\$1,217</u>	<u>\$4,606,508</u>
\$1,500,131	\$812,459	\$2,321,144
	349,747	890,579
392,085		392,085
		(18)
		3,608
126	9,199	9,308
	(971,633)	(937,614)
		122,000
<u>\$1,892,342</u>	<u>\$199,772</u>	<u>\$2,801,092</u>



THE CITY OF  
**BENICIA**  
CALIFORNIA

<b>AGENCY FUNDS</b>
---------------------

**ASSESSMENT DISTRICTS**

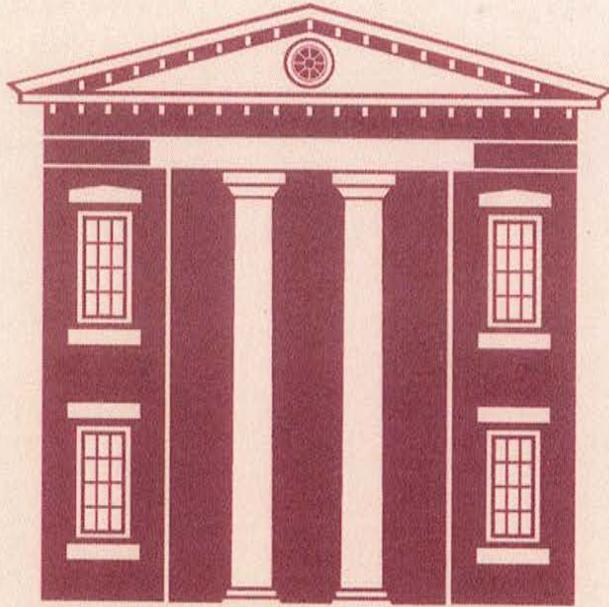
Accounts for the collection of assessments and disbursements to District bondholders for Assessment Districts debt without City commitment.

CITY OF BENICIA  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<u>Fleetside Industrial Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$677,680	\$191,734	\$424,378	\$445,036
Interest receivable	79	72	79	72
Total assets	<u>\$677,759</u>	<u>\$191,806</u>	<u>\$424,457</u>	<u>\$445,108</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$677,759</u>	<u>\$191,806</u>	<u>\$424,457</u>	<u>\$445,108</u>
Total liabilities	<u>\$677,759</u>	<u>\$191,806</u>	<u>\$424,457</u>	<u>\$445,108</u>
<u>East 2nd Street Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$551,178	\$453,211	\$427,000	\$577,389
Interest receivable	64	94	64	94
Total assets	<u>\$551,242</u>	<u>\$453,305</u>	<u>\$427,064</u>	<u>\$577,483</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$551,242</u>	<u>\$453,305</u>	<u>\$427,064</u>	<u>\$577,483</u>
Total liabilities	<u>\$551,242</u>	<u>\$453,305</u>	<u>\$427,064</u>	<u>\$577,483</u>
<u>Combined Drake/Gateway Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$170,599	\$1,347	\$143,742	\$28,204
Interest receivable	20	5	20	5
Total assets	<u>\$170,619</u>	<u>\$1,352</u>	<u>\$143,762</u>	<u>\$28,209</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$170,619</u>	<u>\$1,352</u>	<u>\$143,762</u>	<u>\$28,209</u>
Total liabilities	<u>\$170,619</u>	<u>\$1,352</u>	<u>\$143,762</u>	<u>\$28,209</u>

CITY OF BENICIA  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<u>McAllister Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$1,520,397	\$886,409	\$842,860	\$1,563,946
Interest receivable	179		179	
Total assets	<u>\$1,520,576</u>	<u>\$886,409</u>	<u>\$843,039</u>	<u>\$1,563,946</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$1,520,576</u>	<u>\$886,409</u>	<u>\$843,039</u>	<u>\$1,563,946</u>
Total liabilities	<u>\$1,520,576</u>	<u>\$886,409</u>	<u>\$843,039</u>	<u>\$1,563,946</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Restricted cash and investments	\$2,919,854	\$1,532,701	\$1,837,980	\$2,614,575
Interest receivable	342	171	342	171
Total assets	<u>\$2,920,196</u>	<u>\$1,532,872</u>	<u>\$1,838,322</u>	<u>\$2,614,746</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$2,920,196</u>	<u>\$1,532,872</u>	<u>\$1,838,322</u>	<u>\$2,614,746</u>
Total liabilities	<u>\$2,920,196</u>	<u>\$1,532,872</u>	<u>\$1,838,322</u>	<u>\$2,614,746</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 Position by Component
2. Changes in Net Position
3. Government Activities of 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. Pledged Revenue Coverage, Water and Wastewater Revenue Bonds

### ***Demographic and Economic Information***

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

1. Demographic and Economic Statistics
2. Principal Employers

### ***Operating Information***

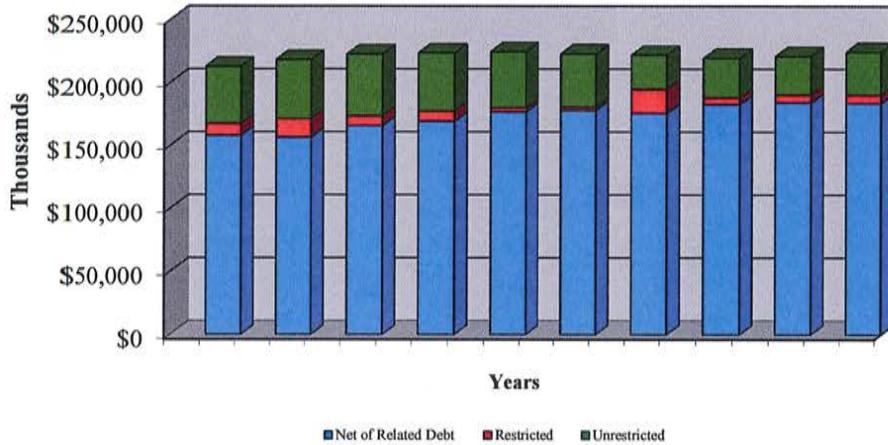
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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

### ***Sources***

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

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



	<b>At June 30</b>					
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Governmental activities</b>						
Net investment in capital assets	\$106,131,111	\$106,154,667	\$109,082,400	\$110,609,618	\$113,264,434	\$115,359,499
Restricted	8,273,480	14,218,067	7,848,173	8,052,003	3,195,339	2,507,802
Unrestricted	15,644,661	10,153,833	15,361,828	13,489,203	15,465,114	14,171,681
Total governmental activities net position	<u>\$130,049,252</u>	<u>\$130,526,567</u>	<u>\$132,292,401</u>	<u>\$132,150,824</u>	<u>\$131,924,887</u>	<u>\$132,038,982</u>
<b>Business-type activities</b>						
Net investment in capital assets	\$52,003,981	\$50,368,665	\$56,818,976	\$58,724,744	\$63,624,158	\$62,819,454
Restricted	1,058,372	648,123	360	256	-	-
Unrestricted	29,788,462	36,731,790	33,563,541	32,863,392	29,231,383	27,932,802
Total business-type activities net position	<u>\$82,850,815</u>	<u>\$87,748,578</u>	<u>\$90,382,877</u>	<u>\$91,588,392</u>	<u>\$92,855,541</u>	<u>\$90,752,256</u>
<b>Primary government</b>						
Net investment in capital assets	\$158,135,092	\$156,523,332	\$165,901,376	\$169,334,362	\$176,888,592	\$178,178,953
Restricted	9,331,852	14,866,190	7,848,533	8,052,259	3,195,339	2,507,802
Unrestricted	45,433,123	46,885,623	48,925,369	46,352,595	44,696,497	42,104,483
Total primary government net position	<u>\$212,900,067</u>	<u>\$218,275,145</u>	<u>\$222,675,278</u>	<u>\$223,739,216</u>	<u>\$224,780,428</u>	<u>\$222,791,238</u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$112,701,775	\$120,052,758	\$121,948,249	\$120,434,163
19,174,006	5,641,592	6,316,224	6,573,412
1,081,215	6,767,569	5,038,875	8,093,156
<u>\$132,956,996</u>	<u>\$132,461,919</u>	<u>\$133,303,348</u>	<u>\$135,100,731</u>
\$63,064,298	\$62,660,031	\$62,321,179	\$63,311,581
-	-	-	-
26,022,756	24,419,432	25,465,370	26,084,805
<u>\$89,087,054</u>	<u>\$87,079,463</u>	<u>\$87,786,549</u>	<u>\$89,396,386</u>
\$175,766,073	\$182,712,789	\$184,269,428	\$183,745,744
19,174,006	5,641,592	6,316,224	6,573,412
27,103,971	31,187,001	30,504,245	34,177,961
<u>\$222,044,050</u>	<u>\$219,541,382</u>	<u>\$221,089,897</u>	<u>\$224,497,117</u>

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

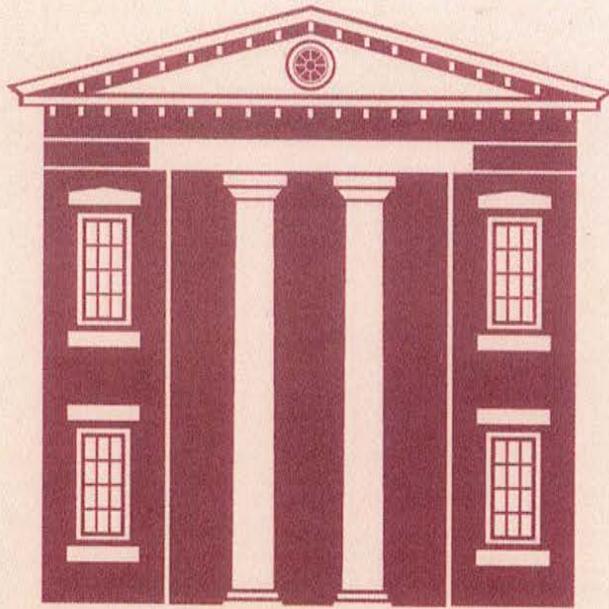
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Expenses</b>				
Governmental Activities:				
Administration	\$3,563,133	\$3,544,980	\$3,300,970	\$2,824,341
Community Development	1,788,216	1,394,644	2,095,746	2,384,853
Public Safety - Police	7,531,528	7,132,974	10,439,354	8,774,285
Public Safety - Fire	4,955,345	6,082,806	6,335,969	7,089,431
Parks and Community Services	3,994,390	5,357,910	5,966,185	6,650,653
Public Works	6,432,754	4,572,017	5,605,290	4,273,248
Library	1,895,726	1,882,507	2,153,638	2,349,721
Economic Development	158,738	746,765	385,726	473,311
General Government	1,677,467	2,571,342	2,864,213	3,182,776
Interest on Long-Term Debt	447,403	421,796	503,819	472,189
Total Governmental Activities Expenses	<u>32,444,700</u>	<u>33,707,741</u>	<u>39,650,910</u>	<u>38,474,808</u>
Business-Type Activities:				
Wastewater	5,461,603	6,199,104	6,853,399	7,023,768
Water	5,394,061	5,940,193	6,614,679	7,572,285
Benicia Marina	564,568	564,438	579,184	624,611
Transit	1,203,930	1,450,093	1,847,674	1,765,644
Total Business-Type Activities Expenses	<u>12,624,162</u>	<u>14,153,828</u>	<u>15,894,936</u>	<u>16,986,308</u>
Total Primary Government Expenses	<u>\$45,068,862</u>	<u>\$47,861,569</u>	<u>\$55,545,846</u>	<u>\$55,461,116</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Administration	\$195,782	\$16,191	\$32,950	\$56,609
Community Development	1,531,625	1,471,896	1,284,313	1,092,871
Public Safety - Police	206,046	248,691	199,039	190,136
Public Safety - Fire	145,959	83,945	196,361	223,919
Parks and Community Services	2,557,003	2,583,196	1,768,794	1,226,842
Public Works	368,068	384,481	444,159	146,363
Library	229,642	234,124	246,302	205,981
Economic Development	80	40		1,000
General Government	170,077	531,642	557,754	712,131
Operating Grants and Contributions	2,063,235	1,427,752	1,827,358	1,898,958
Capital Grants and Contributions	9,385,834	206,918		366,550
Total Government Activities Program Revenues	<u>16,853,351</u>	<u>7,188,876</u>	<u>6,557,030</u>	<u>6,121,360</u>
Business-Type Activities:				
Charges for Services:				
Wastewater	7,409,921	8,078,749	7,223,062	6,955,313
Water	7,694,339	8,343,298	7,465,686	7,141,569
Benicia Marina	332,066	325,172	284,187	547,422
Transit	188,654	218,998	290,474	332,687
Operating Grants and Contributions	906,999	1,114,734	1,383,596	1,683,891
Capital Grants and Contributions	1,518,000	337,829	395,571	
Total Business-Type Activities Program Revenue	<u>18,049,979</u>	<u>18,418,780</u>	<u>17,042,576</u>	<u>16,660,882</u>
Total Primary Government Program Revenues	<u>\$34,903,330</u>	<u>\$25,607,656</u>	<u>\$23,599,606</u>	<u>\$22,782,242</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(\$15,591,349)	(\$26,518,865)	(\$33,093,880)	(\$32,353,448)
Business-Type Activities	5,425,817	4,264,952	1,147,640	(325,426)
Total Primary Government Net Expense	<u>(\$10,165,532)</u>	<u>(\$22,253,913)</u>	<u>(\$31,946,240)</u>	<u>(\$32,678,874)</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$3,114,153	\$3,404,371	\$3,202,068	\$3,046,735	\$3,118,013	\$2,924,434
1,821,213				1,935,323	3,747,043
9,150,887	8,898,817	8,896,808	8,812,511	8,229,298	8,077,408
7,212,291	6,744,682	6,925,232	6,503,886	6,362,097	6,115,013
5,999,749	5,867,659	5,714,379	5,744,533	5,631,017	5,767,977
4,186,559	6,017,134	6,113,748	7,621,379	3,076,360	1,556,413
2,403,239	2,117,872	2,600,356	2,081,313	1,927,951	1,976,200
536,124	485,052	609,814	474,430	647,573	488,870
4,283,723	2,339,200	2,942,788	3,163,220	3,077,915	2,948,133
525,341	1,658,589	1,265,618	1,160,564	1,588,003	1,387,936
<u>39,233,279</u>	<u>37,533,376</u>	<u>38,270,811</u>	<u>38,608,571</u>	<u>35,593,550</u>	<u>34,989,427</u>
7,294,741	7,422,265	7,082,311	7,030,478	7,181,756	7,012,560
7,345,574	7,780,492	7,753,095	7,843,223	7,289,049	7,746,457
594,863	479,098	564,182	419,517	600,429	572,931
1,370,621	1,165,705	1,005,375	72,047		
<u>16,605,799</u>	<u>16,847,560</u>	<u>16,404,963</u>	<u>15,365,265</u>	<u>15,071,234</u>	<u>15,331,948</u>
<u>\$55,839,078</u>	<u>\$54,380,936</u>	<u>\$54,675,774</u>	<u>\$53,973,836</u>	<u>\$50,664,784</u>	<u>\$50,321,375</u>
\$41,724	\$16,863	\$50,305	\$17,817	\$15,908	\$26,391
771,524					437,529
200,824	202,345	155,331	236,101	177,489	392,556
425,753	171,946	44,626	44,897	85,498	189,670
1,687,534	1,707,119	1,181,041	1,106,889	1,104,054	1,591,878
265,001	1,123,401	577,489	774,391	727,631	121,677
186,595	158,938	144,819	101,045	48,360	71,080
30	52	320			
316,230	422,926	667,848	284,818	300,401	407,560
2,909,497	2,751,185	2,299,326	3,322,456	3,239,730	1,959,337
	868,271	4,350,257	1,714,778	500,000	1,820,481
<u>6,804,712</u>	<u>7,423,046</u>	<u>9,471,362</u>	<u>7,603,192</u>	<u>6,199,071</u>	<u>7,018,159</u>
6,897,189	6,522,329	6,620,605	6,543,982	7,186,846	8,030,511
6,772,607	6,610,587	6,379,255	6,569,607	7,358,983	7,760,079
323,034	318,767	307,916	141,842	320,803	315,602
153,573	84,520	88,486			
599,934	809,348	782,879	70,128	190,231	72,160
2,000,000					435,409
<u>16,746,337</u>	<u>14,345,551</u>	<u>14,179,141</u>	<u>13,325,559</u>	<u>15,056,863</u>	<u>16,613,761</u>
<u>\$23,551,049</u>	<u>\$21,768,597</u>	<u>\$23,650,503</u>	<u>\$20,928,751</u>	<u>\$21,255,934</u>	<u>\$23,631,920</u>
(\$32,428,567)	(\$30,110,330)	(\$28,799,449)	(\$31,005,379)	(\$29,394,479)	(\$27,971,268)
140,538	(2,502,009)	(2,225,822)	(2,039,706)	(14,371)	1,281,813
<u>(\$32,288,029)</u>	<u>(\$32,612,339)</u>	<u>(\$31,025,271)</u>	<u>(\$33,045,085)</u>	<u>(\$29,408,850)</u>	<u>(\$26,689,455)</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes:				
Property Taxes	\$11,853,045	\$13,095,234	\$13,942,074	\$14,275,801
Sales Tax	4,890,592	5,974,307	6,986,922	7,514,258
Utility Users Tax	2,826,370	3,001,316	5,056,904	4,190,517
Franchise Fees				1,589,752
Other Taxes	1,702,584	2,070,425	2,131,710	1,644,732
Motor Vehicle in Lieu	2,071,395	1,958,532	2,015,234	1,992,604
Investment Earnings	540,441	749,606	3,390,122	913,825
Gain from Disposal of Capital Assets	26,851	5,850	2,000	21,980
Transfers	608,485	140,910	77,993	68,402
Total Government Activities	<u>24,519,763</u>	<u>26,996,180</u>	<u>33,602,959</u>	<u>32,211,871</u>
Business-Type Activities:				
Interest Earnings	349,704	773,496	1,559,891	1,593,423
Gain (Loss) from Disposal of Capital Assets	2,715	225	4,761	5,920
Transfers	(608,485)	(140,910)	(77,993)	(68,402)
Total Business-Type Activities	<u>(256,066)</u>	<u>632,811</u>	<u>1,486,659</u>	<u>1,530,941</u>
Total Primary Government	<u>\$24,263,697</u>	<u>\$27,628,991</u>	<u>\$35,089,618</u>	<u>\$33,742,812</u>
<b>Change in Net Position</b>				
Governmental Activities	\$8,928,414	\$477,315	\$509,079	(\$141,577)
Business-Type Activities	5,169,751	4,897,763	2,634,299	1,205,515
Total Primary Government	<u>\$14,098,165</u>	<u>\$5,375,078</u>	<u>\$3,143,378</u>	<u>\$1,063,938</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$13,812,912	\$13,266,103	\$12,974,217	\$13,447,764	\$11,835,074	\$14,960,814
7,688,775	7,196,964	6,854,911	6,888,750	7,873,396	7,100,073
4,413,428	4,938,585	5,027,163	5,087,381	4,825,055	4,739,792
1,851,511	1,292,872	1,570,184	1,598,206	1,637,825	1,859,241
747,468	1,189,561	1,362,982	1,435,854	2,913,592	1,087,893
2,059,561	1,951,715	1,942,991	1,908,529	1,822,267	11,915
851,097	358,210	269,344	195,064	(92)	98,392
		156	20,734		10,631
30,415	30,415	(284,486)	(71,980)	(671,209)	(100,100)
<u>31,455,167</u>	<u>30,224,425</u>	<u>29,717,462</u>	<u>30,510,302</u>	<u>30,235,908</u>	<u>29,768,651</u>
1,151,428	429,139	273,576	196,287	48,860	227,924
5,598		2,558	(236,152)	1,388	
(30,415)	(30,415)	284,486	71,980	671,209	100,100
<u>1,126,611</u>	<u>398,724</u>	<u>560,620</u>	<u>32,115</u>	<u>721,457</u>	<u>328,024</u>
<u>\$32,581,778</u>	<u>\$30,623,149</u>	<u>\$30,278,082</u>	<u>\$30,542,417</u>	<u>\$30,957,365</u>	<u>\$30,096,675</u>
(\$973,400)	\$114,095	\$918,013	(\$495,077)	\$841,429	\$1,797,383
1,267,149	(2,103,285)	(1,665,202)	(2,007,591)	707,086	1,609,837
<u>\$293,749</u>	<u>(\$1,989,190)</u>	<u>(\$747,189)</u>	<u>(\$2,502,668)</u>	<u>\$1,548,515</u>	<u>\$3,407,220</u>

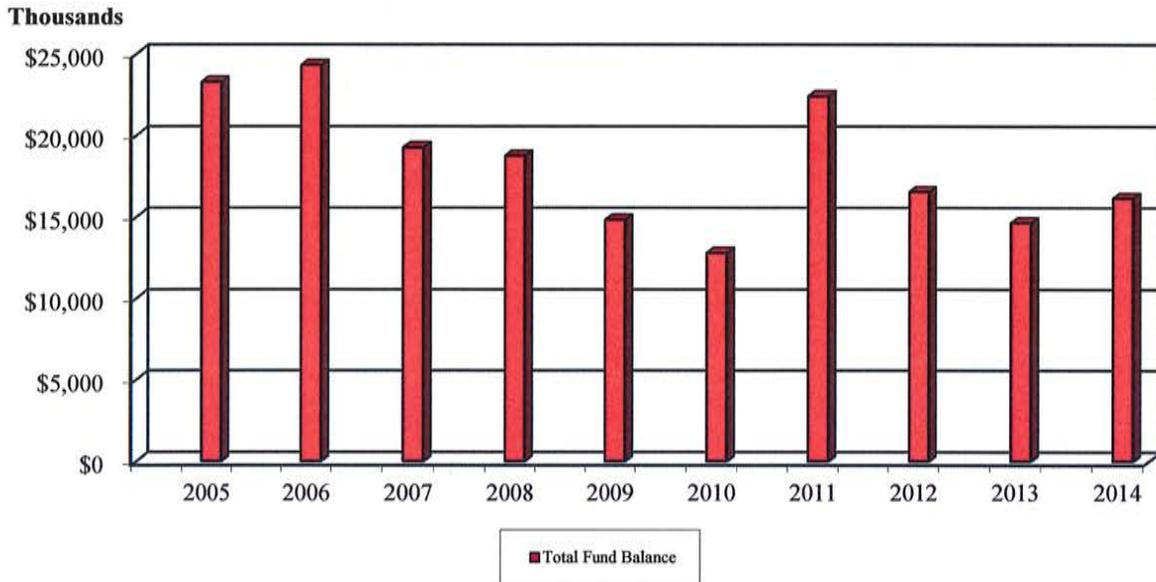


THE CITY OF  
**BENICIA**  
CALIFORNIA

**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
2005	\$11,853,045	\$4,890,592	\$2,826,370	\$1,702,584	\$21,272,591
2006	12,780,912	5,974,307	3,001,316	985,088	22,741,623
2007	13,633,623	6,986,922	5,056,904	1,032,343	26,709,792
2008	14,275,801	7,514,258	4,190,517	2,390,562	28,371,138
2009	13,812,912	7,688,775	4,413,428	2,598,979	28,514,094
2010	13,266,103	7,196,964	4,938,585	2,067,433	27,469,085
2011	12,974,217	6,854,911	5,027,163	2,933,166	27,789,457
2012	13,447,764	6,888,750	5,087,381	3,034,060	28,457,955
2013	11,835,074	7,873,396	4,825,055	4,551,417	29,084,942
2014	14,960,814	7,100,073	4,739,792	2,947,134	29,747,813

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



	At June 30					
	2005	2006	2007	2008	2009	2010
General Fund						
Reserved	\$534,805	\$240,831	\$359,361	\$411,078	\$627,687	\$560,871
Unreserved	9,144,553	7,736,096	9,927,737	9,296,480	5,662,297	5,384,445
Nonspendable						
Restricted						
Committed						
Assigned						
Unassigned						
Total General Fund	<u>\$9,679,358</u>	<u>\$7,976,927</u>	<u>\$10,287,098</u>	<u>\$9,707,558</u>	<u>\$6,289,984</u>	<u>\$5,945,316</u>
All Other Governmental Funds						
Reserved	\$1,482,587	\$6,026,937	\$2,756,636	\$4,739,462	\$1,759,627	\$2,414,901
Unreserved, reported in:						
Special revenue funds	2,680,139	2,877,038	2,532,927	3,169,621	3,406,367	3,639,961
Capital project funds	9,450,507	7,436,806	3,685,773	1,140,250	3,379,820	800,599
Nonspendable						
Restricted						
Committed						
Assigned						
Unassigned						
Total all other governmental funds	<u>\$13,613,233</u>	<u>\$16,340,781</u>	<u>\$8,975,336</u>	<u>\$9,049,333</u>	<u>\$8,545,814</u>	<u>\$6,855,461</u>

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$2,143,040	\$636,667	\$30,750	\$30,750
128,430	162,961	203,047	189,581
2,999,973	3,106,627	3,097,360	3,146,027
200,471	358,928	1,054,192	5,976,428
(72,371)	2,792,694	3,943,937	233,218
<u>\$5,399,543 (a)</u>	<u>7,057,877</u>	<u>\$ 8,329,286</u>	<u>\$ 9,576,004</u>
\$1,475			
5,429,411	\$4,984,800	\$5,107,617	\$5,018,601
2,612,563	2,618,151	1,480,824	1,555,616
(1,713,546)	(355,839)	(272,217)	(805)
<u>\$6,329,903</u>	<u>\$ 7,247,112</u>	<u>6,316,224</u>	<u>\$6,573,412</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Revenues</b>			
Taxes and assessments	\$20,363,436	\$23,184,336	\$27,152,426
Licenses, permits and fees	1,840,903	2,111,252	1,829,485
Fines and forfeitures	122,161	124,583	109,744
Use of money and property	588,076	770,987	1,768,089
Intergovernmental revenues	4,439,778	3,279,587	3,278,054
Charges for services	4,917,147	4,146,512	2,856,369
Other	310,460	385,325	749,500
Total Revenues	<u>32,581,961</u>	<u>34,002,582</u>	<u>37,743,667</u>
<b>Expenditures</b>			
Current:			
Administration	3,808,377	3,440,007	3,256,967
Community Development	1,850,714	1,336,391	1,765,245
Public Safety - Police	6,623,787	6,908,386	7,531,759
Public Safety - Fire	5,013,129	5,772,527	6,110,150
Parks and Community Services	3,948,215	4,772,498	5,286,401
Public Works	3,660,641	1,707,728	1,750,115
Library	1,744,702	1,837,995	2,073,228
Economic Development	159,933	693,089	333,337
General Government	1,941,904	2,324,258	2,554,884
Capital outlay	6,665,306	3,702,523	11,123,214
Debt service:			
Principal repayment	395,000	420,000	617,933
Interest and fiscal charges	388,431	426,508	511,846
Refunding bonds issuance costs			
Total Expenditures	<u>36,200,139</u>	<u>33,341,910</u>	<u>42,915,079</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,618,178)</u>	<u>660,672</u>	<u>(5,171,412)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	2,359,714	1,743,366	4,382,451
Transfers (out)	(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	26,851	5,850	2,000
Total other financing sources (uses)	<u>10,280,303</u>	<u>364,445</u>	<u>116,138</u>
Net Change in fund balances	<u><u>\$6,662,125</u></u>	<u><u>\$1,025,117</u></u>	<u><u>(\$5,055,274)</u></u>
Debt service as a percentage of noncapital expenditures	2.7%	2.9%	3.6%

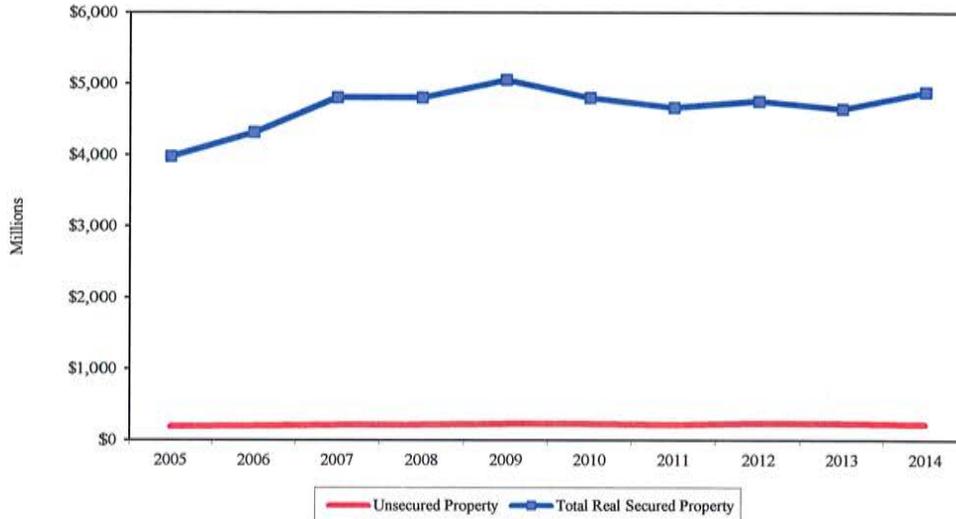
NOTE:

(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,**

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$28,813,851	\$29,080,090	\$27,896,749	\$27,698,473	\$28,289,246	\$28,246,659	\$30,053,333
349,130	323,241	320,466	315,208	277,267	331,830	391,987
128,770	115,596	105,391	99,898	184,084	125,016	92,633
1,628,652	1,003,453	587,040	701,264	514,674	347,451	562,568
4,576,701	4,451,238	4,855,610	5,200,591	4,931,453	4,853,473	3,366,221
2,310,008	2,344,817	2,234,871	1,485,991	1,507,509	1,620,508	1,792,391
580,013	492,841	1,651,482	1,933,329	2,446,893	1,587,488	627,336
<u>38,387,125</u>	<u>37,811,276</u>	<u>37,651,609</u>	<u>37,434,754</u>	<u>38,151,126</u>	<u>37,112,425</u>	<u>36,886,469</u>
2,729,399	2,975,571	3,365,557	3,101,146	2,978,057	2,989,783	3,288,675
2,263,730	2,268,403				1,351,994	1,032,179
8,292,356	8,544,690	8,970,286	8,568,999	8,425,574	8,381,295	8,495,411
6,782,268	6,974,688	6,779,441	6,555,355	6,193,806	6,490,519	6,449,095
5,764,217	5,672,170	5,482,353	5,371,171	5,097,677	5,160,108	5,407,167
1,912,747	2,220,756	4,615,700	2,825,598	2,412,189	1,486,669	1,484,907
2,262,383	2,322,259	2,134,589	2,158,850	2,019,269	1,961,284	2,027,067
466,322	517,268	493,857	458,470	443,384	653,720	537,493
3,025,451	4,187,891	2,418,903	2,641,205	2,863,369	2,821,213	2,899,981
4,227,287	4,883,976	4,356,489	7,080,488	9,872,108	3,434,964	2,604,625
698,064	734,049	770,542	807,565	5,435,150	993,334	937,139
481,502	451,063	429,328	471,211	1,138,271	135,505	129,355
				98,550		
<u>38,905,726</u>	<u>41,752,784</u>	<u>39,817,045</u>	<u>40,040,058</u>	<u>46,977,404</u>	<u>35,860,388</u>	<u>35,293,094</u>
<u>(518,601)</u>	<u>(3,941,508)</u>	<u>(2,165,436)</u>	<u>(2,605,304)</u>	<u>(8,826,278)</u>	<u>1,252,037</u>	<u>1,593,375</u>
2,653,351	3,448,918	1,926,107	2,521,117	3,331,208	2,285,097	498,129
(2,662,273)	(3,428,503)	(1,795,692)	(2,805,603)	(3,933,188)	(3,196,613)	(598,229)
			13,195,000			
			(235,368)			
				4,270,000		
			(12,328)			
				(21,350)		
<u>21,980</u>	<u></u>	<u></u>	<u>156</u>	<u>20,734</u>	<u></u>	<u>10,631</u>
<u>13,058</u>	<u>20,415</u>	<u>130,415</u>	<u>12,662,974</u>	<u>3,667,404</u>	<u>(911,516)</u>	<u>(89,469)</u>
<u>(\$505,543)</u>	<u>(\$3,921,093)</u>	<u>(\$2,035,021)</u>	<u>\$10,057,670</u>	<u>(\$5,158,874)</u>	<u>\$340,521</u>	<u>\$1,503,906</u>
3.4%	3.2%	3.4%	3.9%	17.7%	3.5%	3.3%

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



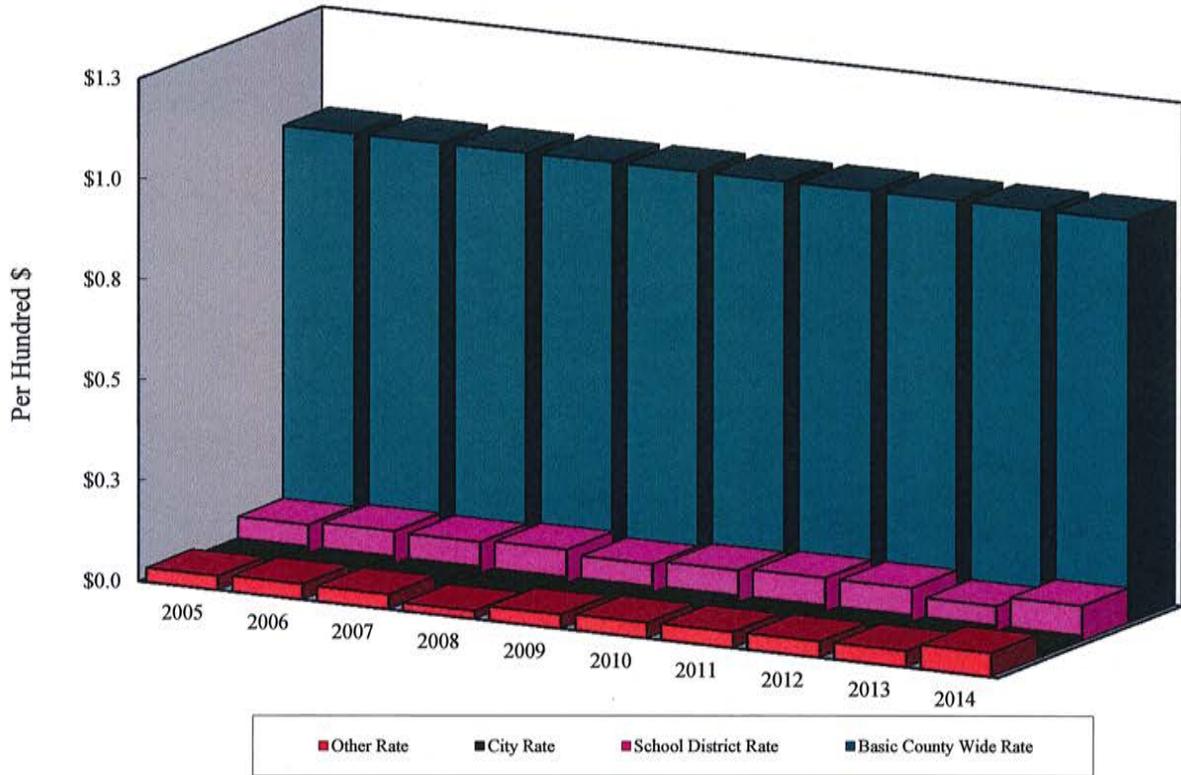
Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2005	\$2,165,141,847	\$124,906,264	\$1,426,651,050	\$69,656,432	\$3,786,355,593	\$190,108,523	\$3,976,464,116	\$3,976,464,116	0.26611%
2006	2,426,738,885	131,146,054	1,438,207,502	116,638,859	4,112,731,300	201,105,380	4,313,836,680	4,313,836,680	0.26313%
2007	2,823,114,166	142,156,389	1,546,655,534	83,018,745	4,594,944,834	212,949,929	4,807,894,763	4,807,894,763	0.26560%
2008	3,082,710,837	149,511,998	1,278,262,415	78,174,389	4,588,659,639	218,303,830	4,806,963,469	4,806,963,469	0.26295%
2009	3,068,156,685	176,210,305	1,509,076,085	70,419,724	4,823,862,799	229,137,903	5,053,000,702	5,053,000,702	0.26382%
2010	2,828,918,727	175,489,888	1,502,183,217	67,625,542	4,574,217,374	232,563,062	4,806,780,436	4,806,780,436	0.26547%
2011	2,740,155,696	176,848,852	1,463,741,183	67,837,288	4,448,583,019	218,306,994	4,666,890,013	4,666,890,013	0.26506%
2012	2,671,810,615	173,679,880	1,608,049,893	66,734,598	4,520,274,986	238,247,984	4,758,522,970	4,758,522,970	0.26145%
2013	2,585,442,237	172,176,509	1,589,839,265	66,361,809	4,413,819,820	234,346,390	4,648,166,210	4,648,166,210	0.26282%
2014	2,818,861,818	184,614,253	1,596,452,011	61,269,569	4,661,197,651	223,586,294	4,884,783,945	4,884,783,945	0.26290%

Source: Solano County Assessor 2003/04 - 2012/13 Combined Tax Rolls

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

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

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



Fiscal Year	City Direct Rate	Overlapping Rates:			Total District Rate
		Basic County Wide Rate	School District Rate	City Rate	
2005	0.26611	1.0000	0.0723	0.0192	1.1268
2006	0.26313	1.0000	0.0803	0.0187	1.1377
2007	0.26560	1.0000	0.0774	0.0170	1.1314
2008	0.26295	1.0000	0.0823	0.0157	1.1180
2009	0.26382	1.0000	0.0701	0.0159	1.1210
2010	0.26547	1.0000	0.0788	0.0173	1.1345
2011	0.26506	1.0000	0.0839	0.0171	1.1405
2012	0.26145	1.0000	0.0827	0.0165	1.1394
2013	0.26282	1.0000	0.0621	0.0154	1.1181
2014	0.26290	1.0000	0.0871	0.0143	1.1610

Source: Solano County Auditor-Controller's Office

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

Taxpayer	2013-2014			2004-05		
	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	\$1,037,577,437	1	21.24%	\$1,035,222,758	1	26.0%
Walton CWCA	122,430,600	2	2.51%			
Benicia Industries	71,016,704	3	1.45%	50,249,556	3	1.26%
Tulloch Construction Inc.	29,649,799	4	0.61%			
WRI West Gate South LP	26,477,052	5	0.54%	22,931,947	4	0.6%
Club Pacifica LLC	23,193,945	6	0.47%			
Gonsalves and Santucci Inc	22,884,554	7	0.47%			
Bebe Studio Realty LLC	18,360,000	8	0.38%			
SPK-Industrial Portfolio LLC	18,000,000	9	0.37%	17,381,118	6	0.4%
Prime Waterview LLC	13,726,041	10	0.28%			
Calwest Industrial Properties LLC				79,151,820	2	1.99%
Cal-Midwest Properties Company				19,886,538	5	0.50%
Western Container Corporation				13,787,545	7	0.35%
PPF Ind 4701-4799 Ind Wy LP				13,344,637	8	0.33%
Cambridge Cir Invest Company				13,055,923	9	0.33%
MP Benicia Logistics LLC				12,478,708	10	0.31%
<b>Total</b>	<b>\$1,383,316,132</b>		<b>28.32%</b>	<b>\$1,277,490,550</b>		<b>32.04%</b>

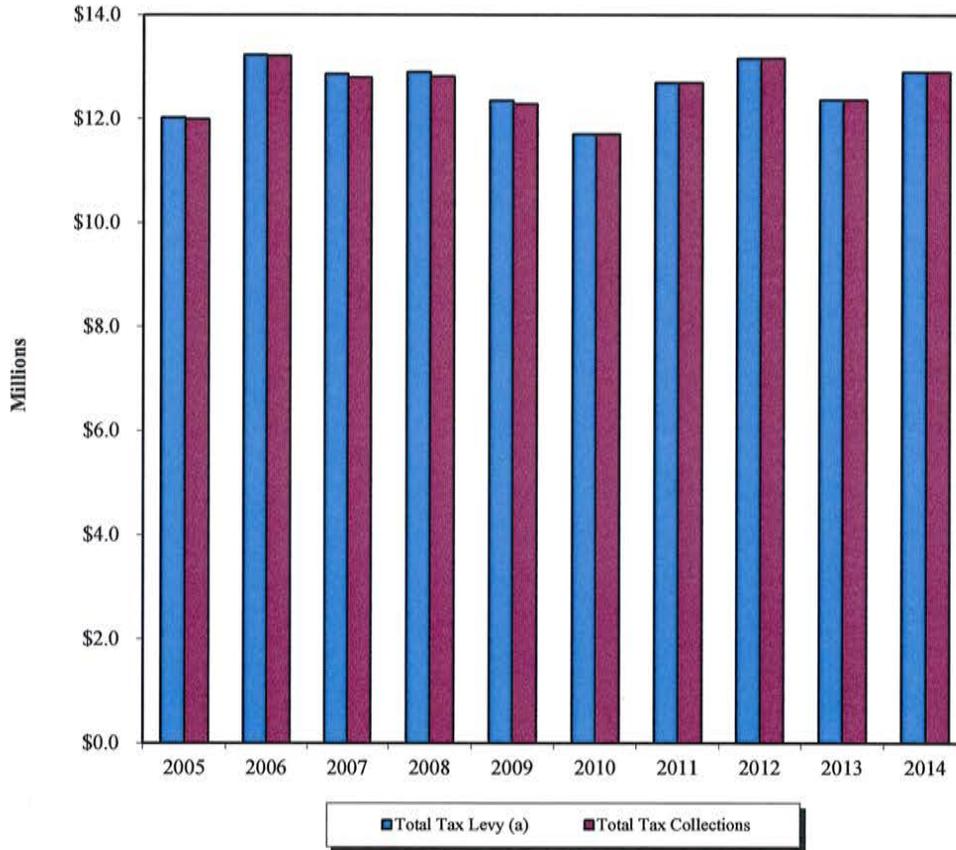
Total Net Assessed Valuation:

Fiscal Year 2013-2014 \$4,884,783,945

Fiscal Year 2004-2005 \$3,987,460,973

Source: HdL, Coren & Cone Report

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



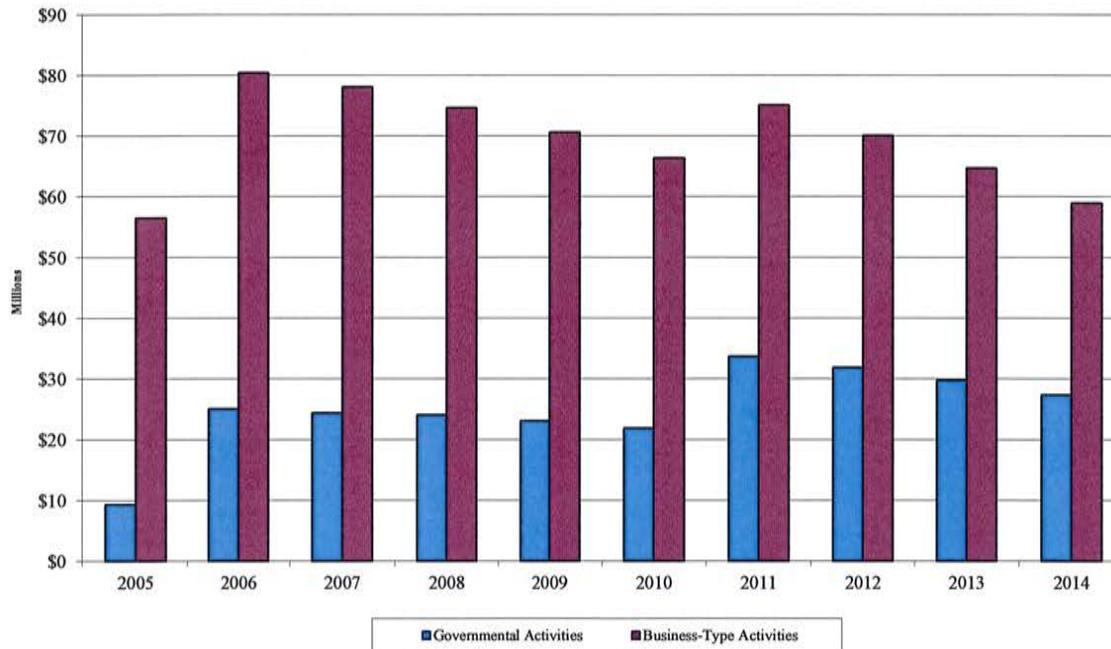
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2005	\$12,020,080	\$11,989,000	99.7414%	\$11,989,000	99.7414%
2006	13,227,173	13,209,063	99.8631%	13,209,063	99.8631%
2007	12,863,706	12,796,607	99.4784%	12,796,607	99.4784%
2008	12,898,327	12,814,858	99.3529%	12,814,858	99.3529%
2009	12,346,920	12,280,522	99.4622%	12,280,522	99.4622%
2010 *	11,701,913	11,701,913	100.0000%	11,701,913	100.0000%
2011 *	12,689,250	12,689,250	100.0000%	12,689,250	100.0000%
2012 *	13,162,059	13,162,059	100.0000%	13,162,059	100.0000%
2013 *	12,360,087	12,360,087	100.0000%	12,360,087	100.0000%
2014 *	12,899,586	12,899,586	100.0000%	12,899,586	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**



<b>Governmental Activities</b>					
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Pension Obligation Bonds</b>	<b>Lease Obligation</b>	<b>Certificates of Participation</b>	<b>Total</b>
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	13,195,000	33,675,830
2012	4,270,000	12,148,201	2,349,067	13,100,000	31,867,268
2013	3,575,000	11,451,726	2,016,035	12,700,000	29,742,761
2014	2,950,000	10,668,519	1,667,675	12,050,509	27,336,703

<b>Business-Type Activities</b>							
<b>Fiscal Year</b>	<b>Water Revenue Bonds</b>	<b>Sewer Revenue Bonds</b>	<b>Loans Payable</b>	<b>Total</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income (a)</b>	<b>Per Capita (a)</b>
2005	\$10,388,839	\$4,406,260	\$32,349,308	\$47,144,407	\$56,449,407	5.26%	2,066.00
2006	9,520,473	4,197,808	41,620,216	55,338,497	80,396,093	7.12%	2,942.86
2007	8,626,119	3,957,473	41,118,395	53,701,987	78,060,381	6.50%	2,796.26
2008	7,700,955	3,717,137	39,114,917	50,533,009	74,604,605	5.95%	2,666.55
2009	7,040,101	3,461,801	37,065,133	47,567,035	70,606,338	5.59%	2,523.73
2010	6,358,639	3,201,466	34,967,876	44,527,981	66,363,347	5.20%	2,362.86
2011	5,661,631	2,931,130	32,820,100	41,412,861	75,088,691	6.26%	2,768.96
2012	4,934,118	2,650,795	30,624,276	38,209,189	70,076,457	5.74%	2,603.23
2013	4,186,139	2,365,459	28,377,285	34,928,883	64,671,644	5.06%	2,380.87
2014	3,407,718	2,070,123	26,090,472	31,568,313	58,905,016	4.34%	2,145.59

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

(a) See page 131 (Demographic Statistics) for personal income and population data.

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Pension Obligation Bonds</b>	<b>Certificates of Participation</b>	<b>Capital Leases</b>	<b>Total</b>	<b>Percentage of Actual Taxable Value of Property (1)</b>	<b>Per Capita (2)</b>
2005	\$7,905,000	\$ -	\$ -	\$1,400,000	\$9,305,000	0.23%	340.56
2006	7,485,000	13,972,596	-	3,600,000	25,057,596	0.58%	917.22
2007	7,045,000	13,891,327	-	3,422,067	24,358,394	0.51%	872.56
2008	6,585,000	14,302,596	-	3,184,003	24,071,599	0.50%	860.38
2009	6,100,000	13,676,377	-	3,262,926	23,039,303	0.46%	823.51
2010	5,590,000	13,273,493	-	2,971,873	21,835,366	0.45%	777.45
2011	5,055,000	12,758,370	13,195,000	2,667,460	33,675,830	0.72%	1,241.83
2012	4,270,000	12,148,201	13,100,000	2,349,067	31,867,268	0.67%	1,183.82
2013	3,575,000	11,451,726	12,700,000	2,016,035	29,742,761	0.64%	1,094.97
2014	2,950,000	10,668,519	12,050,509	1,667,675	27,336,703	0.56%	995.73

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, 2014**

2013-14 Assessed Valuation

\$4,884,783,945

	Total Debt 6/30/2014	Percentage Applicable (1)	City's Share of Debt 6/30/2014
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>			
Solano County Community College District	\$222,151,989	12.498%	\$27,764,556
Benicia Unified School District	26,140,492	99.232%	25,939,733
<b>City of Benicia</b>	<b>2,950,000</b>	<b>100%</b>	<b>2,950,000</b>
City of Benicia 1915 Act Bonds	10,025,000	100%	<u>10,025,000</u>
 TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			 <u>66,679,289</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
Solano County Certificates of Participation	106,050,000	11.894%	12,624,192
Solano County Pension Obligations	68,945,000	11.904%	8,207,213
Solano County Board of Education Certificates of Participation	1,665,000	11.904%	198,202
<b>City of Benicia Certificates of Participation</b>	<b>12,623,336</b>	<b>100%</b>	<b>12,623,336</b> (2)
<b>City of Benicia Pension Obligations</b>	<b>10,668,519</b>	<b>100%</b>	<b>10,668,519</b> (3)
 TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			 \$44,321,462
<b>TOTAL DIRECT DEBT</b>			<b>26,241,855</b>
TOTAL OVERLAPPING DEBT			<u>84,758,896</u>
 COMBINED TOTAL DEBT			 <u>111,000,751</u> (4)

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

(2) Includes capital leases in the amount of \$348,336.

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

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

RATIOS TO 2013-14 ASSESSED VALUATION:

<b>Direct Debt (\$2,950,000)</b>	<b>0.06%</b>
Total Direct and Overlapping Tax and Assessment Debt	1.37%
<b>Total Direct Debt (\$24,258,999)</b>	<b>0.54%</b>
Combined Total Debt	2.27%

Source: California Municipal Statistics, Inc.

**CITY OF BENICIA  
COMPUTATION OF LEGAL BONDED DEBT MARGIN  
JUNE 30, 2014**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$4,661,197,651
---	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$174,794,912
---	---------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$31,371,360
Less Revenue Bonds, Certificate of Participation not subject to limit	28,421,360
Amount of debt subject to limit	2,950,000

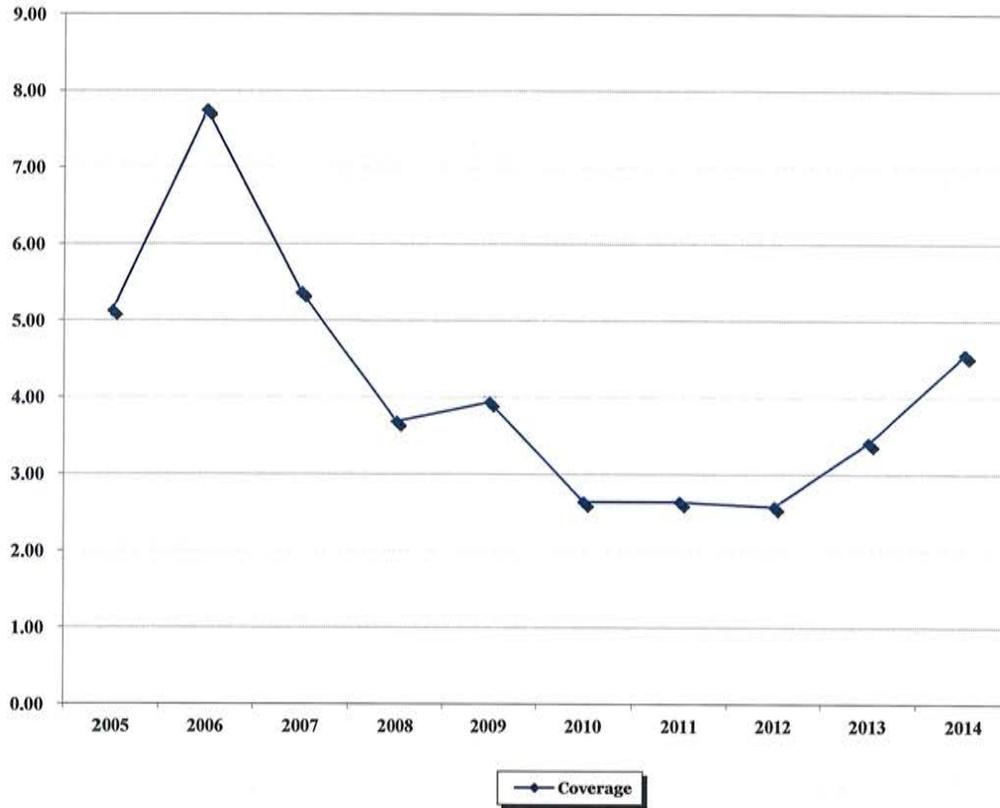
LEGAL BONDED DEBT MARGIN	\$171,844,912
--------------------------	---------------

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
2005	\$141,988,335	\$7,905,000	\$134,083,335	5.90%
2006	154,227,424	7,485,000	146,742,424	5.10%
2007	172,310,431	7,045,000	165,265,431	4.26%
2008	172,074,736	6,585,000	165,489,736	3.98%
2009	180,894,855	6,100,000	174,794,855	3.49%
2010	171,533,152	5,590,000	165,943,152	3.37%
2011	166,821,863	5,055,000	161,766,863	3.12%
2012	169,510,312	4,270,000	165,240,312	2.58%
2013	165,518,243	3,575,000	161,943,243	2.21%
2014	174,794,912	2,950,000	171,844,912	1.72%

NOTE:

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

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

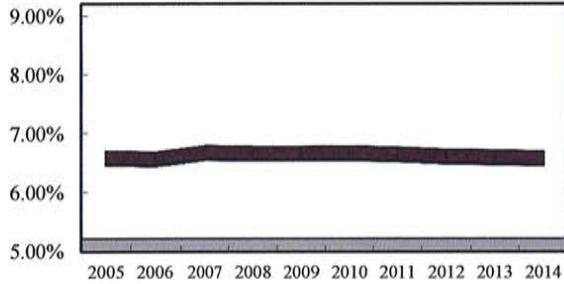


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	\$15,426	\$6,837	\$8,589	\$1,055	\$620	\$1,675	5.13
2006	17,165	6,837	10,328	875	458	1,333	7.75
2007	16,222	7,477	8,745	1,145	482	1,627	5.37
2008	15,668	9,689	5,979	1,175	446	1,621	3.69
2009	14,804	9,536	5,268	925	413	1,338	3.94
2010	13,540	10,014	3,526	950	385	1,335	2.64
2011	13,253	9,736	3,517	975	356	1,331	2.64
2012	13,290	9,845	3,445	1,015	321	1,336	2.58
2013	14,577	10,059	4,518	1,040	284	1,324	3.41
2014	16,000	9,958	6,042	1,080	245	1,325	4.56

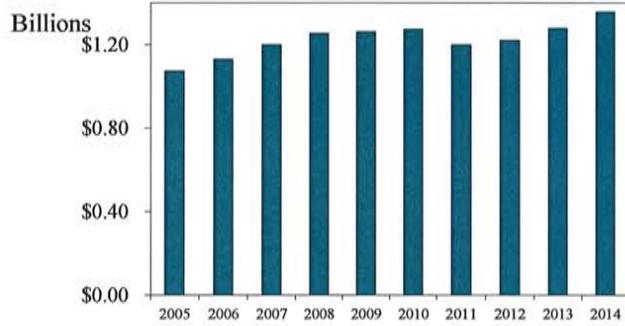
Notes: (1) Includes all Water & Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue  
 (2) Includes all Water & Wastewater Operating Expenses less Depreciation and Interest

Source: City of Benicia

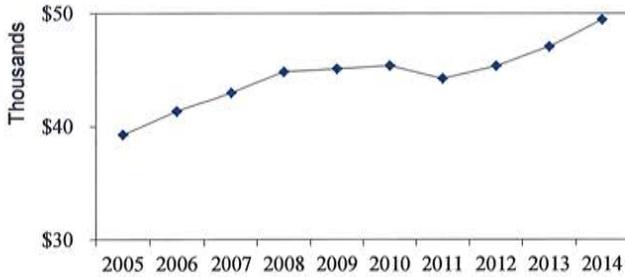
**CITY OF BENICIA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**



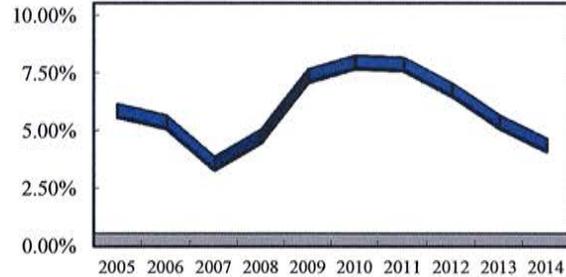
■ City Population as % of County Population



■ Total Personal Income



◆ Per Capita Personal Income



■ Unemployment Rate

Fiscal Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%)	County Population	City Population % of County
2005	27,323	\$1,073,505,323	\$39,289	5.6%	421,657	6.48%
2006	27,319	1,129,806,279	41,356	5.1%	422,848	6.46%
2007	27,916	1,200,213,884	42,994	3.3%	424,823	6.57%
2008	27,978	1,254,489,947	44,838	4.5%	426,757	6.56%
2009	27,977	1,262,222,668	45,116	7.1%	426,729	6.56%
2010	28,086	1,274,996,631	45,396	7.7%	427,837	6.56%
2011	27,118	1,199,784,395	44,243	7.6%	414,509	6.54%
2012	26,919	1,220,873,617	45,354	6.5%	413,786	6.51%
2013	27,163	1,278,384,030	47,063	5.1%	418,387	6.49%
2014	27,454	1,358,233,958	49,473	4.1%	424,233	6.47%

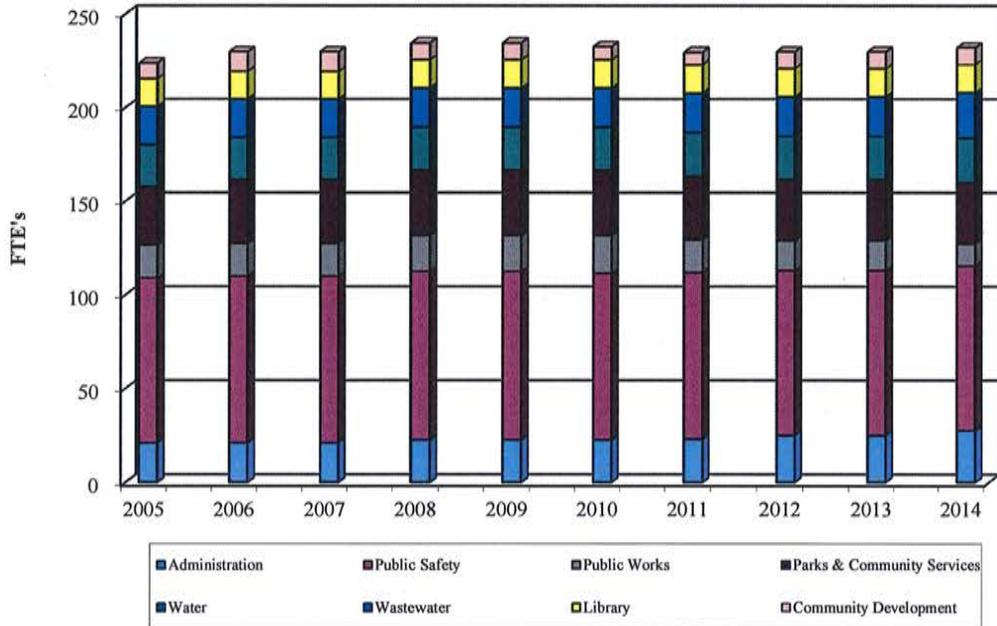
Sources: California State Department of Finance & EDD

**CITY OF BENICIA**  
**Principal Employers**  
**Current Year and Nine Years Ago**

<u>Employer</u>	<u>2013-14</u>			<u>2004-05</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	509	1	1.9%	480	1	1.9%
Benicia Unified School District	375	2	1.4%	470	2	1.9%
Cytosport	305	3	1.1%			
Dunlop	235	4	0.9%	130	8	0.5%
City of Benicia	230	5	0.9%			
Bio-Rad Laboratories Inc.	210	6	0.8%	168	4	0.7%
Valley Fine Foods Co. Inc.	179	7	0.7%			
Coca-Cola Bottling Co.	162	8	0.6%	142	6	0.6%
Cycle Gear Inc.	151	9	0.6%			
Pepsi Bottling Group	110	10	0.4%	134	7	0.5%
IFS of New Jersey Inc.				170	3	0.7%
Radiator Express Warehouse Inc.				147	5	0.6%
Central Coast Wine Co				116	9	0.5%
APS West Coast Inc.				115	10	0.5%
Subtotal	<u>2,466</u>		<u>9.3%</u>	<u>2,072</u>		<u>8.3%</u>
Total City Day Population	<u>26,600</u>			<u>25,000</u>		

Source: City of Benicia

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



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Function</b>										
Administration	21.00	21.00	21.00	22.50	22.50	22.50	23.00	25.00	25.00	27.50
Public Safety	88.00	89.00	89.00	90.00	90.00	89.00	89.00	88.00	88.00	88.00
Public Works	17.55	17.45	17.45	18.95	18.95	19.95	17.35	16.03	16.03	11.65
Community Development	8.40	10.50	10.50	9.00	9.00	7.00	6.67	8.97	8.97	9.00
Parks & Community Services	31.00	34.00	34.00	35.00	35.00	35.00	34.00	32.50	32.50	33.00
Water	22.45	22.45	22.45	22.95	22.95	22.95	23.16	23.05	23.05	23.60
Wastewater	20.60	20.60	20.60	21.10	21.10	21.10	21.31	21.20	21.20	24.25
Library	14.75	14.75	14.75	15.00	15.00	15.00	15.00	15.00	15.00	15.00
<b>Total</b>	<b>223.75</b>	<b>229.75</b>	<b>229.75</b>	<b>234.50</b>	<b>234.50</b>	<b>232.50</b>	<b>229.49</b>	<b>229.75</b>	<b>229.75</b>	<b>232.00</b>

Source: City of Benicia

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

<b>Function/Program</b>	<b>Fiscal Year</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Public safety:</b>				
Fire:				
Fire calls for service	1,984	1,703	1,915	2,040
Primary fire inspections conducted (estimate)	750	750	200	200
Police:				
Police calls for Service	14,410	14,981	14,374	15,934
Law violations:				
Physical arrests (adult and juvenile)	1,099	1,036	1,139	1,056
Traffic violations	1,873	2,027	2,649	2,208
Parking violations	794	759	665	646
<b>Public Works</b>				
Street resurfacing (miles)	n/a	1.5	1.0	0.3
Potholes repaired (cubic feet) *	n/a	1,000	1,200	1,200
<b>Parks &amp; Community Services:</b>				
Community Services:				
Recreation class programs	880	834	978	824
Recreation class participants	12,393	11,610	10,482	10,622
Library:				
Volumes in Collection (thousands)	110,214	116,996	113,470	111,145
Total Volumes Borrowed (thousands)	34,164	47,295	320,873	346,106
<b>Water</b>				
Water service connections	n/a	9,380	9,576	9,370
Water main breaks	n/a	11	17	17
Average daily consumption (thousands of gallons)	n/a	4,170	4,437	4,610
<b>Wastewater</b>				
Storm drain inlets	n/a	2,000	2,010	2,040
Sewer service connections	n/a	9,380	9,310	9,109
Sewer main blockages	n/a	101	30	59
Average daily treatment (thousands of gallons)	n/a	2,860	2,200	2,600

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.

<b>Fiscal Year</b>					
<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
2,243	2,122	2,067	2,238	2,208	2,180
1,074	935	750	690	401	398
17,302	27,029	14,536	12,422	18,867	17,557
838	836	866	734	614	602
3,671	2,546	2,346	2,394	1,296	1,239
434	237	230	206	77	148
-	5	0.8	8.9	1.3	2.8
1,200	1,764	1,395	953	999	420
773	800	820	1,104	971	986
8,291	8,560	9,137	10,126	9,546	9,071
107,756	106,965	106,264	109,436	99,608	104,546
371,581	384,056	384,134	433,264	474,472	490,984
9,506	9,557	9,547	9,434	9,827	9,682
14	33	10	15	21	18
4,209	3,540	3,808	3,714	4,062	4,014
2,040	2,040	2,040	2,040	2,040	2,040
9,243	9,261	9,278	9,277	9,283	9,185
51	46	27	24	34	23
2,195	2,280	2,433	2,370	2,180	2,110

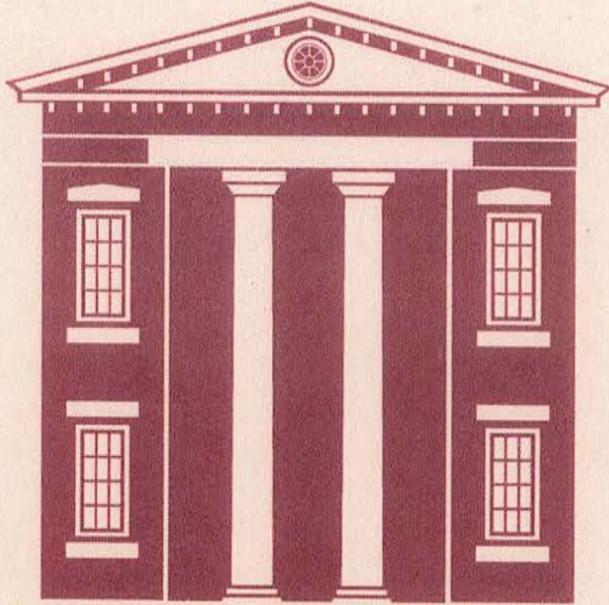
**CITY OF BENICIA**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Public safety:</b>				
Fire stations	2	2	2	2
Police stations	1	1	1	1
Police patrol units	11	13	13	13
<b>Public works</b>				
Miles of streets	95	95	95	97
Street lights	2,046	2,046	2,062	2,100
Traffic Signals	10	10	10	10
<b>Parks and recreation:</b>				
<b>Community services:</b>				
City parks	35	36	36	36
City parks acreage	214	214	214	214
Recreation centers	1	1	1	2
Senior citizen centers	1	1	1	1
Regional park acreage	577	577	577	577
<b>Library:</b>				
City libraries	1	1	1	1
<b>Water</b>				
Miles of water mains	158	158	158	160
Fire hydrants	1,245	1,194	1,203	1,259
Maximum daily capacity (millions of gallons)	12	12	12	12
<b>Wastewater</b>				
Miles of sanitary sewers	149	149	149	150
Miles of storm drains	77	77	77	78
Number of treatment plants	1	1	1	1
Maximum daily capacity (millions of gallons)	4.5	4.5	4.5	4.5

Source: City of Benicia

Note: n/a denotes information is not available.

Fiscal Year					
2009	2010	2011	2012	2013	2014
2	2	2	2	2	2
1	1	1	1	1	1
13	12	12	11	13	13
97	97	97	97	97	97
2,100	2,232	2,232	2,232	2,232	2,232
10	10	11	11	11	11
36	36	36	36	36	36
214	214	214	214	214	214
2	2	2	2	2	2
1	1	1	1	1	1
577	577	577	577	577	577
1	1	1	1	1	1
160	160	160	160	160	160
1,427	1,430	1,428	1,429	1,449	1,449
12	12	12	12	12	12
150	150	150	150	150	150
78	78	78	78	78	78
1	1	1	1	1	1
4.5	4.5	4.5	4.5	4.5	4.5



THE CITY OF  
**BENICIA**  
CALIFORNIA