

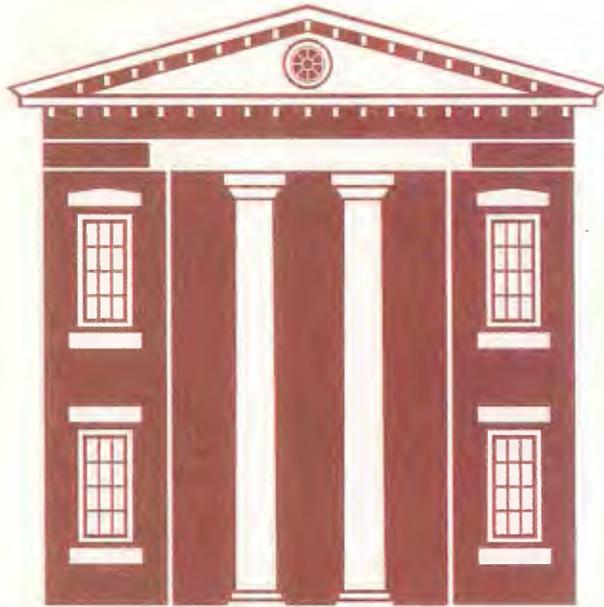
Fiscal Year Ended

June 30, 2017

CITY OF BENICIA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

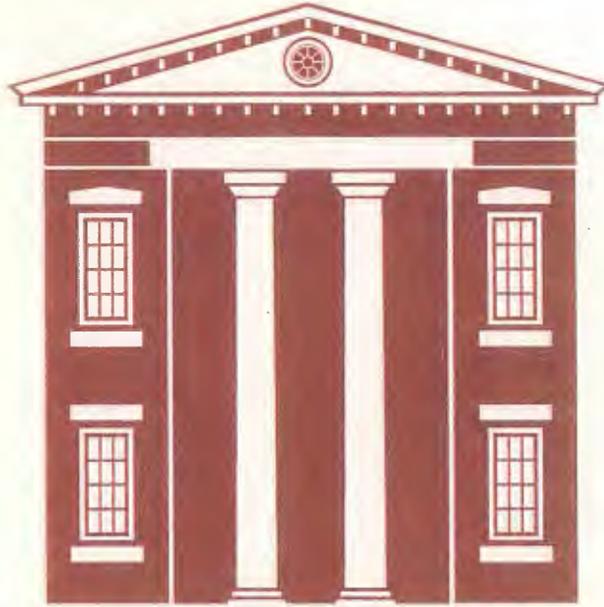




THE CITY OF
BENICIA
CALIFORNIA

CITY OF BENICIA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

Prepared by
FINANCE DEPARTMENT



THE CITY OF
BENICIA
CALIFORNIA

CITY OF BENICIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

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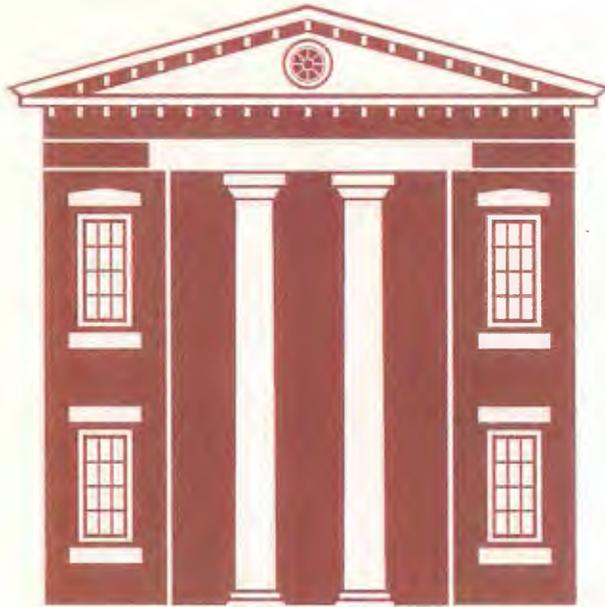
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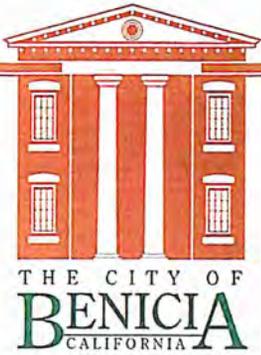
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THE CITY OF
BENICIA
CALIFORNIA



February 8, 2018

**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, 2017, 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, 2017. 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 27,695.

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 Benicia Industrial Park (BIP) located near the junction of I-680 and I-780, provides easy access to most of the San Francisco Bay Area. Benicia Industrial Park is home to over 450 businesses and 6,500 employees. The BIP provides a strong tax base for the City, generating over 40% 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.

Property Tax: Property tax revenues for FY16-17 increased by approximately 5% due to increases in assessed values for residential properties as a sign of the continuing growth in the economy.

Sales Tax: Sales tax revenue accounts for approximately 21% of General Fund revenues. Revenues decreased approximately 19% from FY 2015-16 levels due to the re-allocation of Measure C taxes, the bulk of which was redirected to Measure C Capital Projects Fund.

Measure C: The City, in the November 2014 elections took to the voters a ballot measure, Measure C, to increase sales tax by 1% to maintain City services as well as fund desired infrastructure projects such as street repairs. For FY16-17, the City collected approximately \$5.0 million Measure C sales tax revenues, \$1.6 million funded the General Fund operations and \$3.4 million funded capital projects.

Employment rates are at a constant; property and sales tax revenues are increasing; and the economy is growing modestly. At the same time, the City is experiencing continued increases in costs of operations, health and pension costs. To mitigate having a budget deficit, the City continues to look for ways to support operations by increasing user fees and charges and increasing the portion of Measure C funds dedicated to supporting operations, rather than infrastructure projects.

FINANCIAL INFORMATION

Long-term Planning: Economic development remains a priority of the City Council. The City continues efforts toward increasing the economic vitality of the existing Benicia Industrial Park (BIP), and also is considering plans for a possible expansion of business activity through a General Plan Amendment with a developer with an option to purchase a 500-acre parcel of property adjacent to the BIP. 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.

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, 2017, the General Fund reserve balance was at the required level of 20%, which is \$6,986,929.

Long Range Financial Forecast: The City of Benicia produces a ten-year Long Range Financial Forecast, which is updated annually. 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 City utilizes this forecast to help plan for

the future by providing an understanding of available funding while evaluating financial risks and identifying future commitments and resource demands. Updated projections show a budget shortfall in the General Fund in the Fiscal Years 2017-18 and 2018-19. To bridge the gap, budget balancing recommendations such as increased fees and charges; increased portion of Measure C funds dedicated to supporting operations; use of unassigned reserves; and un-programming approximately \$1 million of Measure C funds to allow flexibility in meeting City needs have been considered and approved by Council.

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 2016-17 amounted to \$88,749,024 and \$31,992,880 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, 2017. 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 25 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 retired 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,



Cindy Mosser
Finance Director

MUNICIPAL OFFICERS

CITY COUNCIL (Elected)

Elizabeth Patterson, Mayor	2016 - 2020
Steve Young, Vice Mayor	2016 - 2020
Tom Campbell, Councilmember	2016 - 2020
Mark Hughes, Councilmember	2014 - 2018
Alan Schwartzman, Councilmember	2014 - 2018

OTHER (Elected)

Lisa Wolfe, City Clerk	2016 - 2020
Kenneth Paulk, City Treasurer	2016 - 2020

FINANCE COMMITTEE (Appointed)

Paul Gigliotti	January 2021
Alan Nadritch	July 2019
John Potter	January 2019
Eric Sargeson	January 2021
Joshua Wilson	January 2019

APPOINTED OFFICIALS

Lorie Tinfow	City Manager
Heather McLaughlin	City Attorney

DEPARTMENT HEADS

Jim Lydon	Acting Assistant City Manager/Fire Chief
Vacant	Finance Director
Josh Chadwick	Acting Deputy Fire Chief
David Dodd	Library & Cultural Services Director
Mike Dotson	Parks & Community Services Director
Eric Upson	Police Chief
Graham Wadsworth	Public Works Director
Shawna Brekke-Read	Interim Community Development Director
Mario Giuliani	Economic Development Manager/Acting Deputy City Manager

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

Steve Young, Vice Mayor

Tom Campbell

Mark Hughes

Alan Schwartzman

CITY TREASURER

Kenneth Paulk

CITY MANAGER

Lorie Tinfow

CITY ATTORNEY

Heather McLaughlin

ACTING
ASSISTANT
CITY
MANAGER/
FIRE
CHIEF

Jim
Lydon

POLICE
CHIEF

Josh
Chadwick

FINANCE
DIRECTOR

Vacant

ECONOMIC
DEVELOPMENT
MANAGER/
ACTING
DEPUTY CITY
MANAGER

Mario
Giuliani

ACTING
DEPUTY FIRE
CHIEF

Josh
Chadwick

PARKS &
COMMUNITY
SERVICES
DIRECTOR

Mike
Dotson

LIBRARY &
CULTURAL
SERVICES
DIRECTOR

David
Dodd

PUBLIC
WORKS
DIRECTOR

Graham
Wadsworth

INTERIM
COMMUNITY
DEVELOPMENT
DIRECTOR

Shawna
Brekke-Read

Location Map

City of Benicia





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

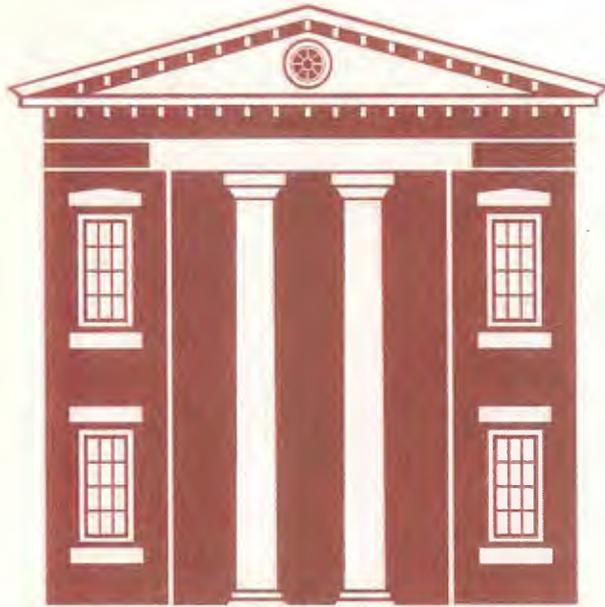
**City of Benicia
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morrill

Executive Director/CEO



THE CITY OF
BENICIA
CALIFORNIA

INDEPENDENT AUDITOR'S REPORT

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

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, 2017, 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, 2017 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other Required Supplementary Information as listed in the Table of Contents 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
February 8, 2018

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, 2017. 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

- "Measure C", an additional 1% sales tax, approved by voters in the November 2014 elections provided \$5.0 million this fiscal year to help maintain City services as well as fund desired infrastructure projects such as street repairs. \$1.6 million paid for the City's operations and the remaining revenue of \$3.4 was earmarked for City Council approved capital projects.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$181.1 million.
- At the end of the current fiscal year, the General Fund's fund balance totaled \$18.1 million, an increase of 19.9%, due to proceeds from capital lease.
- The City's total debt increased by \$5.6 million as a net result of two new debt issuances.

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, and marina 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.

CITY OF BENICIA Management's Discussion and Analysis

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 31-75 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, 2017 are summarized below:

Summary of Net Position

(in millions)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 41.6	\$ 36.4	\$ 34.3	\$ 30.0	\$ 75.9	\$ 66.4
Capital assets	128.3	128.7	89.2	87.0	217.5	215.7
Total Assets	169.9	165.1	123.5	117.0	293.4	282.1
Deferred outflows of resources	17.3	5.2	1.9	1.1	19.2	6.3
Long-term liabilities outstanding	75.9	61.9	30.5	20.9	106.4	82.8
Other liabilities	10.1	6.8	6.0	9.2	16.1	16.0
Total Liabilities	86.0	68.7	36.5	30.1	122.5	98.8
Deferred inflows of resources	8.1	9.7	0.8	1.1	8.9	10.8
Net Position:						
Net investments in						
capital assets	114.7	116.7	60.0	81.3	174.7	198.0
Restricted	13.9	13.0	2.0	-	15.9	13.0
Unrestricted	(35.6)	(37.8)	26.1	5.6	(9.5)	(32.2)
Total Net Position	\$ 93.0	\$ 91.9	\$ 88.1	\$ 86.9	\$ 181.1	\$ 178.8

The largest portion of the City's net position (96.4%) 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 8.8% of the total net assets and are subject to external restrictions. The balance of unrestricted net assets, represents negative 5.2% of the total assets, (due to the recognition and recording of the City's net pension liability as required by GASB 68 and 71).

CITY OF BENICIA
Management's Discussion and Analysis

Statement of Activities and Changes in Net Position, as of June 30, 2017, is presented below.

Statement of Activities and Changes in Net Position

(in millions)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	\$ 3.7	\$ 3.8	\$ 19.5	\$ 17.8	\$ 23.2	\$ 21.6
Operating grants and contributions	1.7	2.0	0.1	-	1.7	2.0
Capital grants and contributions	0.5	1.2	-	-	0.5	1.2
General Revenues:						
Property taxes	17	16.3	-	-	17.0	16.3
Sales taxes	11.4	12	-	-	11.4	12.0
Utility users' tax	4.5	4.6	-	-	4.5	4.6
Franchise	2.1	2.1	-	-	2.1	2.1
Other taxes	1.2	1.1	-	-	1.2	1.1
Motor vehicle license fees	-	-	-	-	-	-
Investment earnings	0.2	0.4	0.1	0.3	0.3	0.7
Gain from sale	-	-	-	-	-	-
Miscellaneous	0.1	0.7	-	-	0.1	0.7
Total Revenues	<u>42.4</u>	<u>44.2</u>	<u>19.7</u>	<u>18.1</u>	<u>62.0</u>	<u>62.3</u>
Expenses:						
Administration	4.2	5.0	-	-	4.2	5.0
Public Safety - Police	9.3	7.8	-	-	9.3	7.8
Public Safety - Fire	7.7	8.2	-	-	7.7	8.2
Parks and Community Services	6.1	5.5	-	-	6.1	5.5
Public Works	6.6	4.8	-	-	6.6	4.8
Community Development	1.8	2.1	-	-	1.8	2.1
Library	2.1	2.3	-	-	2.1	2.3
Economic Development	0.7	0.9	-	-	0.7	0.9
General Government	0.2	0.8	-	-	0.2	0.8
Interest on long-term debt	2.3	1.3	-	-	2.3	1.3
Wastewater	-	-	9.1	8.2	9.1	8.2
Water	-	-	9.0	8.1	9.0	8.1
Benicia Marina	-	-	0.6	0.6	0.6	0.6
Total Expenses	<u>41.0</u>	<u>38.7</u>	<u>18.7</u>	<u>16.9</u>	<u>59.7</u>	<u>55.6</u>
Increase in net assets before transfers	1.4	5.5	1.0	1.2	2.4	6.7
Transfers	(0.2)	-	0.2	0.2	-	0.2
Increase in net position	1.2	5.5	1.2	1.2	2.4	6.9
Net position - 7/1/16	<u>91.9</u>	<u>86.4</u>	<u>86.9</u>	<u>85.7</u>	<u>178.8</u>	<u>172.1</u>
Net position - 6/30/17	\$ <u>93.1</u>	\$ <u>91.9</u>	\$ <u>88.1</u>	\$ <u>86.9</u>	\$ <u>181.2</u>	\$ <u>179.0</u>

CITY OF BENICIA Management's Discussion and Analysis

Governmental Activities

Total resources available during the year to finance governmental operations were \$134.1 million consisting of Net Position at July 1, 2016, of \$91.9 million, program revenues of \$5.8 million and general revenues of \$36.4 million.

The cost of all governmental activities this year was \$41.1 million. The largest governmental programs include Public Safety - both Police and Fire, and Public Works. The amount that was paid by those who directly benefited from governmental programs was \$3.7 million, while operating and capital grants and contributions paid for \$2.2 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 \$35.3 million.

Net Cost of Governmental Activities

	Expenses	Program Revenues	Net Revenue (Expense) of Activities
Administration	\$ 4,217,323	\$ 136,295	\$ (4,081,028)
Public Safety - Police	9,322,788	701,065	(8,621,723)
Public Safety - Fire	7,716,881	412,687	(7,304,194)
Parks and Community Services	6,069,250	1,953,763	(4,115,487)
Public Works	6,613,923	1,244,497	(5,369,426)
Community Development	1,831,203	545,626	(1,285,577)
Library	2,079,165	204,251	(1,874,914)
Economic Development	710,024	14,845	(695,179)
General Government	235,455	636,151	400,696
Interest expense	2,345,357	-	(2,345,357)
	\$ 41,141,369	\$ 5,849,180	\$ (35,292,189)

CITY OF BENICIA
Management's Discussion and Analysis

Business-type Activities

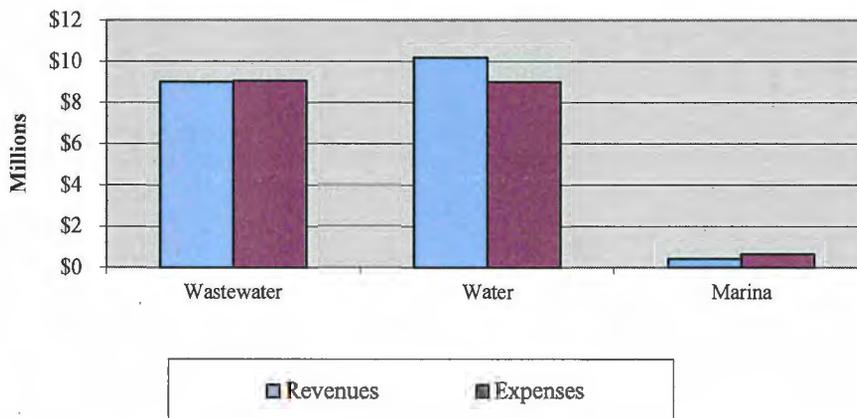
Total resources available during the year to finance Business-Type Activities were \$106.8 million consisting of Net Position at July 1, 2016, of \$86.9 million, program revenues of \$19.6 million and general revenues of \$.3 million.

The cost of all Business-Type activities this year was \$18.7 million. As shown in the Statement of Activities and Changes in Net Position, the amounts paid by users of the systems were \$19.5 million, while operating and capital grants and contributions were \$.08 million.

Net Cost of Business-Type Activities

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Revenue (Expense) of Activities</u>
Wastewater	\$ 9,060,845	\$ 9,004,873	\$ (55,972)
Water	8,993,593	10,187,339	1,193,746
Benicia Marina	633,550	409,294	(224,256)
Total	\$ 18,687,988	\$ 19,601,506	\$ 913,518

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



CITY OF BENICIA
Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

- The City's governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. The City's governmental funds reported a combined fund balance at June 30, 2017, of \$32.0 million, an increase of \$3.9 million in comparison with the prior year, due to a combination of increases in sales tax and proceeds of capital lease.

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 \$18.1 million. The reserve requirement adopted by the Council falls under Committed Fund Balance of \$8.6 million (20% of operating revenues) for Emergency Reserve, and Contingency Reserve.

The General Fund realized general tax and other revenues of \$35.0 million during the year to pay for \$33.2 million operating expenditures, realizing an excess of revenues over expenditures of \$1.8 million. This is due to the increases in property and sales taxes and salary savings from staff vacancies.

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 \$9.0 million in user fees to maintain the system. The fund has \$49.3 million in capital assets, net of accumulated depreciation, financed with \$9.1 million of long-term debt. The fund made debt service payments of \$2.4 million during the year. The net position increased by \$.1 million due to higher charges for services.

Water Fund – The City's water utility fund collected \$10.2 million in user fees to sustain the system. The system has \$37.9 million in capital assets, net of accumulated depreciation, financed with \$13.7 million of long-term debt. The fund made \$1.7 million in debt service payments for the year. The net position increased by \$1.2 million due to higher charges for services.

Benicia Marina – The City's Marina collected \$.3 million in user fees to support its operating and debt service costs. The Marina has \$2.0 million in capital assets, net of accumulated depreciation, financed with \$2.3 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 2016-17 was the second year of a two-year budget. The original budget for 2016-17 was developed in early 2015. The original budget for the General Fund revenues was \$33.8 million, while expenditures were at \$32.5 million. The final budget estimates for revenues was \$34.7 million, an increase of \$.9 million, and \$38.4 million for expenditures, an increase of \$5.9 million. The main components of the increases are as follows:

- \$.5 million increase in sales taxes due to the renewed growth in economy
- \$.3 million increase in utility users tax for anticipated increase in user fees
- \$.5 million increase in use of money and property for gradual increases in rents and investment income
- \$.2 million increase from revenue from other agencies for grants and reimbursements
- \$.6 million decrease in current service charges
- \$3.6 million increase in capital outlay due to anticipated large vehicle purchases, storm drain and street projects
- \$2.1 million increase in various departments for contracted services, health benefits and pension costs
- \$.2 million increase for debt service payments

During the year, revenues surpassed the budget by \$.3 million. The largest revenue variance was for the sales tax which is attributable to the renewed growth in the economy. Actual expenditures were \$5.2 million less than the final budget due to salary savings from attrition, and delays in capital projects.

CITY OF BENICIA
Management's Discussion and Analysis

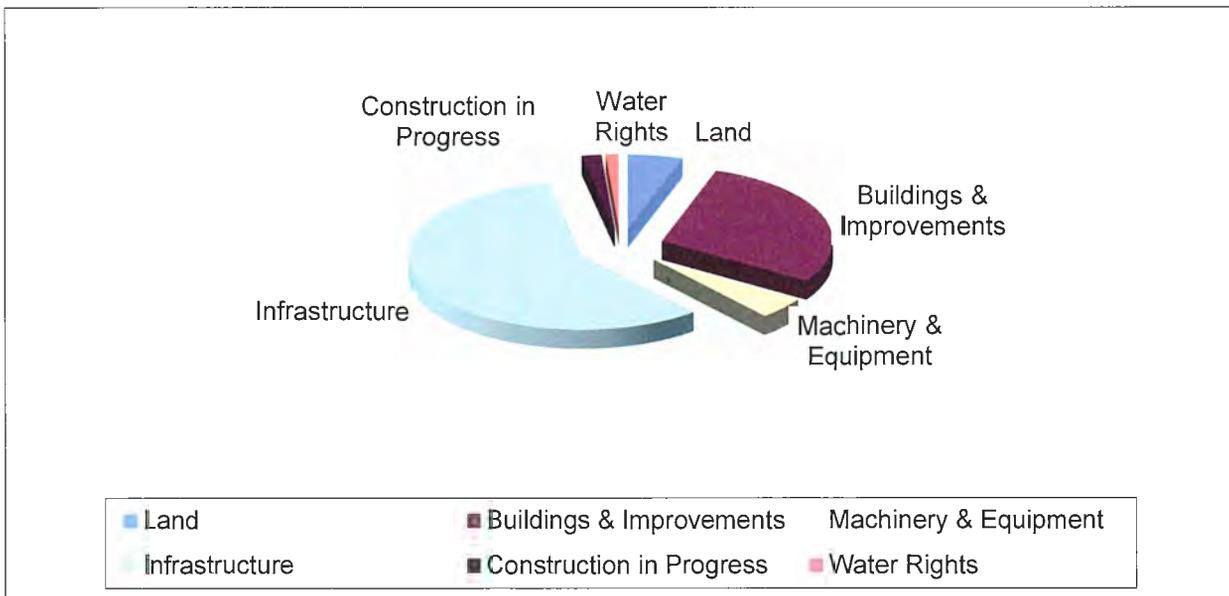
CAPITAL ASSETS

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, 2017, net capital assets of the governmental activities totaled \$128.3 million and the net capital assets of the business-type activities totaled \$89.2 million. Depreciation on capital assets is recognized in the Government-wide Financial Statements.

The following table provides a breakdown of the City's capital assets at June 30, 2017:

Capital Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 18.5	\$ 18.5	\$ 2.6	\$ 2.6	\$ 21.1	\$ 21.1
Buildings & Improvements	27.2	26.8	91.5	91.5	118.7	118.3
Machinery & Equipment	9.9	9.9	9.6	9.3	19.5	19.2
Infrastructure	159.9	157.2	78.7	78.0	238.6	235.2
Construction in Progress	1.6	1.1	6.0	0.5	7.6	1.6
Water Rights	-	-	5.0	5.0	5.0	5.0
Total Capital Assets	217.1	213.5	193.4	186.9	410.5	400.4
Accumulated Depreciation	(88.7)	(85.0)	(104.2)	(99.9)	(192.9)	(184.9)
Net Assets	\$ 128.4	\$ 128.5	\$ 89.2	\$ 87.0	\$ 217.6	\$ 215.5



This year's major capital asset additions were the purchase of vehicles, the Bocce Ball courts and street lights.

Additional information on the City's capital assets can be found in Note 6 on pages 46-48 of this report.

CITY OF BENICIA
Management's Discussion and Analysis

DEBT ADMINISTRATION

The City uses a variety of indebtedness to finance various capital acquisitions. At June 30, 2017, the City's long-term debt outstanding was \$52.6 million. Of this total, \$23.4 million was in governmental activities and \$29.3 was in business-type activities. The City's governmental activities increased by \$.9 million, and business-type activities increased by \$4.7 million as a result of new debt issuances for capital equipment and the new metering infrastructure.

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 \$64 per capita from \$381 to \$317 from the previous fiscal year.

The following is a summary of the City's long-term debt obligations at June 30, 2017:

Long-term Debt
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 1.0	\$ 1.7	\$ -	\$ -	\$ 1.0	\$ 1.7
Pension Obligation Bonds	7.8	8.8	-	-	7.8	8.8
Certificates of Participation	12.0	11.1	-	-	12.0	11.1
Capital Lease	2.6	0.9	8.4	-	11.0	0.9
Utility Revenue Bonds	-	-	2.0	3.2	2.0	3.2
Loans Payable	-	-	18.9	21.4	18.9	21.4
Total Indebtedness	\$ 23.4	\$ 22.5	\$ 29.3	\$ 24.6	\$ 52.7	\$ 47.1

Additional information on the City's long-term debt can be found in Note 7 on pages 49-56 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 2016-17, the General Fund budget included a slight increase in projected revenues and an increase in expenditures due to rising health and pension costs. The budget also includes increased revenues in the Wastewater and Water Funds attributable to Council-approved rate increases. Wastewater and Water expenditures increased with the rising costs of doing business.

The City continues to actively manage on-going budget challenges, and has been working diligently to provide a sustainable future for City operations and ensure continued service delivery to the community.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

CITY OF BENICIA
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments available for City operations (Note 3)	\$32,902,721	\$25,933,597	\$58,836,318
Restricted cash and investments held by fiscal agents (Note 3)	2,594,401	1,997,829	4,592,230
Accounts receivable	3,415,597	4,167,202	7,582,799
Interest receivable	33,775	24,543	58,318
Materials, parts and supplies (Note 1H)	13,473	863,688	877,161
Prepaid items (Note 1H)	58,729	193,774	252,503
Other assets			
Lease receivable		313,172	313,172
Loans receivable (Note 5)	2,527,651	845,000	3,372,651
Capital assets (Note 6):			
Non-depreciable	20,117,267	8,581,902	28,699,169
Depreciable, net of accumulated depreciation	108,204,787	80,643,616	188,848,403
Total Assets	<u>169,868,401</u>	<u>123,564,323</u>	<u>293,432,724</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension (Note 10)	17,291,157	1,898,996	19,190,153
Total Deferred Outflows of Resources	<u>17,291,157</u>	<u>1,898,996</u>	<u>19,190,153</u>
LIABILITIES			
Accounts payable	3,219,273	942,274	4,161,547
Accrued payroll	116,847		116,847
Customer and performance deposits	925,084	177,915	1,102,999
Interest payable	106,204	300,087	406,291
Unearned revenue		129,908	129,908
General liability claims (Note 12):			
Due within one year	39,962		39,962
Workers compensation claims (Note 12):			
Due within one year	608,129		608,129
Due in more than one year	2,463,871		2,463,871
Accrued compensated absences (Note 1G):			
Due within one year	789,433	281,622	1,071,055
Due in more than one year	374,665		374,665
Long-term debt (Note 7):			
Due within one year	1,495,576	4,125,781	5,621,357
Due in more than one year	21,885,622	25,139,577	47,025,199
Net Pension Liability, due in more than one year (Note 10)	51,790,033	5,397,275	57,187,308
Net OPEB Obligation, due in more than one year (Note 11)	2,262,847		2,262,847
Total Liabilities	<u>86,077,546</u>	<u>36,494,439</u>	<u>122,571,985</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pension (Note 10)	8,081,785	825,249	8,907,034
Total Deferred Inflows of Resources	<u>8,081,785</u>	<u>825,249</u>	<u>8,907,034</u>
NET POSITION (Note 8)			
Net investments in capital assets	114,719,779	59,960,276	174,680,055
Restricted for:			
Capital projects	2,895,151		2,895,151
Debt service	738,255	1,997,713	2,735,968
Special revenue projects	7,352,259		7,352,259
Landscaping and lighting	537,094		537,094
Library	721,626		721,626
Open space	468,520		468,520
Community services	1,174,608		1,174,608
Total Restricted Net Position	<u>13,887,513</u>	<u>1,997,713</u>	<u>15,885,226</u>
Unrestricted	(35,607,065)	26,185,642	(9,421,423)
Total Net Position	<u>\$93,000,227</u>	<u>\$88,143,631</u>	<u>\$181,143,858</u>

See accompanying notes to financial statements

CITY OF BENICIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
Administration	\$4,217,323	\$20,259	\$116,036		(\$4,081,028)		(\$4,081,028)
Public safety - police	9,322,788	345,379	355,686		(8,621,723)		(8,621,723)
Public safety - fire	7,716,881	234,714	177,973		(7,304,194)		(7,304,194)
Parks and community services	6,069,250	1,775,994	177,769		(4,115,487)		(4,115,487)
Public works	6,613,923	325,450	700,266	\$218,781	(5,369,426)		(5,369,426)
Community development	1,831,203	545,626			(1,285,577)		(1,285,577)
Library	2,079,165	71,601	132,650		(1,874,914)		(1,874,914)
Economic development	710,024		14,845		(695,179)		(695,179)
General government	235,455	371,572	15,287	249,292	400,696		400,696
Interest on long-term debt	2,345,357				(2,345,357)		(2,345,357)
Total Governmental Activities	41,141,369	3,690,595	1,690,512	468,073	(35,292,189)		
Business-type Activities:							
Wastewater	9,060,845	9,004,873				(\$55,972)	(55,972)
Water	8,993,593	10,187,339				1,193,746	1,193,746
Benicia Marina	633,550	326,316	82,978			(224,256)	(224,256)
Total Business-type Activities	18,687,988	19,518,528	82,978			913,518	913,518
Total	\$59,829,357	\$23,209,123	\$1,773,490	\$468,073	(35,292,189)	913,518	(34,378,671)
General revenues:							
Taxes:							
Property taxes					17,003,131		17,003,131
Sales taxes					11,388,283		11,388,283
Utility users' tax					4,515,825		4,515,825
Franchise tax					2,148,659		2,148,659
Other taxes					1,204,737		1,204,737
Motor vehicle in-lieu, unrestricted					12,320		12,320
Investment earnings					180,174	85,824	265,998
Miscellaneous					117,189		117,189
Gain from sale of capital assets						3,669	3,669
Transfers, net (Note 4)					(209,275)	209,275	
Total general revenues and transfers					36,361,043	298,768	36,659,811
Change in Net Position					1,068,854	1,212,286	2,281,140
Net Position-Beginning					91,931,373	86,931,345	178,862,718
Net Position-Ending					\$93,000,227	\$88,143,631	\$181,143,858

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 2017. 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, 2017

	General	General Obligation Bonds Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments available for City operations (Note 3)	\$14,149,197	\$61,335	\$13,330,854	\$27,541,386
Restricted cash (Note 3)	1,910,308	676,281		2,586,589
Accounts receivable	2,723,577		686,605	3,410,182
Interest receivable	22,513	639	6,572	29,724
Due from other funds (Note 4B)	141,204			141,204
Prepaid items (Note 1H)	30,750			30,750
Loans receivable (Note 5)	709,634		1,818,017	2,527,651
	<u>\$19,687,183</u>	<u>\$738,255</u>	<u>\$15,842,048</u>	<u>\$36,267,486</u>
LIABILITIES				
Accounts payable	\$1,283,590		\$1,806,861	\$3,090,451
Accrued payroll	116,847			116,847
Customer deposits	160,022		760,062	920,084
Due to other funds (Note 4B)			125,867	125,867
	<u>1,560,459</u>		<u>2,692,790</u>	<u>4,253,249</u>
FUND BALANCES				
Fund balance (Note 8):				
Nonspendable	740,384			740,384
Restricted	141,859	\$738,255	10,353,246	11,233,360
Committed	8,652,234		2,895,151	11,547,385
Assigned	1,841,497			1,841,497
Unassigned	6,750,750		(99,139)	6,651,611
	<u>18,126,724</u>	<u>738,255</u>	<u>13,149,258</u>	<u>32,014,237</u>
Total Fund Balances	<u>18,126,724</u>	<u>738,255</u>	<u>13,149,258</u>	<u>32,014,237</u>
Total Liabilities and Fund Balances	<u>\$19,687,183</u>	<u>\$738,255</u>	<u>\$15,842,048</u>	<u>\$36,267,486</u>

See accompanying notes to financial statements

CITY OF BENICIA
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2017

Total fund balances reported on the Governmental Funds Balance Sheet \$32,014,237

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. 109,915,617

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	5,361,335
Restricted cash and investments	7,812
Accounts receivable	5,415
Interest receivable	4,051
Materials, parts and supplies	13,473
Prepaid items	27,979
Other assets	
Capital assets, net of accumulated depreciation	18,406,437
Accounts payable	(128,822)
Deposits payable	(5,000)
Internal balances	(15,337)
Workers' compensation claims	(3,072,000)
Interest payable	(82,343)
Long-term debt	(19,794,858)

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	(3,586,340)
Interest payable	(23,861)
Non-current portion of compensated absences	(1,164,098)
Net pension liability and related deferred inflows and outflows of resources	(42,580,661)
Net OPEB obligation	(2,262,847)
General liability claims payable	(39,962)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$93,000,227

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, 2017

	General	General Obligation Bonds Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$16,326,343	\$676,788		\$17,003,131
Sales taxes	7,315,700		\$4,072,583	11,388,283
Utility users' taxes	4,515,825			4,515,825
Franchise tax	2,148,659			2,148,659
Other taxes	1,204,737			1,204,737
Assessments			427,264	427,264
Licenses and permits	458,696			458,696
Fines and forfeitures	112,172			112,172
Use of money and property	573,879	(2,409)	28,111	599,581
Revenue from other agencies	212,930		1,423,812	1,636,742
Current service charges	1,998,126		166,915	2,165,041
Community donations	56,020		116,090	172,110
Other	86,888		477,672	564,560
Total Revenues	35,009,975	674,379	6,712,447	42,396,801
EXPENDITURES				
Current:				
Administration	4,226,729		118,447	4,345,176
Public safety - police	8,731,367		258,570	8,989,937
Public safety - fire	7,211,065			7,211,065
Parks and community services	5,219,162		539,391	5,758,553
Public works	2,212,083		596,238	2,808,321
Community development	1,439,367			1,439,367
Library	1,244,776		970,664	2,215,440
Economic development	720,893			720,893
General	25,710			25,710
Capital outlay	1,917,471		3,628,657	5,546,128
Debt service:				
Principal	164,648	655,000		819,648
Interest and fiscal charges	54,929	16,656		71,585
Total Expenditures	33,168,200	671,656	6,111,967	39,951,823
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,841,775	2,723	600,480	2,444,978
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4A)			320,645	320,645
Transfers (out) (Note 4A)	(744,942)			(744,942)
Proceeds from capital lease	1,907,850			1,907,850
Total Other Financing Sources (Uses)	1,162,908		320,645	1,483,553
NET CHANGE IN FUND BALANCES	3,004,683	2,723	921,125	3,928,531
BEGINNING FUND BALANCES	15,122,041	735,532	12,228,133	28,085,706
ENDING FUND BALANCES	\$18,126,724	\$738,255	\$13,149,258	\$32,014,237

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, 2017

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 \$3,928,531

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	5,546,128
Non-capitalized capital outlay expenditures were reclassified to various governmental activities	(2,725,944)
Depreciation expense is deducted from the fund balance	(2,826,734)
(Depreciation expense is net of internal service fund depreciation of \$936,710 which has already been allocated to serviced funds)	

LONG-TERM DEBT PROCEEDS AND PAYMENTS

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

Repayment of debt principal is added back to fund balance	819,648
Issuance of long-term debt	(1,907,850)

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):

Interest payable	(2,640)
Compensated absences	(50,115)
Net pension liability and related deferred inflows and outflows of resources	(1,172,665)
Net OPEB obligation	(171,487)
Claims payable	54,139

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

Change in Net Position - Internal Service Fund	<u>(422,157)</u>
------------------------------------------------	------------------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$1,068,854</u></u>
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See accompanying notes to financial statements

CITY OF BENICIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property	\$16,227,730	\$16,294,730	\$16,326,343	\$31,613
Sales	7,318,670	7,811,000	7,315,700	(495,300)
Utility users'	4,272,710	4,598,170	4,515,825	(82,345)
Franchise tax	2,288,600	2,063,600	2,148,659	85,059
Other	905,000	1,010,000	1,204,737	194,737
Licenses and permits	370,500	360,000	458,696	98,696
Fines and forfeitures	79,500	79,500	112,172	32,672
Use of money and property	36,045	554,245	573,879	19,634
Revenue from other agencies	30,000	213,000	212,930	(70)
Current service charges	2,137,000	1,556,200	1,998,126	441,926
Community donations	33,035	56,450	56,020	(430)
Other	70,400	77,400	86,888	9,488
Total Revenues	33,769,190	34,674,295	35,009,975	335,680
EXPENDITURES:				
Current:				
Administration	4,286,260	5,311,893	4,226,729	1,085,164
Public safety - police	8,694,965	8,920,100	8,731,367	188,733
Public safety - fire	7,175,405	7,201,986	7,211,065	(9,079)
Parks and community services	5,242,725	5,422,007	5,219,162	202,845
Public works	1,382,580	1,637,061	2,212,083	(575,022)
Community development	2,200,350	2,339,250	1,439,367	899,883
Library	1,285,860	1,349,568	1,244,776	104,792
Economic development	613,920	790,949	720,893	70,056
General	885,205	875,944	25,710	850,234
Capital outlay	588,600	4,198,416	1,917,471	2,280,945
Debt service:				
Principal retirement	80,971	280,450	164,648	115,802
Interest and fiscal charges	33,339	36,870	54,929	(18,059)
Total Expenditures	32,470,180	38,364,494	33,168,200	5,196,294
EXCESS OF REVENUES OVER EXPENDITURES	1,299,010	(3,690,199)	1,841,775	5,531,974
OTHER FINANCING SOURCES (USES)				
Transfers (out) (Note 4A)	(426,435)	(2,323,532)	(744,942)	1,578,590
Proceeds from capital lease			1,907,850	1,907,850
Total other financing sources (uses)	(426,435)	(2,323,532)	1,162,908	3,486,440
NET CHANGE IN FUND BALANCE	\$872,575	(\$6,013,731)	3,004,683	\$9,018,414
Beginning fund balance			15,122,041	
Ending fund balance			\$18,126,724	

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

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

The City reported all of its Enterprise Funds as major funds in fiscal 2017.

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, 2017

	Business-type Activities-Enterprise Funds				Governmental
	Wastewater	Water	Benicia Marina	Totals	Activities- Internal Service Funds
ASSETS					
Current Assets:					
Cash and investments (Note 3):					
Available for City operations	\$15,107,739	\$9,949,854	\$214,071	\$25,271,664	\$6,023,268
Restricted cash and investments held by fiscal agents	116	1,997,713		1,997,829	7,812
Accounts receivable	1,967,664	2,098,688	100,850	4,167,202	5,415
Interest receivable	14,352	10,191		24,543	4,051
Materials, parts and supplies (Note 1H)	26,828	836,860		863,688	13,473
Prepaid items (Note 1H)		118,774	75,000	193,774	27,979
Total Current Assets	17,116,699	15,012,080	389,921	32,518,700	6,081,998
Non-Current Assets:					
Loans receivable (Note 5)	425,000	420,000		845,000	
Lease receivable			313,172	313,172	
Total Long-Term Assets	425,000	420,000	313,172	1,158,172	
Property, Plant and Equipment (Note 6):					
Land and improvements	669,710	1,850,389	63,983	2,584,082	556,909
Buildings and improvements	51,036,558	32,556,273	7,933,206	91,526,037	25,751,492
Machinery and equipment	6,454,125	3,190,684		9,644,809	4,700,167
Infrastructure and water rights	43,030,083	40,622,605		83,652,688	
Construction in progress		5,997,820		5,997,820	
Less: accumulated depreciation	(51,864,819)	(46,271,060)	(6,044,039)	(104,179,918)	(12,602,131)
Net Property, Plant and Equipment	49,325,657	37,946,711	1,953,150	89,225,518	18,406,437
Total Non-Current Assets	49,750,657	38,366,711	2,266,322	90,383,690	18,406,437
Total Assets	66,867,356	53,378,791	2,656,243	122,902,390	24,488,435
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension (Note 10)	841,991	1,057,005		1,898,996	
Total Deferred Outflows of Resources	841,991	1,057,005		1,898,996	
LIABILITIES					
Current Liabilities:					
Accounts payable	541,461	385,763	15,050	942,274	128,822
Customer and performance deposits		102,915	75,000	177,915	5,000
Interest payable	45,861	151,186	103,040	300,087	82,343
Due to other funds (Note 4B)					15,337
Unearned revenue	129,908			129,908	
Workers' compensation claims (Note 12)					608,129
Compensated absences (Note 1G)	144,128	137,494		281,622	
Current portion long-term liabilities (Note 7)	2,113,119	1,813,770	198,892	4,125,781	567,994
Total Current Liabilities	2,974,477	2,591,128	391,982	5,957,587	1,407,625
Long-Term Liabilities					
Workers' compensation claims (Note 12)					2,463,871
Net pension liability (Note 10)	2,393,083	3,004,192		5,397,275	
Utility revenue bonds (Note 7)	749,113			749,113	
Loans payable (Note 7)	8,136,221	5,963,733	2,297,197	16,397,151	
Lease obligation (Note 7)	258,533	7,734,780		7,993,313	
Certificates of Participation (Note 7)					11,769,158
Pension obligation bonds (Note 7)					7,457,706
Total Long-Term Liabilities	11,536,950	16,702,705	2,297,197	30,536,852	21,690,735
Total Liabilities	14,511,427	19,293,833	2,689,179	36,494,439	23,098,360
DEFERRED INFLOWS OF RESOURCES					
Related to pension (Note 10)	365,905	459,344		825,249	
Total Deferred Inflows of Resources	365,905	459,344		825,249	
NET POSITION (Note 8)					
Net investment in capital assets	38,068,787	22,434,428	(542,939)	59,960,276	6,380,502
Restricted for debt service		1,997,713		1,997,713	1,595
Unrestricted	14,763,228	10,250,478	510,003	25,523,709	(4,992,022)
Total Net Position	\$52,832,015	\$34,682,619	(\$32,936)	87,481,698	\$1,390,075
Some amounts reported for <i>business-type activities</i> in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with business-type activities.				661,933	
Change in Net Position of Business-type Activities				<u>\$88,143,631</u>	

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, 2017

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Wastewater	Water	Benicia Marina	
OPERATING REVENUES				
Charges for services	\$8,905,139	\$9,987,649		\$18,892,788
Connection fees	98,477	102,535		201,012
Rentals			\$326,316	326,316
Refunds and rebates	1,257	97,155		98,412
Total Operating Revenues	9,004,873	10,187,339	326,316	19,518,528
OPERATING EXPENSES				
Wages and benefits	2,394,766	2,385,452		4,780,218
Materials and supplies	821,295			821,295
Operations and maintenance	3,131,608	3,892,530	330,817	7,354,955
Purchased water		468,479		468,479
Depreciation	2,208,831	1,869,487	189,612	4,267,930
Claims and Insurance				788,161
Total Cost of Sales and Operating Expenses	8,556,500	8,615,948	520,429	17,692,877
Operating Income (Loss)	448,373	1,571,391	(194,113)	1,825,651
NONOPERATING REVENUES (EXPENSES)				
Interest income	34,770	35,500	15,554	85,824
Interest (expense)	(300,479)	(366,632)	(113,121)	(780,232)
Amortization of issuance/discount	(67,583)	(20,780)		(88,363)
Intergovernmental revenue			82,978	82,978
Gain from sales of capital assets	1,850	1,819		3,669
Community donations				125,000
Total Nonoperating Revenues (Expenses)	(331,442)	(350,093)	(14,589)	(696,124)
Income (Loss) Before Capital Contributions and Transfers	116,931	1,221,298	(208,702)	1,129,527
Transfers in (Note 4A)			209,275	209,275
Change in Net Position	116,931	1,221,298	573	1,338,802
BEGINNING NET POSITION (DEFICIT)	52,715,084	33,461,321	(33,509)	1,938,748
ENDING NET POSITION (DEFICIT)	\$52,832,015	\$34,682,619	(\$32,936)	\$1,390,075

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.

(126,516)

Change in Net Position of Business-type Activities

\$1,212,286

See accompanying notes to financial statements

CITY OF BENICIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Wastewater	Water	Benicia Marina	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$8,841,157	\$9,970,772	\$353,247	\$19,165,176	\$4,226,931
Payments to suppliers	(3,526,439)	(4,355,150)	(315,767)	(8,197,356)	(1,244,679)
Payments to employees	(2,399,445)	(2,387,773)		(4,787,218)	(500,337)
Refunds and rebates					653,718
Claims paid					(646,033)
	<u>2,915,273</u>	<u>3,227,849</u>	<u>37,480</u>	<u>6,180,602</u>	<u>2,489,600</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts			209,275	209,275	218,059
Operating grant and contributions			82,978	82,978	
Principal paid on non-capital debt					(1,063,399)
Interest paid on non-capital debt					(528,759)
			<u>292,253</u>	<u>292,253</u>	<u>(1,374,099)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(309,002)	(6,234,008)		(6,543,010)	(544,387)
Proceeds from sales of capital assets	1,850	1,819		3,669	11,160
Proceeds from issuance of long-term debt	294,834	8,089,080		8,383,914	
Principal payments on capital debt	(2,022,101)	(1,455,992)	(190,328)	(3,668,421)	876,865
Interest paid on capital debt	(378,644)	(248,880)	(120,972)	(748,496)	(1,626,538)
Community donations					125,000
	<u>(2,413,063)</u>	<u>152,019</u>	<u>(311,300)</u>	<u>(2,572,344)</u>	<u>(1,157,900)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	26,865	29,105	15,555	71,525	20,957
	<u>26,865</u>	<u>29,105</u>	<u>15,555</u>	<u>71,525</u>	<u>20,957</u>
Net Cash Flows					
	529,075	3,408,973	33,988	3,972,036	(21,442)
Cash and investments at beginning of period	14,578,780	8,538,594	180,083	23,297,457	6,052,522
Cash and investments at end of period	<u>\$15,107,855</u>	<u>\$11,947,567</u>	<u>\$214,071</u>	<u>\$27,269,493</u>	<u>\$6,031,080</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	\$448,373	\$1,571,391	(\$194,113)	\$1,825,651	\$1,348,638
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	2,208,831	1,869,487	189,612	4,267,930	936,710
Change in assets and liabilities:					
Receivables, net	(163,716)	(232,587)	26,931	(369,372)	108,408
Materials, parts and supplies	807	(65,450)		(64,643)	(5,387)
Other assets	62,922	(100,164)		(37,242)	(12,456)
Accounts payable and other accrued expenses	362,735	171,473	15,050	549,258	(13,313)
Accrued compensated absences	962	4,762		5,724	
Refundable deposits		16,020		16,020	
Due to retirement system	(5,641)	(7,083)		(12,724)	
Workers' compensation claims					127,000
	<u>\$2,915,273</u>	<u>\$3,227,849</u>	<u>\$37,480</u>	<u>\$6,180,602</u>	<u>\$2,489,600</u>

See accompanying notes to financial statements

FIDUCIARY FUNDS

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

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

CITY OF BENICIA
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2017

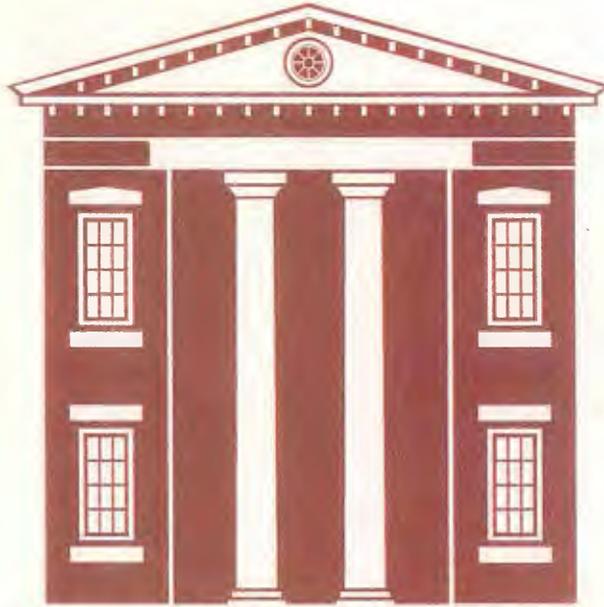
	<u>Affordable Housing Private Purpose Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Restricted cash and investments (Note 3)	\$20,755	\$1,280,707
Interest receivable	<u>19</u>	<u>1,137</u>
Total Assets	<u><u>\$20,774</u></u>	<u><u>\$1,281,844</u></u>
LIABILITIES		
Due to bondholders	<u> </u>	<u>\$1,281,844</u>
Total Liabilities	<u> </u>	<u><u>\$1,281,844</u></u>
NET POSITION		
Held in trust for:		
Other governments	<u>\$20,774</u>	
Total Net Position	<u><u>\$20,774</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, 2017

	Affordable Housing Private Purpose Trust Fund
ADDITIONS	
Use of money and property	\$47
Total Additions	47
CHANGE IN NET POSITION	47
NET POSITION, BEGINNING OF YEAR	20,727
NET POSITION, END OF YEAR	\$20,774

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, 2017

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, 2017

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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports the following fund types:

Internal Service Funds – These funds account for insurance, general services, building and equipment management, retirement stability, and energy; all of which are provided to other departments on a cost-reimbursement basis.

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

D. Basis of Accounting

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

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

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

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

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

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

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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, 2017

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, 2017:

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$1,113,983	\$275,898	\$1,389,881
Additions	839,548	141,978	981,526
Payments	(789,433)	(136,254)	(925,687)
Ending Balance	<u>\$1,164,098</u>	<u>\$281,622</u>	<u>\$1,445,720</u>
Current Portion	<u>\$789,433</u>	<u>\$281,622</u>	<u>\$1,071,055</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. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position or balance sheet reports 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 reports 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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING (Continued)

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 Library Basement, Casa de Vilarrasa Fund and McAllister Assessment District Fund.

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

NOTE 3 – CASH AND INVESTMENTS

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

A. Policies

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

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

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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 3 - CASH AND INVESTMENTS (Continued)

B. Classification

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

Statement of Net Position	
Cash and investments available for City operations	\$58,836,318
Restricted cash and investments held by fiscal agent	4,592,230
City cash and investments of primary government	63,428,548
Restricted Cash and investments	
in Fiduciary Funds (separate statement)	
Trust Fund	20,755
Agency Funds	1,280,707
Total cash and investments	\$64,730,010

Cash and investments as of June 30, 2017, consist of the following:

Cash on hand	\$4,886
Deposits with financial institutions	7,066,034
Investments	57,659,690
Total cash and investments	\$64,730,610

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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 3 - CASH AND INVESTMENTS (Continued)

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality *	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Non-Negotiable Certificates of Deposit	5 years	N/A	25%	No Limit
Bankers' Acceptances	180 days	A-1	20%	No Limit
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	A	30%	No Limit
Commercial Paper	270 days	A-1	25%	Lesser of 10% per account
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
Negotiable Certificates of Deposit	N/A	N/A	30%	No Limit

* At date of purchase

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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, 2017

NOTE 3 - CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk

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

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

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	36 to 60 Months	Total
U.S. Treasury Notes			\$1,269,303	\$9,132,299	\$10,401,602
California Local Agency Investment Fund	\$25,334,133				25,334,133
Money Market Mutual Funds (Prime Institutional)	68,092				68,092
U.S. Government - Sponsored Enterprise Agencies	167,193	\$1,866,764	5,268,293		7,302,250
Corporate Notes	2,909,981	134,290	1,707,560	359,457	5,111,288
Commercial Paper	1,644,630				1,644,630
Certificates of Deposit	2,202,777	1,678,939			3,881,716
Held by Trustees:					
Money Market Mutual Funds (U.S. Securities)	3,915,979				3,915,979
Total Investments	<u>\$36,242,785</u>	<u>\$3,679,993</u>	<u>\$8,245,156</u>	<u>\$9,491,756</u>	<u>\$57,659,690</u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The 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, 2017, these investments matured in an average of 194 days.

Money market funds are available for withdrawal on demand and at June 30, 2017, matured in an average of 34 to 37 days.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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, 2017, for all investments 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, 2017.

Investment Type	Total
<i>Rated AAA:</i>	
Medium-Term Corporate Notes	\$719,331
<i>Rated AA+:</i>	
U.S. Government-Sponsored Enterprise Agencies Non-callable	7,302,250
Medium-Term Corporate Notes	1,123,420
<i>Rated AA:</i>	
Medium-Term Corporate Notes Non-callable	350,329
<i>Rated AA-:</i>	
Non-Negotiable Certificates of Deposit Non-callable	2,228,063
Callable	550,052
Medium-Term Corporate Notes Non-callable	2,417,945
<i>Rated A+:</i>	
Non-Negotiable Certificates of Deposit	553,197
<i>Rated A:</i>	
Medium-Term Corporate Note- Callable	500,263
<i>Rated A-1+:</i>	
Non-Negotiable Certificates of Deposit	550,404
<i>Rated A-1:</i>	
Commercial Paper	1,644,630
<i>Rated AAAm:</i>	
Money Market Funds	3,984,071
<i>Not rated:</i>	
State Local Agency Investment Fund	25,334,133
<i>Exempt from credit rating disclosure:</i>	
U.S. Treasury Notes	10,401,602
Total Investments	\$57,659,690

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 3 - CASH AND INVESTMENTS (Continued)

G. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2017:

	Level 1	Level 2	Total
Investments By Fair Value Level:			
<i>Held by City:</i>			
U.S. Treasury Bills and Notes	\$10,401,602		\$10,401,602
Medium-Term Corporate Notes		\$5,111,288	5,111,288
Negotiable Certificates of Deposit		3,881,716	3,881,716
Commercial Paper		1,644,630	1,644,630
U.S. Government-Sponsored Enterprise Agencies		7,302,250	7,302,250
Subtotal	<u>\$10,401,602</u>	<u>\$17,939,884</u>	28,341,486
Investments Measured at Amortized Cost:			
<i>Held by City:</i>			
Money Market Mutual Funds (Prime Institutional)			68,092
<i>Held by Trustees:</i>			
Money Market Mutual (U.S. Securities)			3,915,979
Investments Exempt from Fair Value Hierarchy:			
State Local Agency Investment Fund			<u>25,334,133</u>
Total Investments			<u>\$57,659,690</u>

U.S. Treasury bills and notes classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Medium-term corporate notes, negotiable certificates of deposit and U.S. government-sponsored enterprise agency securities, classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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, 2017 were as follows:

Fund Making Transfer	Fund Receiving Transfers	Amount Transferred
General Fund	Benicia Marina Enterprise Fund	\$209,275 (A)
	Public Safety Grants Special Revenue Fund	74,000 (A)
	Residential Landscaping and Lighting Special Revenue Fund	96,645 (A)
	Building and Equipment Management Internal Service Fund	215,022 (B)
	Arsenal Special Revenue Fund	<u>150,000 (A)</u>
		<u>\$744,942</u>

(A) Transfer to fund City operations.

(B) Transfer to fund capital projects.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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, 2017, the following funds have balances due to the General Fund:

Special Revenue Funds:	
Miscellaneous Grants	\$34,207
Valero GNSC	91,660
Internal Service Fund:	
General Services	15,337
Total	\$141,204

C. 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

NOTE 5 – LOANS RECEIVABLE

At June 30, 2017, the City had the following loans receivable:

	Balance at June 30, 2017		
	Governmental Activities	Business-Type Activities	Total
Housing Rehabilitation Loan Program	\$185,587		\$185,587
Burgess Point,			
Benicia Housing Partners	550,000		550,000
Benicia Housing Authority	340,000	\$845,000	1,185,000
Hearthstone Village,			
Affordable Housing Affiliation	76,514	191,572	268,086
Bay Ridge Affordable Housing		756,750	756,750
Casa De Vilarrasa,			
Benicia Housing Authority	1,400,000		1,400,000
Benicia Resource Incentive Program			
RB Squared, LLC	24,564		24,564
Ponder Commercial Properties, LLC	27,500		27,500
Total Loans Receivable	2,604,165	1,793,322	4,397,487
Less: Forgivable Amounts	(76,514)	(948,322)	(1,024,836)
Total	\$2,527,651	\$845,000	\$3,372,651

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 5 – LOANS RECEIVABLE (Continued)

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, 2017, residents owed the City \$185,587 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.

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 with deferred fees, totaling to \$268,086. 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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 5 – LOANS RECEIVABLE (Continued)

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 was expected to be paid in full on or before April 1, 2016. However, as of June 30, 2017, a loan amendment was still being negotiated. As of June 30, 2017, the outstanding amount of this loan was \$1,400,000.

G. Benicia Resource Incentive Program – RB Squared

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, 2017, the outstanding amount was \$24,564.

H. Benicia Resource Incentive Program - Ponder Commercial Properties, LLC

On December 10, 2014, the City authorized a Benicia Resource Incentive Program loan to Ponder Commercial Properties, LLC in the amount of \$50,000 at 0%. The principal amount is to be amortized over 60 months and payments shall commence on March 1, 2015 in monthly installments of \$833.33. Final payments of this loan will be on March 1, 2020. As of June 30, 2017, the outstanding amount was \$27,500.

NOTE 6 – CAPITAL ASSETS

Contributed capital assets are valued at their estimated fair market value on the date contributed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. All other capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. 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, 2017

NOTE 6 – CAPITAL ASSETS (Continued)

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

	Balance June 30, 2016	Additions	Retirements/ Adjustments	Transfers	Balance June 30, 2017
Governmental Activities:					
Capital assets, not depreciated:					
Land	\$18,545,953				\$18,545,953
Construction in Progress	1,142,955	\$2,125,853		(\$1,697,494)	1,571,314
Total capital assets, not depreciated	19,688,908	2,125,853		(1,697,494)	20,117,267
Buildings and Improvements	26,801,413	415,376			27,216,789
Machinery and Equipment	9,935,832	129,013	(\$140,696)		9,924,149
Computer Software	92,391				92,391
Infrastructure	157,241,712	725,777	(31,448)	1,697,494	159,633,535
Total cost of depreciable assets	194,071,348	1,270,166	(172,144)	1,697,494	196,866,864
Less accumulated depreciation:					
Buildings and Improvements	(11,339,232)	(748,242)			(12,087,474)
Machinery and Equipment	(7,613,281)	(483,159)	140,696		(7,955,744)
Computer Software	(92,390)				(92,390)
Infrastructure	(65,994,426)	(2,532,043)			(68,526,469)
Total accumulated depreciation	(85,039,329)	(3,763,444)	140,696		(88,662,077)
Net depreciable assets	109,032,019	(2,493,278)	(31,448)	1,697,494	108,204,787
Governmental Activity Capital Assets, Net	\$128,720,927	(\$367,425)	(\$31,448)		\$128,322,054
Business-Type Activities:					
Capital assets, not depreciated:					
Land and Improvements	\$2,584,082				\$2,584,082
Construction in Progress	541,541	\$6,150,859		(\$694,580)	5,997,820
Total capital assets, not depreciated:	3,125,623	6,150,859		(694,580)	8,581,902
Capital assets, being depreciated:					
Buildings and Improvements	91,526,037				91,526,037
Machinery and Equipment	9,264,856	392,150	(\$12,197)		9,644,809
Infrastructure	77,958,108			694,580	78,652,688
Water Rights	5,000,000				5,000,000
Total cost of depreciable assets	183,749,001	392,150	(12,197)	694,580	184,823,534
Less accumulated depreciation:					
Buildings and Improvements	(48,106,506)	(2,252,744)			(50,359,250)
Machinery and Equipment	(5,562,381)	(371,227)	12,197		(5,921,411)
Infrastructure	(44,855,298)	(1,443,959)			(46,299,257)
Water Rights	(1,400,000)	(200,000)			(1,600,000)
Total accumulated depreciation	(99,924,185)	(4,267,930)	12,197		(104,179,918)
Net depreciable assets	83,824,816	(3,875,780)		694,580	80,643,616
Business-type Activity Capital Assets, Net	\$86,950,439	\$2,275,079			\$89,225,518

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 6 – CAPITAL ASSETS (Continued)

B. 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.

C. 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	\$14,352
Public safety - police	96,926
Public safety - fire	23,050
Parks and community services	509,387
Public works	2,127,068
Library	400
General government	55,551
Internal Service Fund	936,710
Total Governmental Activities	\$3,763,444
Business-type Activities:	
Wastewater	\$2,208,831
Water	1,869,487
Benicia Marina	189,612
Total Business-Type Activities	\$4,267,930

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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, 2016	Additions/ Accretion	Deletions	Balance at June 30, 2017	Due Within One Year
Governmental Activity Debt					
2006 Pension Obligation Bonds					
Series A-1 (Current Interest Bonds)	\$4,690,000		\$1,020,000	\$3,670,000	
Series A-2 (Capital Appreciation Bonds)	4,136,105	\$246,601	290,000	4,092,706	\$305,000
2011 Certificates of Participation					
Energy Conservation Projects	11,275,000		11,275,000		
Less unamortized original issue discount	(203,897)		(203,897)		
2016 Certificates of Participation					
Energy Conservation Refinancing Project		11,745,000	210,000	11,535,000	220,000
Less unamortized original issue premium		454,158		454,158	
2012 General Obligation					
Refunding Bonds	1,660,000		655,000	1,005,000	670,000
Casa de Vilarrasa- Capital Lease	838,138		77,536	760,602	80,971
Fire Engine Capital Lease	84,184		41,190	42,994	42,994
Wells Fargo Capital Equipment Lease		1,907,850	87,112	1,820,738	176,611
Total Governmental Activity Debt	<u>\$22,479,530</u>	<u>\$14,353,609</u>	<u>\$13,451,941</u>	<u>\$23,381,198</u>	<u>\$1,495,576</u>

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 7 - LONG - TERM DEBT (Continued)

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Business-Type Activity Debt					
2002 Water Revenue Refunding Bonds	\$1,755,000		\$865,000	\$890,000	\$890,000
2005 Wastewater Refunding Revenue Bonds	1,455,000		339,998	1,115,002	355,000
Less unamortized original issue discount	(15,922)		(5,033)	(10,889)	
Total utility bonds payable net of discount	3,194,078		1,199,965	1,994,113	1,245,000
State of California Marina Loans	2,686,417		190,328	2,496,089	198,892
State Revolving Loan Fund- WWTP	5,725,515		1,104,549	4,620,966	1,124,463
State Revolving Loan Fund- I & I WW	5,819,289		582,217	5,237,072	597,354
State Revolving Loan Fund- Water Treatment Plant	7,124,566		573,522	6,551,044	587,311
Wells Fargo Equipment Lease		\$392,149	17,840	374,309	36,302
Siemens Lease Purchase Agreement		7,991,765		7,991,765	336,459
Total Business-type Activity Debt	\$24,549,865	8,383,914	3,668,421	\$29,265,358	\$4,125,781

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 partially fund the unfunded actuarial accrued liability of the Miscellaneous and Safety pension plans through the California Public Employees' Retirement System.

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

The Series A-2 Capital Appreciation Bonds unaccrued discount totaled \$2,342,295 at June 30, 2017. 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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 7 - LONG - TERM DEBT (Continued)

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 were pledged as collateral under a separate lease agreement, between the City and the Corporation, which provided 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 would terminate and title to properties would revert to the City.

The Certificates were refunded by the 2016 Certificates of Participation as described below. As of June 30, 2017, the outstanding defeased 2011 COPS amount to \$11,275,000.

On October 4, 2016 the City Council authorized the issuance of the 2016 Refunding Certificates of Participation in the amount of \$11,745,000 to refund the 2011 Certificates of Participation, Energy Conservation project, refinance the costs of energy conservation projects, and to pay the costs of issuance for Refunding Certificates of Participation. The refunding resulted in an overall debt service savings of \$3,790,466 and the net present value of the debt service savings, called an economic gain, amounted to \$2,891,120.

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.

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. 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. Wells Fargo – Capital Lease

In October 2016, the City entered into a Capital Lease for \$2,300,000, at 1.902% interest, to finance the purchase of seven large vehicle for the Fire Department and Public Works Department. Semi-annual payments are due on May and November each year through 2026.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 7 – LONG - TERM DEBT (Continued)

H. 2002 Water Revenue Refunding Bonds

In September 2002, the City issued Water Revenue Refunding Bonds in the amount of \$10,805,000. The proceeds were used to repay 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.

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 with a grant charge of 1.6% and service charge of 1.0%. The loan is a long-term liability of the Wastewater Enterprise Fund, which borrowed the maximum available of \$11,296,658. Payments are due annually on April 10 through 2025.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 7 – LONG - TERM DEBT (Continued)

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.

N. *Siemens Lease Purchase Agreement*

In October 2016, the City entered into a lease purchase agreement for \$7,991,765, at 2.57% interest, to lease energy savings equipment, installation of water meters and advance metering infrastructure system and any other related services. Semi-annual payments are due on May 1 and November 1 each year.

O. *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 \$1,184,587, which is scheduled to occur in fiscal year 2020. For fiscal year 2017, Wastewater Fund Revenues including operating revenues and non-operating investment income totaled \$9,039,643, and operating costs, not including depreciation or amortization totaled \$6,347,669. Net Revenues available for debt service totaled \$2,691,974, which represented coverage of 1.15 of debt service payment of \$2,332,673.

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 2005 Refunding Wastewater Revenue Bonds' total principal and interest remaining to be paid on the bonds is \$909,580, which is scheduled to occur in fiscal year 2018. For fiscal year 2017, gross Water Fund Revenues including operating revenues and non-operating interest earnings totaled \$10,222,839 and operating costs, not including depreciation or amortization, totaled \$6,746,461. Net Revenues available for debt service totaled \$3,476,378 which represented coverage of 2.09 of debt service payment of \$1,662,934.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 7 – LONG - TERM DEBT (Continued)

P. 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
2018	\$305,000	\$217,631
2019	325,000	217,631
2020	345,000	217,631
2021	365,000	217,631
2022	385,000	217,631
2023-2027	2,270,001	1,088,155
2028-2032	2,895,000	1,088,155
2033-2036	3,215,000	499,307
Total	<u>\$10,105,001</u>	<u>\$3,763,772</u>

(A) Includes unaccreted discount totaling \$2,342,295

Governmental Activities: Certificates of Participation

Year ending June 30	Principal	Interest
2018	\$220,000	\$382,444
2019	265,000	373,644
2020	310,000	363,044
2021	350,000	353,742
2022	345,000	339,744
2023-2027	2,325,000	1,448,920
2028-2032	3,080,000	1,029,294
2033-2036	4,640,000	382,094
Total	<u>\$11,535,000</u>	<u>\$4,672,926</u>

Governmental Activities: General Obligation Bonds

Year ending June 30	Principal	Interest
2018	\$670,000	\$8,375
2019	335,000	2,094
Total	<u>\$1,005,000</u>	<u>\$10,469</u>

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 7 – LONG - TERM DEBT (Continued)

Governmental Activities: Capital Leases

Year ending June 30	Principal	Interest
2018	\$300,568	\$68,538
2019	264,642	60,074
2020	271,935	52,783
2021	279,467	45,250
2022	287,250	37,467
2023-2027	1,220,472	68,960
Total	<u>\$2,624,334</u>	<u>\$333,072</u>

Enterprise Activities: Utility Bonds

Year ending June 30	Principal	Interest
2018	\$1,245,002	\$57,488
2019	370,000	23,586
2020	390,000	8,093
Total	<u>\$2,005,002</u>	<u>\$89,167</u>

Enterprise Activities: Revolving and Marina Loans

Year ending June 30	Principal	Interest
2018	\$2,508,020	\$484,970
2019	2,566,896	426,094
2020	2,627,285	365,705
2021	2,689,228	303,763
2022	1,544,991	240,221
2023-2027	6,883,630	499,121
2028-2030	85,121	3,914
Total	<u>\$18,905,171</u>	<u>\$2,323,788</u>

Enterprise Activities: Capital Leases

Year ending June 30	Principal	Interest
2018	\$372,761	\$325,020
2019	497,728	200,053
2020	510,352	187,429
2021	523,296	174,483
2022	536,573	161,208
2023-2027	2,872,586	594,752
2028-2032	3,052,778	219,887
Total	<u>\$8,366,074</u>	<u>\$1,862,832</u>

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 7 – LONG - TERM DEBT (Continued)

Q. Special Assessment Debt Without City Commitment

At June 30, 2017, the outstanding principal amount of bonded debt issued by special assessment districts in the City was as follows:

McAllister	\$7,518,573
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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 on the next page:

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.

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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

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. 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 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 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, 2017

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2017, are stated below:

<u>Fund Balance Classifications</u>	<u>General Fund</u>	<u>General Obligation Bonds Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendables:				
Items not in spendable form:				
Loans Receivable	\$709,634			\$709,634
Prepaid Items	30,750			\$30,750
Total Nonspendable Fund Balances	740,384			740,384
Restricted for:				
Debt Service		\$738,255		738,255
St. Catherine's Wood Open Space	81,964			81,964
Cable	59,895			59,895
Streets and Road			\$1,279,376	1,279,376
Landscaping and Lighting			537,094	537,094
Housing			726,455	726,455
City Cemetery and Tree Maintenance			448,153	448,153
Library Programs			721,626	721,626
South Pacific Depot			135,977	135,977
Public Safety Programs			438,695	438,695
Arsenal			727,898	727,898
Measure C Projects			4,366,462	4,366,462
Resident Assistance Programs			162,824	162,824
Open Space			468,520	468,520
Miscellaneous Grant Projects			11,925	11,925
Valero - GNSC			328,241	328,241
Total Restricted Fund Balances	141,859	738,255	10,353,246	11,233,360
Committed to:				
Capital Projects			2,895,151	2,895,151
Future Projects	1,665,304			1,665,304
Emergency Reserves	3,493,465			3,493,465
Contingency Reserves	3,493,465			3,493,465
Total Committed Fund Balances	8,652,234		2,895,151	11,547,385
Assigned to:				
Human Services	14,613			14,613
Arts and Cultural	8,046			8,046
Economic Development	848,745			848,745
Capital License	153,955			153,955
Library Books	5,400			5,400
City Operations	810,738			810,738
Total Assigned Fund Balances	1,841,497			1,841,497
Unassigned:				
General Fund	6,750,750			6,750,750
Fund Deficits			(99,139)	(99,139)
Total Unassigned Fund Balances	6,750,750		(99,139)	6,651,611
Total Fund Balances	\$18,126,724	\$738,255	\$13,149,258	\$32,014,237

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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 Streets and Transportation Fund had a deficit fund balance of \$99,139 at June 30, 2017. Grant funds are expected to offset the deficit in fiscal year 2017-18.

The Benicia Marina Enterprise Fund had a deficit net position of \$32,936 at June 30, 2017. Management is currently reviewing options to reduce deficit over time with Council approval.

The Insurance Internal Service Fund had deficit net position of \$1,760,095 at June 30, 2017. Management is looking for options to increase service rates and reduce the deficit over time.

The General Services Internal Service Fund had deficit net position of \$2,827 at June 30, 2017. Service rates will be increased in fiscal year 2017-18 to cover the deficit.

The Retirement Stability Internal Service Fund had deficit net position of \$6,754,642 at June 30, 2017. Management is looking for options to reduce deficit over time.

NOTE 9 – DEFERRED COMPENSATION PLAN

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

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

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 10 - PENSION PLAN

A. Plan Descriptions and Summary of Balances by Plan

The City has two defined benefit pension plans, one Miscellaneous Plan and one Safety Plan (Police and Fire). The Miscellaneous Plan is an Agent-Multiple Employer Plan and the Safety Plan is a Cost Sharing Multiple Employer Plan. Benefit provisions under the Plans are established by State statute and City Ordinance. All qualified permanent and probationary employees are eligible to participate in the Plan for which they are an eligible member based on their employment position with the City.

All the Plans are administered by the California Public Employees' Retirement System (CalPERS) which acts as a common investment and administrative agent for its participating member employers. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Miscellaneous and Safety Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Below is a summary of the deferred outflows of resources, net pension liabilities and deferred inflows of resources by Plan:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources
Miscellaneous	\$9,034,231	\$25,676,858	\$3,926,014
Safety (Police & Fire)	10,155,922	31,510,450	4,981,020
Total	<u>\$19,190,153</u>	<u>\$57,187,308</u>	<u>\$8,907,034</u>

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 10 - PENSION PLAN (Continued)

B. Miscellaneous Plan

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at June 30, 2017, are summarized as follows:

Hire date	Prior to October 1, 2012	October 1, 2012 - January 1, 2013	After January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 60	2.0% @ 62
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	50	50	52
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.25%
Required employer contribution rates	22.109%	22.109%	22.109%

Employees Covered – As of the June 30, 2015 actuarial valuation date and the June 30, 2016 measurement date, the following employees were covered by the benefit terms for the Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	178
Inactive employees entitled to but not yet receiving benefits	157
Active employees	152
Total	<u>487</u>

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 10 - PENSION PLAN (Continued)

Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below in Note 10D.

Changes in the Net Pension Liability - The changes in the Net Pension Liability for the Plan follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	\$97,275,099	\$76,245,420	\$21,029,679
Changes in the year:			
Service cost	1,854,712		1,854,712
Interest on the total pension liability	7,247,791		7,247,791
Differences between actual and expected experience	(1,170,364)		(1,170,364)
Changes in assumptions			
Changes in benefit terms			
Plan to Plan Resource Movement			
Contribution - employer		2,135,425	(2,135,425)
Contribution - employee (paid by employer)			
Contribution - employee		790,781	(790,781)
Net investment income		405,222	(405,222)
Administrative expenses		(46,468)	46,468
Benefit payments, including refunds of employee contributions	(4,579,445)	(4,579,445)	
Net changes	<u>3,352,694</u>	<u>(1,294,485)</u>	<u>4,647,179</u>
Balance at June 30, 2016	<u>\$100,627,793</u>	<u>\$74,950,935</u>	<u>\$25,676,858</u>

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 10 – PENSION PLAN (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Plan, calculated using the discount rate, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.65%
Net Pension Liability	\$39,071,242
Current Discount Rate	7.65%
Net Pension Liability	\$25,676,858
1% Increase	8.65%
Net Pension Liability	\$14,603,151

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the City recognized pension expense of \$2,218,248. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$2,278,778	
Differences between actual and expected experience	41,684	(\$766,790)
Changes in assumptions		(537,628)
Net differences between projected and actual earnings on plan investments	6,713,769	(2,621,596)
Total	\$9,034,231	(\$3,926,014)

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 10 – PENSION PLAN (Continued)

\$2,278,778 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2018	(\$329,096)
2019	207,208
2020	1,881,221
2021	1,070,106

Actuarial assumptions and information regarding the discount rate are discussed in Note 9D below.

C. Safety Plan

The City’s Safety Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by CalPERS. PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors four rate plans within the safety risk pool.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Prior to 10/1/12	10/1/12 - 1/1/13	After 1/1/13
Hire date			
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
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	50	50	50
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	8.897%	8.981%	12.25%
Required employer contribution rates	21.230%	18.301%	12.821%

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 10 – PENSION PLAN (Continued)

Beginning in fiscal year 2017, CalPERS collects employer contributions for the cost-sharing plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability and side fund was \$1,276,548 in fiscal year 2017.

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2017, the contributions recognized as part of pension expense for the Plan were as follows:

	Amount
Contributions - employer	\$3,232,727
Contributions - employee (paid by employer)	927,283
Total	\$4,160,010

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of June 30, 2017, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan, was \$31,510,450.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 10 – PENSION PLAN (Continued)

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2016 was as follows:

	<u>Safety</u>
Proportion - June 30, 2015	0.4923%
Proportion - June 30, 2016	0.6084%
Change - Increase (Decrease)	<u>0.1161%</u>

For the year ended June 30, 2017, the City recognized pension expense of \$4,453,199 for the Safety Plan. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the Safety plan from the following sources:

	<u>Safety</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$3,232,727	
Differences between actual and expected experience		(\$150,834)
Changes in assumptions		(657,646)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	3,692,209	(4,172,540)
Net differences between projected and actual earnings on plan investments	<u>3,230,986</u>	
Total	<u>\$10,155,922</u>	<u>(\$4,981,020)</u>

\$3,232,727 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 10 – PENSION PLAN (Continued)

Year Ended June 30	Annual Amortization
2018	(\$672,949)
2019	(271,991)
2020	2,045,996
2021	841,119
Thereafter	-

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate –

The following presents the City’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Safety</u>
1% Decrease	6.65%
Net Pension Liability	\$47,150,072
Current Discount Rate	7.65%
Net Pension Liability	\$31,510,450
1% Increase	8.65%
Net Pension Liability	\$18,671,924

Actuarial assumptions and information regarding the discount rate are discussed in Note 9D below.

D. Information Common to the Miscellaneous and Safety Plans

Actuarial Assumptions – For the measurement period ended June 30, 2016, the total pension liabilities were determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2015 and June 30, 2016 total pension liabilities were based on the following actuarial methods and assumptions:

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 10 – PENSION PLAN (Continued)

	Miscellaneous and Safety (Police and Fire)
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS Membership Data for all Funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

- (1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on the CalPERS website under Forms and Publications.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 10 – PENSION PLAN (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

The City of Benicia contracts with Kaiser, Ameritas Dental & Vision and United Healthcare to provide medical, dental, and vision benefits to both active and retired employees through a single-employer plan. 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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

B. Eligibility

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

C. City's Funding Policy

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

D. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$513,516
Interest on net OPEB obligation	83,654
Adjustment to annual required contribution	<u>(109,215)</u>
Annual OPEB cost (expense)	487,955
Implicit subsidy	<u>(316,468)</u>
Increase in net OPEB obligation	171,487
Net OPEB obligation - beginning of year	<u>2,091,360</u>
Net OPEB obligation - end of year	<u><u>\$2,262,847</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$443,203	48%	\$1,883,867
6/30/2016	467,361	56%	2,091,360
6/30/2017	487,955	65%	2,262,847

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

E. Actuarial Methods and Assumptions

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

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.0 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.5 percent initially, reduced by decrements of 0.5% per year to an ultimate rate of 4.5 percent after the year 2024. 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.

Funded Status and Funding Progress - As of July 1, 2015, the most recent actuarial valuation date, the plan was 0% funded. The Actuarial Accrued Liability (AAL) for benefits was \$5,429,726 and the Actuarial Value of the Plan Net Asset was \$0 resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$5,429,726. The covered payroll (annual payroll of active employees covered by the plan) was \$13,994,763 and the ratio of UAAL to covered payroll was 39 percent.

The schedule of funding progress presented immediately following the financial statements as required supplementary information, 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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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, 2017, the City contributed \$819,676 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, 2017, the City contributed \$163,114 for current year coverage.

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

B. Liability for Uninsured Claims

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

	2017			
	Workers' Compensation	General Liability	Total	2016
Beginning balance	\$2,945,000	\$94,101	\$3,039,101	\$3,015,175
Liability for current year claims and change in prior year claims estimate	435,860	25,685	461,545	855,098
Claims paid in fiscal year	(308,860)	(79,824)	(388,684)	(831,172)
Ending balance	<u>\$3,072,000</u>	<u>\$39,962</u>	<u>\$3,111,962</u>	<u>\$3,039,101</u>
Claim liabilities due within a year	<u>\$608,129</u>	<u>\$39,962</u>	<u>\$648,091</u>	<u>\$773,038</u>

For the years ended June 30, 2017, 2016, and 2015, the amount of settlements did not exceed insurance coverage.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 13 – JOINT POWERS AUTHORITIES

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

A. *Solano Water Authority*

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

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

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

B. *Solano Transportation Authority*

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

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

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

NOTE 14 – OPERATING LEASE

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

The annual rent for said property shall be One Hundred Twenty Thousand Dollars (\$120,000), payable in equal monthly payments of Ten Thousand Dollars (\$10,000). 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).

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 14 – OPERATING LEASE (Continued)

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

NOTE 15 – OTHER COMMITMENTS AND CONTINGENT LIABILITIES

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

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

NOTE 16 – VALERO REFINING COMPANY SETTLEMENT AGREEMENT COMMITMENT

In April 2003, the City approved the Use Permit for the Valero Improvement Project (VIP). This was amended in June 2003 by Valero Refining Company (Valero) Settlement Agreement. In July 2008, the Good Neighbor Steering Committee and Valero entered into an agreement and the Planning Commission then incorporated the terms of the agreement into the conditions of approval for the Amended Valero Improvement Projects Agreement. Valero has committed \$14 million to fund various City-wide projects. 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, 2017, Valero has paid the City \$7,106,997 of this commitment and the remaining balance of \$387,003 is still outstanding.

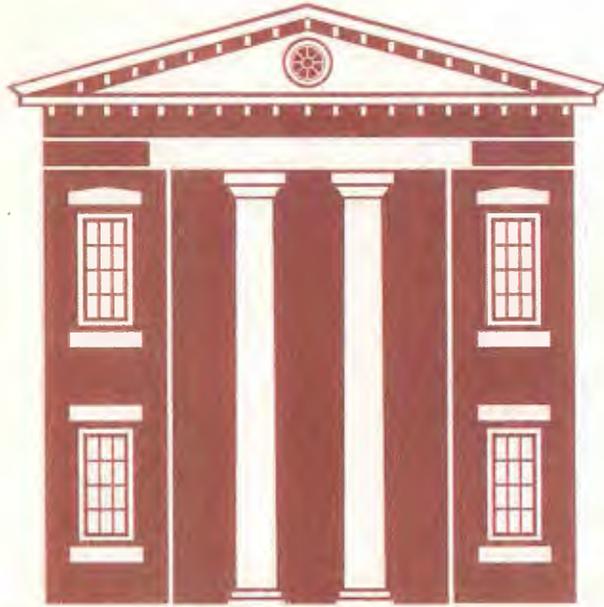
NOTE 17 - MARINA

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 2016-2017, the amount under review was \$88,859. During fiscal year 2016-2017, the City did not receive any rents or percentage of rent from BHC.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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, 2017. See further discussion in Notes 5C and F.



THE CITY OF
BENICIA
CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BENICIA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - MISCELLANEOUS PLAN

Last 10 Years*

Measurement Date	Miscellaneous Plan		
	6/30/2014	6/30/2015	6/30/2016
Total Pension Liability			
Service Cost	\$1,908,663	\$1,796,349	\$1,854,712
Interest	6,645,981	6,996,796	7,247,791
Changes in benefits			
Changes in assumptions		(1,732,356)	
Differences between expected and actual experience		134,316	(1,170,364)
Benefit payments, including refunds of employee contributions	(3,941,793)	(4,162,502)	(4,579,445)
Net change in total pension liability	<u>4,612,851</u>	<u>3,032,603</u>	<u>3,352,694</u>
Total pension liability - beginning	<u>89,629,645</u>	<u>94,242,496</u>	<u>97,275,099</u>
Total pension liability - ending (a)	<u>\$94,242,496</u>	<u>\$97,275,099</u>	<u>100,627,793</u>
Plan fiduciary net position			
Contributions - employer	\$1,554,005	\$1,878,933	\$2,135,425
Contributions - employee	859,183	787,294	790,781
Net investment income	11,447,269	1,692,887	405,222
Benefit payments, including refunds of employee contributions	(3,941,793)	(4,162,502)	(4,579,445)
Plan to plan resource movement		160	
Administrative expense		(85,845)	(46,468)
Net change in plan fiduciary net position	<u>9,918,664</u>	<u>110,927</u>	<u>(1,294,485)</u>
Plan fiduciary net position - beginning	<u>66,215,829</u>	<u>76,134,493</u>	<u>76,245,420</u>
Plan fiduciary net position - ending (b)	<u>\$76,134,493</u>	<u>\$76,245,420</u>	<u>\$74,950,935</u>
Net pension liability - ending (a)-(b)	<u>\$18,108,003</u>	<u>\$21,029,679</u>	<u>\$25,676,858</u>
Plan fiduciary net position as a percentage of the total pension liability	80.79%	78.38%	74.48%
Covered - payroll	\$9,781,279	\$10,020,807	\$10,331,281
Net pension liability as percentage of covered payroll	185.13%	209.86%	248.54%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes occurred after the actuarial valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes.)

Changes in assumptions. GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2016 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2016 measurement date were the same as those used for the June 30, 2015 measurement date.

* - Fiscal year 2015 was the 1st year of implementation.

CITY OF BENICIA
SCHEDULE OF CONTRIBUTIONS - MISCELLANEOUS PLAN
 Last 10 Years*

Fiscal Year Ended June 30	Miscellaneous Plan		
	2015	2016	2017
Actuarially determined contribution	\$1,884,361	\$2,135,435	\$2,278,778
Contributions in relation to the actuarially determined contributions	(1,884,361)	(2,135,435)	(2,278,778)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$10,020,807	\$10,331,281	\$10,361,272
Contributions as a percentage of covered payroll	18.80%	20.67%	21.99%

Notes to Schedule:

Valuation date:	6/30/2012	6/30/2013	6/30/2014
-----------------	-----------	-----------	-----------

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50 Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* - Fiscal year 2015 was the 1st year of implementation.

CITY OF BENICIA
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE - SAFETY (POLICE & FIRE) PLAN
 OF THE NET PENSION LIABILITY
 Last 10 Years*

Measurement Date	Safety Plan		
	6/30/2014	6/30/2015	6/30/2016
Plan's Proportion of the Net Pension Liability/Asset	0.329%	0.492%	0.608%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$20,524,909	\$20,285,275	\$31,510,451
Plan's Covered Payroll	6,670,183	6,740,500	6,095,403
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered Payroll	308%	301%	517%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	0.6690%	0.4923%	0.6084%
Plan's Proportionate Share of Aggregate Employer Contributions	\$246,159	\$3,126,216	\$2,892,211

* - Fiscal year 2015 was the 1st year of implementation.

CITY OF BENICIA
SCHEDULE OF CONTRIBUTIONS - SAFETY (POLICE & FIRE) PLAN
 Last 10 Years*

Fiscal Year Ended June 30	Safety Plan		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$1,512,924	\$3,126,216	\$2,892,211
Contributions in relation to the actuarially determined contributions	<u>(1,434,239)</u>	<u>(847,816)</u>	<u>(3,232,727)</u>
Contribution deficiency (excess)	<u>\$78,685</u>	<u>\$2,278,400</u>	<u>(\$340,516)</u>
Covered payroll	\$6,740,500	\$6,095,403	\$6,644,534
Contributions as a percentage of covered payroll	21.28%	13.91%	48.65%

* - Fiscal year 2015 was the 1st year of implementation.

City of Benicia
Other Post-Employment Retirement Benefits
For the Fiscal Year Ended June 30, 2017
Schedule of Funding Progress

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)
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%
7/1/2015	0	5,429,726	5,429,726	0.00%	13,994,763	39%

SUPPLEMENTARY INFORMATION

CITY OF BENICIA
GENERAL OBLIGATION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$677,710	\$677,710	\$676,788	(\$922)
Use of money and property	2,660	2,660	(2,409)	(5,069)
Total Revenues	680,370	680,370	674,379	(5,991)
EXPENDITURES:				
Debt service:				
Principal retirement	655,000	655,000	655,000	
Interest and fiscal charges	17,505	17,505	16,656	849
Total Expenditures	672,505	672,505	671,656	849
NET CHANGE IN FUND BALANCE	\$7,865	\$7,865	2,723	(\$6,840)
Beginning fund balance			735,532	
Ending fund balance			\$738,255	

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS**GAS TAX**

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

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

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

COMMUNITY DEVELOPMENT BLOCK GRANT

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

COMMUNITY SERVICES PROGRAM

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

LIBRARY PROGRAMS

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

COUNTY SALES TAX MEASURE

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

SOUTHERN PACIFIC DEPOT

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

PUBLIC SAFETY GRANTS

Accounts for various public safety grant revenues and their expenditures.

HUMAN SERVICES

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

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

DEVELOPER DEPOSITS

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

TOURTELOT MITIGATION

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

MISCELLANEOUS GRANTS

Accounts for miscellaneous recycling and ABAG workplace safety grants.

VALERO GNSC

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

ARSENAL

Accounts for moneys set aside for future Arsenal-related expenditures.

CAPITAL PROJECTS FUNDS**MEASURE C**

Accounts for the capital improvements approved under the sales tax ballot measure that was passed by voters in November 2014.

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.

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.

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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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, 2017

	SPECIAL REVENUE FUNDS			
	Gas Tax	Residential Landscaping and Lighting	Fleetside Landscaping and Lighting	Columbus Parkway Landscaping and Lighting
ASSETS				
Cash and investments available for City operations	\$1,321,113	\$185,817	\$132,890	\$130,077
Accounts receivable	876			
Interest receivable	1,310	167	141	122
Loans receivable				
Total Assets	<u>\$1,323,299</u>	<u>\$185,984</u>	<u>\$133,031</u>	<u>\$130,199</u>
LIABILITIES				
Accounts payable	\$43,923	\$17,619	\$1,967	\$344
Customer deposits				
Due to other funds				
Total Liabilities	<u>43,923</u>	<u>17,619</u>	<u>1,967</u>	<u>344</u>
FUND BALANCES				
Restricted	1,279,376	168,365	131,064	129,855
Committed				
Unassigned				
Total Fund Balances (Deficits)	<u>1,279,376</u>	<u>168,365</u>	<u>131,064</u>	<u>129,855</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$1,323,299</u>	<u>\$185,984</u>	<u>\$133,031</u>	<u>\$130,199</u>

SPECIAL REVENUE FUNDS

East 2nd Street Landscaping and Lighting	Goodyear Road Landscaping and Lighting	Community Development Block Grant	Community Services Program	Library Programs	County Sales Tax Measure	Southern Pacific Depot	Public Safety Grants
\$74,587	\$35,601	\$540,868	\$447,861	\$207,745	\$376,022	\$135,853	\$476,342
72	34		409	216	150,288		17,729
		185,587			391	124	313
<u>\$74,659</u>	<u>\$35,635</u>	<u>\$726,455</u>	<u>\$448,270</u>	<u>\$207,961</u>	<u>\$526,701</u>	<u>\$135,977</u>	<u>\$494,384</u>
\$2,292	\$192		\$117	\$7,662	\$5,374		\$2,206
							53,483
<u>2,292</u>	<u>192</u>		<u>117</u>	<u>7,662</u>	<u>5,374</u>		<u>55,689</u>
72,367	35,443	\$726,455	448,153	200,299	521,327	\$135,977	438,695
<u>72,367</u>	<u>35,443</u>	<u>726,455</u>	<u>448,153</u>	<u>200,299</u>	<u>521,327</u>	<u>135,977</u>	<u>438,695</u>
<u>\$74,659</u>	<u>\$35,635</u>	<u>\$726,455</u>	<u>\$448,270</u>	<u>\$207,961</u>	<u>\$526,701</u>	<u>\$135,977</u>	<u>\$494,384</u>

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	SPECIAL REVENUE FUNDS			
	Human Services	Developer Deposits	Tourtelot Mitigation	Miscellaneous Grants
ASSETS				
Cash and investments available for City operations	\$162,655	\$740,243	\$468,322	\$9,263
Accounts receivable		4,119		85,216
Interest receivable	169	84	432	
Loans receivable				
	<u>\$162,824</u>	<u>\$744,446</u>	<u>\$468,754</u>	<u>\$94,479</u>
Total Assets	<u>\$162,824</u>	<u>\$744,446</u>	<u>\$468,754</u>	<u>\$94,479</u>
LIABILITIES				
Accounts payable		\$37,867	\$234	\$48,347
Customer deposits		706,579		
Due to other funds				34,207
		<u>744,446</u>	<u>234</u>	<u>82,554</u>
Total Liabilities		<u>744,446</u>	<u>234</u>	<u>82,554</u>
FUND BALANCES				
Restricted	\$162,824		468,520	11,925
Committed				
Unassigned				
	<u>162,824</u>		<u>468,520</u>	<u>11,925</u>
Total Fund Balances (Deficit)	<u>162,824</u>		<u>468,520</u>	<u>11,925</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$162,824</u>	<u>\$744,446</u>	<u>\$468,754</u>	<u>\$94,479</u>

SPECIAL REVENUE FUNDS

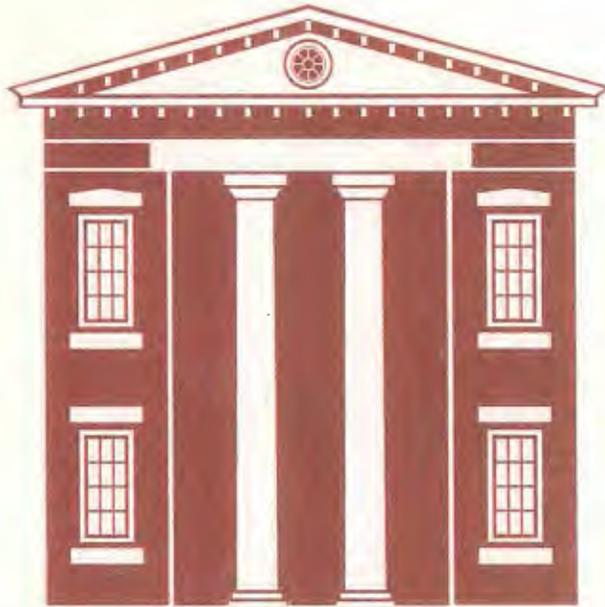
CAPITAL PROJECTS FUNDS

Valero GNSC	Arsenal	Measure C	Traffic Mitigation	Park Dedication	Library Basement Project	McAllister Assessment District
\$427,061	\$727,365	\$5,503,342	\$889,243	\$74,526	\$298,648	\$973
329	533		773	245	273	
			35,480	196,950		
<u>\$427,390</u>	<u>\$727,898</u>	<u>\$5,503,342</u>	<u>\$925,496</u>	<u>\$271,721</u>	<u>\$298,921</u>	<u>\$973</u>
\$7,489		\$1,136,880	\$1,960			
91,660						
99,149		1,136,880	1,960			
328,241	\$727,898	4,366,462	923,536	\$271,721	\$298,921	\$973
328,241	727,898	4,366,462	923,536	271,721	298,921	973
<u>\$427,390</u>	<u>\$727,898</u>	<u>\$5,503,342</u>	<u>\$925,496</u>	<u>\$271,721</u>	<u>\$298,921</u>	<u>\$973</u>

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	CAPITAL PROJECTS FUNDS		
	Streets and Transportation (Intermodal Transportation)	Casa De Vilarrasa	Total Non-major Governmental Funds
ASSETS			
Cash and investments available for City operations	\$391,498		\$13,330,854
Accounts receivable	1,316		686,605
Interest receivable	435		6,572
Loans receivable		\$1,400,000	1,818,017
	<u>\$393,249</u>	<u>\$1,400,000</u>	<u>\$15,842,048</u>
Total Assets	<u>\$393,249</u>	<u>\$1,400,000</u>	<u>\$15,842,048</u>
LIABILITIES			
Accounts payable	\$492,388		\$1,806,861
Customer deposits			760,062
Due to other funds			125,867
	<u>492,388</u>	<u></u>	<u>2,692,790</u>
Total Liabilities	<u>492,388</u>	<u></u>	<u>2,692,790</u>
FUND BALANCES			
Restricted			10,353,246
Committed		\$1,400,000	2,895,151
Unassigned	(99,139)		(99,139)
	<u>(99,139)</u>	<u>1,400,000</u>	<u>13,149,258</u>
Total Fund Balances	<u>(99,139)</u>	<u>1,400,000</u>	<u>13,149,258</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$393,249</u>	<u>\$1,400,000</u>	<u>\$15,842,048</u>



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, 2017

	SPECIAL REVENUE FUNDS			
	Gas Tax	Residential Landscaping and Lighting	Fleetside Landscaping and Lighting	Columbus Parkway Landscaping and Lighting
REVENUES				
Property tax				
Sales tax				
Assessments		\$299,886	\$79,577	\$15,800
Use of money and property	\$4,128	127	301	290
Revenue from other agencies	535,259			
Current service charges				
Community donations				
Other	31,043			
Total Revenues	<u>570,430</u>	<u>300,013</u>	<u>79,878</u>	<u>16,090</u>
EXPENDITURES				
Current:				
Administration				
Public safety - police				
Parks and community services		360,698	43,640	5,597
Public works	422,316			
Library				
Capital outlay	282,358			
Total Expenditures	<u>704,674</u>	<u>360,698</u>	<u>43,640</u>	<u>5,597</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(134,244)</u>	<u>(60,685)</u>	<u>36,238</u>	<u>10,493</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		96,645		
Total Other Financing Sources (Uses)		<u>96,645</u>		
NET CHANGE IN FUND BALANCES	(134,244)	35,960	36,238	10,493
BEGINNING FUND BALANCES (DEFICITS)	<u>1,413,620</u>	<u>132,405</u>	<u>94,826</u>	<u>119,362</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$1,279,376</u>	<u>\$168,365</u>	<u>\$131,064</u>	<u>\$129,855</u>

SPECIAL REVENUE FUNDS

East 2nd Street Landscaping and Lighting	Goodyear Road Landscaping and Lighting	Community Development Block Grant	Community Services Program	Library Programs	County Sales Tax Measure	Southern Pacific Depot	Public Safety Grants
					\$654,940		
\$28,001 154	\$4,000 87	\$4,519	\$929	\$1,075 30,110	1,625	\$1,964	\$373 334,021
			93,777	115,140			950
			7,859				
<u>28,155</u>	<u>4,087</u>	<u>4,519</u>	<u>102,565</u>	<u>146,325</u>	<u>656,565</u>	<u>1,964</u>	<u>335,344</u>
							243,273
13,770	6,267		15,841				
			4,590	189,188 1,445	760,604		10,861
<u>13,770</u>	<u>6,267</u>		<u>20,431</u>	<u>190,633</u>	<u>760,604</u>		<u>254,134</u>
<u>14,385</u>	<u>(2,180)</u>	<u>4,519</u>	<u>82,134</u>	<u>(44,308)</u>	<u>(104,039)</u>	<u>1,964</u>	<u>81,210</u>
							74,000
							74,000
14,385	(2,180)	4,519	82,134	(44,308)	(104,039)	1,964	155,210
57,982	37,623	721,936	366,019	244,607	625,366	134,013	283,485
<u>\$72,367</u>	<u>\$35,443</u>	<u>\$726,455</u>	<u>\$448,153</u>	<u>\$200,299</u>	<u>\$521,327</u>	<u>\$135,977</u>	<u>\$438,695</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, 2017

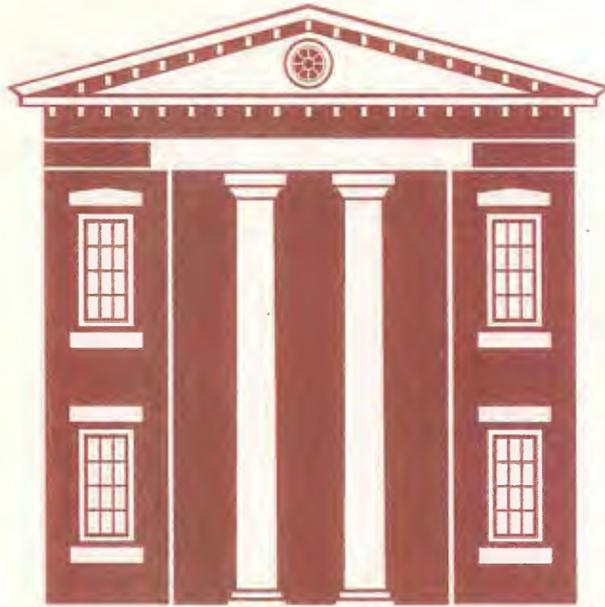
	SPECIAL REVENUE FUNDS			
	Human Services	Developer Deposits	Tourtelot Mitigation	Miscellaneous Grants
REVENUES				
Property tax				
Sales tax				
Assessments				
Use of money and property	\$647		\$1,098	
Revenue from other agencies				\$118,379
Current service charges				
Community donations				
Other				
Total Revenues	647		1,098	118,379
EXPENDITURES				
Current:				
Administration				78,213
Public safety - police				
Parks and community services				
Public works			7,802	
Library				20,872
Capital outlay				
Total Expenditures			7,802	99,085
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	647		(6,704)	19,294
OTHER FINANCING SOURCES (USES)				
Transfers in				
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	647		(6,704)	19,294
BEGINNING FUND BALANCES (DEFICITS)	162,177		475,224	(7,369)
ENDING FUND BALANCES (DEFICITS)	\$162,824		\$468,520	\$11,925

SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS			
Valero GNSC	Arsenal	Measure C	Traffic Mitigation	Park Dedication	Library Basement Project	McAllister Assessment District
		\$3,417,643				
\$4,350	\$920		\$2,150 20,939 42,503	\$2,186 30,635	\$685	
438,770						
443,120	920	3,417,643	65,592	32,821	685	
28,295	8,069	3,863 15,297				\$7
93,578		166,120				
406,798		1,882,251	149,817	500		
528,671	8,069	2,067,531	149,817	500		7
(85,551)	(7,149)	1,350,112	(84,225)	32,321	685	(7)
	150,000					
	150,000					
(85,551)	142,851	1,350,112	(84,225)	32,321	685	(7)
413,792	585,047	3,016,350	1,007,761	239,400	298,236	980
\$328,241	\$727,898	\$4,366,462	\$923,536	\$271,721	\$298,921	\$973

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	CAPITAL PROJECTS FUND		
	Streets and Transportation (Intermodal Transportation)	Casa Villarasa	Total Non-major Governmental Funds
REVENUES			
Property tax			
Sales tax			\$4,072,583
Assessments			427,264
Use of money and property	\$503		28,111
Revenue from other agencies	385,104		1,423,812
Current service charges			166,915
Community donations			116,090
Other			477,672
Total Revenues	385,607		6,712,447
EXPENDITURES			
Current:			
Administration			118,447
Public safety - police			258,570
Parks and community services			539,391
Public works			596,238
Library			970,664
Capital outlay	890,037		3,628,657
Total Expenditures	890,037		6,111,967
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(504,430)		600,480
OTHER FINANCING SOURCES (USES)			
Transfers in			320,645
Total Other Financing Sources (Uses)			320,645
NET CHANGE IN FUND BALANCES	(504,430)		921,125
BEGINNING FUND BALANCES (DEFICITS)	405,291	\$1,400,000	12,228,133
ENDING FUND BALANCES (DEFICITS)	(\$99,139)	\$1,400,000	\$13,149,258



THE CITY OF
BENICIA
CALIFORNIA

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, 2017

	GAS TAX			RESIDENTIAL LANDSCAPING AND LIGHTING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property tax						
Sales tax						
Assessments				\$309,885	\$299,886	(\$9,999)
Use of money and property	\$3,670	\$4,128	\$458		127	127
Revenue from other agencies	575,449	535,259	(40,190)			
Current service charges						
Community donations						
Other		31,043	31,043			
Total Revenues	<u>579,119</u>	<u>570,430</u>	<u>(8,689)</u>	<u>309,885</u>	<u>300,013</u>	<u>(9,872)</u>
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Public safety - fire						
Parks and community services				412,965	360,698	52,267
Public works	521,642	422,316	99,326			
Community development						
Library						
Capital outlay	541,300	282,358	258,942			
Total Expenditures	<u>1,062,942</u>	<u>704,674</u>	<u>358,268</u>	<u>412,965</u>	<u>360,698</u>	<u>52,267</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(483,823)</u>	<u>(134,244)</u>	<u>349,579</u>	<u>(103,080)</u>	<u>(60,685)</u>	<u>42,395</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				96,645	96,645	
Transfers out						
Total Other Financing Sources (Uses)				<u>96,645</u>	<u>96,645</u>	
NET CHANGE IN FUND BALANCES	<u><u>(\$483,823)</u></u>	<u><u>(134,244)</u></u>	<u><u>\$349,579</u></u>	<u><u>(\$6,435)</u></u>	<u><u>35,960</u></u>	<u><u>\$42,395</u></u>
BEGINNING FUND BALANCES (DEFICITS)		<u>1,413,620</u>			<u>132,405</u>	
ENDING FUND BALANCES (DEFICITS)		<u><u>\$1,279,376</u></u>			<u><u>\$168,365</u></u>	

FLEETSIDE LANDSCAPING AND LIGHTING			COLUMBUS PARKWAY LANDSCAPING AND LIGHTING			EAST 2ND STREET LANDSCAPING AND LIGHTING		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$95,000	\$79,577	(\$15,423)	\$15,800	\$15,800		\$28,000	\$28,001	\$1
3,500	301	(3,199)	510	290	(\$220)	40	154	114
<u>98,500</u>	<u>79,878</u>	<u>(18,622)</u>	<u>16,310</u>	<u>16,090</u>	<u>(220)</u>	<u>28,040</u>	<u>28,155</u>	<u>115</u>
113,999	43,640	70,359	22,444	5,597	16,847	39,715	13,770	25,945
<u>2,000</u>		<u>2,000</u>						
<u>115,999</u>	<u>43,640</u>	<u>72,359</u>	<u>22,444</u>	<u>5,597</u>	<u>16,847</u>	<u>39,715</u>	<u>13,770</u>	<u>25,945</u>
<u>(17,499)</u>	<u>36,238</u>	<u>53,737</u>	<u>(6,134)</u>	<u>10,493</u>	<u>16,627</u>	<u>(11,675)</u>	<u>14,385</u>	<u>26,060</u>
<u>(\$17,499)</u>	<u>36,238</u>	<u>\$53,737</u>	<u>(\$6,134)</u>	<u>10,493</u>	<u>\$16,627</u>	<u>(\$11,675)</u>	<u>14,385</u>	<u>\$26,060</u>
	<u>94,826</u>			<u>119,362</u>			<u>57,982</u>	
	<u>\$131,064</u>			<u>\$129,855</u>			<u>\$72,367</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, 2017

	GOODYEAR ROAD LANDSCAPING AND LIGHTING			COMMUNITY DEVELOPMENT BLOCK GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property tax						
Sales tax						
Assessments	\$4,110	\$4,000	(\$110)			
Use of money and property	25	87	62	\$18,035	\$4,519	(\$13,516)
Revenue from other agencies						
Current service charges						
Community donations						
Other						
Total Revenues	4,135	4,087	(48)	18,035	4,519	(13,516)
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Public safety - fire						
Parks and community services	7,564	6,267	1,297			
Public works						
Community development						
Library						
Capital outlay						
Total Expenditures	7,564	6,267	1,297			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,429)	(2,180)	1,249	18,035	4,519	(13,516)
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	(\$3,429)	(2,180)	\$1,249	\$18,035	4,519	(\$13,516)
BEGINNING FUND BALANCES (DEFICITS)		37,623			721,936	
ENDING FUND BALANCES (DEFICITS)		\$35,443			\$726,455	

COMMUNITY SERVICES PROGRAM			LIBRARY PROGRAMS			COUNTY SALES TAX MEASURE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$745,000	\$654,940	(\$90,060)
\$1,200	\$929	(\$271)	\$1,660	\$1,075	(\$585)	2,460	1,625	(835)
43,000	93,777	50,777	22,271	30,110	7,839			
500	7,859	7,359	117,050	115,140	(1,910)			
44,700	102,565	57,865	140,981	146,325	5,344	747,460	656,565	(90,895)
10,000	15,841	(5,841)						
71,500	4,590	66,910	236,986	189,188	47,798	863,165	760,604	102,561
81,500	20,431	61,069	9,000	1,445	7,555	2,000		2,000
(36,800)	82,134	118,934	245,986	190,633	55,353	865,165	760,604	104,561
			(105,005)	(44,308)	60,697	(117,705)	(104,039)	13,666
<u>(\$36,800)</u>	82,134	<u>\$118,934</u>	<u>(\$105,005)</u>	(44,308)	<u>\$60,697</u>	<u>(\$117,705)</u>	(104,039)	<u>\$13,666</u>
	366,019			244,607			625,366	
	<u>\$448,153</u>			<u>\$200,299</u>			<u>\$521,327</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, 2017

	SOUTHERN PACIFIC DEPOT			PUBLIC SAFETY GRANTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property tax						
Sales tax						
Assessments						
Use of money and property	\$2,500	\$1,964	(\$536)	\$250	\$373	\$123
Revenue from other agencies				338,520	334,021	(4,499)
Current service charges						
Community donations					950	950
Other						
Total Revenues	<u>2,500</u>	<u>1,964</u>	<u>(536)</u>	<u>338,770</u>	<u>335,344</u>	<u>(3,426)</u>
EXPENDITURES						
Current:						
Administration						
Public safety - police				275,771	243,273	32,498
Public safety - fire						
Parks and community services	25,000		25,000			
Public works						
Community development						
Library						
Capital outlay				80,290	10,861	69,429
Total Expenditures	<u>25,000</u>		<u>25,000</u>	<u>356,061</u>	<u>254,134</u>	<u>101,927</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(22,500)</u>	<u>1,964</u>	<u>24,464</u>	<u>(17,291)</u>	<u>81,210</u>	<u>98,501</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				74,000	74,000	
Transfers out						
Total Other Financing Sources (Uses)				<u>74,000</u>	<u>74,000</u>	
NET CHANGE IN FUND BALANCES	<u>(\$22,500)</u>	<u>1,964</u>	<u>\$24,464</u>	<u>\$56,709</u>	<u>155,210</u>	<u>\$98,501</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>134,013</u>			<u>283,485</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$135,977</u>			<u>\$438,695</u>	

HUMAN SERVICES			TOURTELOT MITIGATION			MISCELLANEOUS GRANTS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$800	\$647	(\$153)	\$2,240	\$1,098	(\$1,142)	\$61,138	\$118,379	\$57,241
800	647	(153)	2,240	1,098	(1,142)	61,138	118,379	57,241
							78,213	(78,213)
			23,184	7,802	15,382			
						43,000	20,872	22,128
			23,184	7,802	15,382	43,000	99,085	(56,085)
800	647	(153)	(20,944)	(6,704)	14,240	18,138	19,294	1,156
\$800	647	(\$153)	(\$20,944)	(6,704)	\$14,240	\$18,138	19,294	\$1,156
	162,177			475,224			(7,369)	
	\$162,824			\$468,520			\$11,925	

(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, 2017

	VALERO GNSC			ARSENAL		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property tax						
Sales tax						
Assessments						
Use of money and property	\$3,600	\$4,350	\$750		\$920	\$920
Revenue from other agencies						
Current service charges						
Community donations						
Other	<u>50,000</u>	<u>438,770</u>	<u>388,770</u>			
Total Revenues	<u>53,600</u>	<u>443,120</u>	<u>389,520</u>		<u>920</u>	<u>920</u>
EXPENDITURES						
Current:						
Administration	46,715	28,295	18,420		8,069	(8,069)
Public safety - police						
Public safety - fire						
Parks and community services	40,000	93,578	(53,578)			
Public works						
Community development						
Library						
Capital outlay	<u>169,848</u>	<u>406,798</u>	<u>(236,950)</u>			
Total Expenditures	<u>256,563</u>	<u>528,671</u>	<u>(272,108)</u>		<u>8,069</u>	<u>(8,069)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(202,963)</u>	<u>(85,551)</u>	<u>117,412</u>		<u>(7,149)</u>	<u>(7,149)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				\$150,000	150,000	
Transfers out						
Total Other Financing Sources (Uses)				<u>150,000</u>	<u>150,000</u>	
NET CHANGE IN FUND BALANCES	<u><u>(\$202,963)</u></u>	<u><u>(85,551)</u></u>	<u><u>\$117,412</u></u>	<u><u>\$150,000</u></u>	<u><u>142,851</u></u>	<u><u>(\$7,149)</u></u>
BEGINNING FUND BALANCES (DEFICITS)		<u>413,792</u>			<u>585,047</u>	
ENDING FUND BALANCES (DEFICITS)		<u><u>\$328,241</u></u>			<u><u>\$727,898</u></u>	

MEASURE C			TRAFFIC MITIGATION			PARK DEDICATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$2,700,000	\$3,417,643	\$717,643						
			\$8,000	\$2,150	(\$5,850)		\$2,186	\$2,186
			12,000	42,503	30,503	\$5,000	30,635	25,635
<u>2,700,000</u>	<u>3,417,643</u>	<u>717,643</u>	<u>20,000</u>	<u>65,592</u>	<u>45,592</u>	<u>5,000</u>	<u>32,821</u>	<u>27,821</u>
4,000	3,863	137						
50,000	15,297	34,703						
740,491		740,491						
	166,120	(166,120)						
<u>6,929,000</u>	<u>1,882,251</u>	<u>5,046,749</u>	<u>758,703</u>	<u>149,817</u>	<u>608,886</u>	<u>4,835</u>	<u>500</u>	<u>4,335</u>
<u>7,723,491</u>	<u>2,067,531</u>	<u>5,655,960</u>	<u>758,703</u>	<u>149,817</u>	<u>608,886</u>	<u>4,835</u>	<u>500</u>	<u>4,335</u>
<u>(5,023,491)</u>	<u>1,350,112</u>	<u>6,373,603</u>	<u>(738,703)</u>	<u>(84,225)</u>	<u>654,478</u>	<u>165</u>	<u>32,321</u>	<u>32,156</u>
<u>(\$5,023,491)</u>	<u>1,350,112</u>	<u>\$6,373,603</u>	<u>(\$738,703)</u>	<u>(84,225)</u>	<u>\$654,478</u>	<u>\$165</u>	<u>32,321</u>	<u>\$32,156</u>
	<u>3,016,350</u>			<u>1,007,761</u>			<u>239,400</u>	
	<u>\$4,366,462</u>			<u>\$923,536</u>			<u>\$271,721</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, 2017

<u>STREETS AND TRANSPORTATION</u> <u>(INTERMODAL TRANSPORTATION)</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
REVENUES			
Property tax			
Sales tax			
Assessments			
Use of money and property		\$503	\$503
Revenue from other agencies	\$147,719	385,104	237,385
Current service charges			
Community donations			
Other			
Total Revenues	<u>147,719</u>	<u>385,607</u>	<u>237,888</u>
EXPENDITURES			
Current:			
Administration			
Public safety - police			
Public safety - fire			
Parks and community services			
Public works			
Community development			
Library			
Capital outlay	<u>940,602</u>	<u>890,037</u>	<u>50,565</u>
Total Expenditures	<u>940,602</u>	<u>890,037</u>	<u>50,565</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(792,883)</u>	<u>(504,430)</u>	<u>288,453</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers out			
Total Other Financing Sources (Uses)			
NET CHANGE IN FUND BALANCES	<u><u>(\$792,883)</u></u>	<u><u>(504,430)</u></u>	<u><u>\$288,453</u></u>
BEGINNING FUND BALANCES (DEFICITS)		<u>405,291</u>	
ENDING FUND BALANCES (DEFICITS)		<u><u>(\$99,139)</u></u>	

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, 2017

	Insurance	General Services	Building and Equipment Management
ASSETS			
Current Assets:			
Cash and investments			
Available for City operations	\$1,364,270	\$2,251	\$2,723,623
Restricted cash and investments held by fiscal agents			
Accounts receivable			
Interest receivable	1,076		1,989
Materials, parts and supplies		13,473	
Prepaid items		27,979	
Total Current Assets	<u>1,365,346</u>	<u>43,703</u>	<u>2,725,612</u>
Non-Current Assets:			
Other assets			
Property, plant and equipment:			
Land			
Buildings and improvements			13,108,305
Machinery and equipment			4,700,167
Less: accumulated depreciation			<u>(10,871,009)</u>
Total Non-Current Assets			<u>6,937,463</u>
Total Assets	<u>1,365,346</u>	<u>43,703</u>	<u>9,663,075</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	53,441	31,193	19,216
Customer and performance deposits			
Interest payable			466
Workers' compensation claims	608,129		
Current portion long-term liabilities			42,994
Due to other funds		15,337	
Total Current Liabilities	<u>661,570</u>	<u>46,530</u>	<u>62,676</u>
Long-Term Liabilities:			
Workers' compensation claims	2,463,871		
Certificates of participation			
Pension obligation bonds			
Total Long-Term Liabilities	<u>2,463,871</u>		
Total Liabilities	<u>3,125,441</u>	<u>46,530</u>	<u>62,676</u>
NET POSITION			
Net investment in capital assets			6,894,469
Restricted for debt service			
Unrestricted	<u>(1,760,095)</u>	<u>(2,827)</u>	<u>2,705,930</u>
Total Net Position	<u><u>(\$1,760,095)</u></u>	<u><u>(\$2,827)</u></u>	<u><u>\$9,600,399</u></u>

Retirement Stability	Energy	Total
\$1,024,210	\$908,914	\$6,023,268
1,595	6,217	7,812
	5,415	5,415
895	91	4,051
		13,473
		27,979
<u>1,026,700</u>	<u>920,637</u>	<u>6,081,998</u>
	556,909	556,909
	12,643,187	25,751,492
		4,700,167
	<u>(1,731,122)</u>	<u>(12,602,131)</u>
	11,468,974	18,406,437
<u>1,026,700</u>	<u>12,389,611</u>	<u>24,488,435</u>
500	24,472	128,822
	5,000	5,000
18,136	63,741	82,343
		608,129
305,000	220,000	567,994
		15,337
<u>323,636</u>	<u>313,213</u>	<u>1,407,625</u>
		2,463,871
	11,769,158	11,769,158
<u>7,457,706</u>		<u>7,457,706</u>
<u>7,457,706</u>	<u>11,769,158</u>	<u>21,690,735</u>
<u>7,781,342</u>	<u>12,082,371</u>	<u>23,098,360</u>
	(513,967)	6,380,502
1,595		1,595
<u>(6,756,237)</u>	<u>821,207</u>	<u>(4,992,022)</u>
<u>(\$6,754,642)</u>	<u>\$307,240</u>	<u>\$1,390,075</u>

CITY OF BENICIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

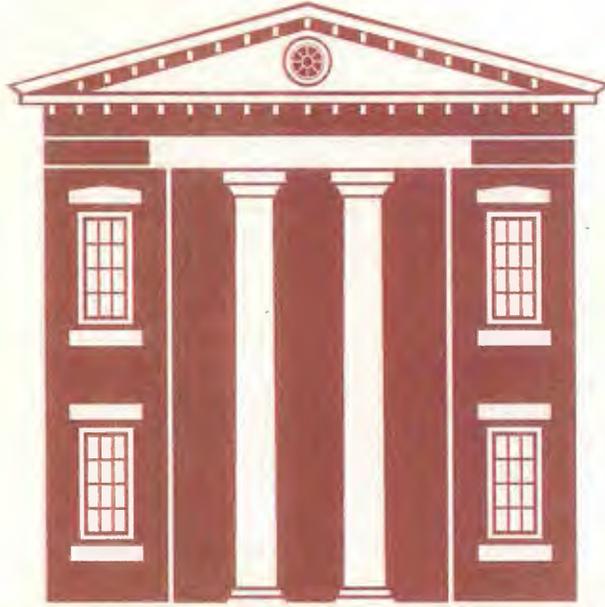
	<u>Insurance</u>	<u>General Services</u>	<u>Building and Equipment Management</u>
OPERATING REVENUES			
Charges for services	\$1,000,000	\$908,251	\$856,285
Refunds and rebates	37,192		27,273
Total Operating Revenues	<u>1,037,192</u>	<u>908,251</u>	<u>883,558</u>
OPERATING EXPENSES			
Wages and benefits	65,681	419,528	
Materials and supplies		35,166	550,649
Operations and maintenance	105,954	441,224	348
Claims and Insurance	773,033	15,128	
Depreciation			586,963
Total Operating Expenses	<u>944,668</u>	<u>911,046</u>	<u>1,137,960</u>
Operating Income (Loss)	<u>92,524</u>	<u>(2,795)</u>	<u>(254,402)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	1,417	(29)	5,783
Interest expense			(4,980)
Amortization of bond issue/discount			
Gain from the sale of capital assets			11,160
Community donations			125,000
Total Nonoperating Revenues (Expenses)	<u>1,417</u>	<u>(29)</u>	<u>136,963</u>
Income (Loss) Before Transfers	93,941	(2,824)	(117,439)
OTHER FINANCING SOURCES (USES)			
Transfers In			215,022
Total Other Financing Sources (Uses)			<u>215,022</u>
Change in Net Position	93,941	(2,824)	97,583
BEGINNING NET POSITION (DEFICITS)	<u>(1,854,036)</u>	<u>(3)</u>	<u>9,502,816</u>
ENDING NET POSITION (DEFICITS)	<u>(\$1,760,095)</u>	<u>(\$2,827)</u>	<u>\$9,600,399</u>

<u>Retirement Stability</u>	<u>Energy</u>	<u>Total</u>
\$551,775	\$843,155	\$4,159,466
	545,310	609,775
<u>551,775</u>	<u>1,388,465</u>	<u>4,769,241</u>
		485,209
		585,815
	77,182	624,708
		788,161
	<u>349,747</u>	<u>936,710</u>
	<u>426,929</u>	<u>3,420,603</u>
<u>551,775</u>	<u>961,536</u>	<u>1,348,638</u>
(3,912)	19,380	22,639
(523,744)	(981,002)	(1,509,726)
	(761,406)	(761,406)
		11,160
		<u>125,000</u>
<u>(527,656)</u>	<u>(1,723,028)</u>	<u>(2,112,333)</u>
24,119	(761,492)	(763,695)
		<u>215,022</u>
		<u>215,022</u>
24,119	(761,492)	(548,673)
<u>(6,778,761)</u>	<u>1,068,732</u>	<u>1,938,748</u>
<u>(\$6,754,642)</u>	<u>\$307,240</u>	<u>\$1,390,075</u>

CITY OF BENICIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

	Insurance	General Services	Building and Equipment Management
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$1,037,192	\$908,251	\$883,558
Payments to suppliers	(125,079)	(480,450)	(585,617)
Payments to employees	(65,681)	(434,656)	
Refunds and rebates			
Claims paid	(646,033)		
	<u>200,399</u>	<u>(6,855)</u>	<u>297,941</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipts from interfund loans		3,037	215,022
Principal paid on non-capital debt			
Interest paid on non-capital debt			
		<u>3,037</u>	<u>215,022</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on capital debt			(41,190)
Interest paid on capital debt			(4,980)
Acquisition of capital assets			(544,387)
Sale of capital assets			11,160
Community donations			125,000
			<u>(454,397)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	824	(29)	5,073
	<u>824</u>	<u>(29)</u>	<u>5,073</u>
Net Cash Flows			
	201,223	(3,847)	63,639
Cash and investments at beginning of period	1,163,047	6,098	2,659,984
Cash and investments at end of period	<u>\$1,364,270</u>	<u>\$2,251</u>	<u>\$2,723,623</u>
Reconciliation of operating income (loss) to net cash flows			
from operating activities:			
Operating income (loss)	\$92,524	(\$2,795)	(\$254,402)
Adjustments to reconcile operating income to net cash flows			
from operating activities:			
Depreciation			586,963
Pension obligation amortization			
Change in assets and liabilities:			
Materials, parts and supplies		(5,387)	
Prepaid items		(14,956)	
Accounts receivable			
Accounts payable	(19,125)	16,283	(34,620)
Workers' compensation claims	127,000		
	<u>\$200,399</u>	<u>(6,855)</u>	<u>\$297,941</u>

Retirement Stability	Energy	Total
\$554,775	\$843,155	\$4,226,931
	(53,533)	(1,244,679)
	653,718	(500,337)
		653,718
		(646,033)
<u>554,775</u>	<u>1,443,340</u>	<u>2,489,600</u>
		218,059
(1,063,399)		(1,063,399)
(528,759)		(528,759)
<u>(1,592,158)</u>		<u>(1,374,099)</u>
	918,055	876,865
	(1,621,558)	(1,626,538)
		(544,387)
		11,160
		<u>125,000</u>
	(703,503)	(1,157,900)
(4,292)	19,381	20,957
(4,292)	19,381	20,957
(1,041,675)	759,218	(21,442)
2,067,480	155,913	6,052,522
<u>\$1,025,805</u>	<u>\$915,131</u>	<u>\$6,031,080</u>
\$551,775	\$961,536	\$1,348,638
	349,747	936,710
		(5,387)
2,500		(12,456)
	108,408	108,408
500	23,649	(13,313)
		<u>127,000</u>
<u>\$554,775</u>	<u>\$1,443,340</u>	<u>\$2,489,600</u>



THE CITY OF
BENICIA
CALIFORNIA

AGENCY FUNDS

ASSESSMENT DISTRICTS

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

CITY OF BENICIA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2017

	Balance 6/30/2016	Additions	Deductions	Balance June 30, 2017
<u>Fleetside Industrial Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$25,851			\$25,851
Total assets	<u>\$25,851</u>			<u>\$25,851</u>
<u>Liabilities</u>				
Due to bondholders	\$25,851			\$25,851
Total liabilities	<u>\$25,851</u>			<u>\$25,851</u>
<u>McAllister Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$1,249,672	\$688,524	\$683,340	\$1,254,856
Interest receivable	545	1,137	545	1,137
Total assets	<u>\$1,250,217</u>	<u>\$689,661</u>	<u>\$683,885</u>	<u>\$1,255,993</u>
<u>Liabilities</u>				
Accounts payable	\$2,500		\$2,500	
Due to bondholders	1,247,717	\$689,661	681,385	\$1,255,993
Total liabilities	<u>\$1,250,217</u>	<u>\$689,661</u>	<u>\$683,885</u>	<u>\$1,255,993</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Restricted cash and investments	\$1,275,523	\$688,524	\$683,340	\$1,280,707
Interest receivable	545	1,137	545	1,137
Total assets	<u>\$1,276,068</u>	<u>\$689,661</u>	<u>\$683,885</u>	<u>\$1,281,844</u>
<u>Liabilities</u>				
Accounts payable	\$2,500		\$2,500	
Due to bondholders	1,273,568	\$689,661	681,385	\$1,281,844
Total liabilities	<u>\$1,276,068</u>	<u>\$689,661</u>	<u>\$683,885</u>	<u>\$1,281,844</u>

STATISTICAL SECTION

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

Financial Trends

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

1. Net 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

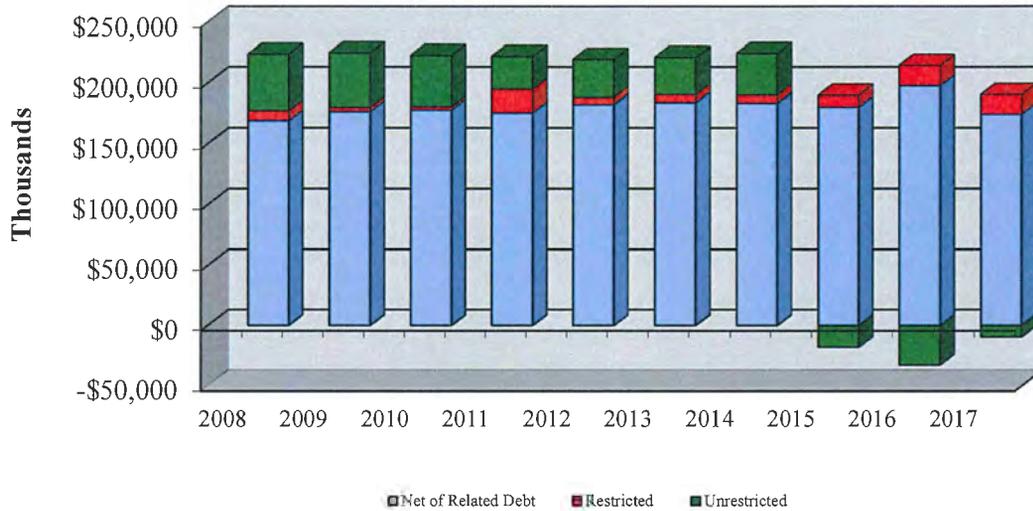
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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.

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



	At June 30				
	2008	2009	2010	2011	2012
Governmental activities					
Net investment in capital assets	\$110,609,618	\$113,264,434	\$115,359,499	\$112,701,775	\$120,052,758
Restricted	8,052,003	3,195,339	2,507,802	19,174,006	5,641,592
Unrestricted	13,489,203	15,465,114	14,171,681	1,081,215	6,767,569
Total governmental activities net position	<u>\$132,292,401</u>	<u>\$132,150,824</u>	<u>\$131,924,887</u>	<u>\$132,038,982</u>	<u>\$132,956,996</u>
Business-type activities					
Net investment in capital assets	\$58,724,744	\$63,624,158	\$62,819,454	\$63,064,298	\$62,660,031
Restricted	256	-	-	-	-
Unrestricted	32,863,392	29,231,383	27,932,802	26,022,756	24,419,432
Total business-type activities net position	<u>\$90,382,877</u>	<u>\$91,588,392</u>	<u>\$92,855,541</u>	<u>\$90,752,256</u>	<u>\$89,087,054</u>
Primary government					
Net investment in capital assets	\$169,334,362	\$176,888,592	\$178,178,953	\$175,766,073	\$182,712,789
Restricted	8,052,259	3,195,339	2,507,802	19,174,006	5,641,592
Unrestricted	46,352,595	44,696,497	42,104,483	27,103,971	31,187,001
Total primary government net position	<u>\$223,739,216</u>	<u>\$224,780,428</u>	<u>\$222,791,238</u>	<u>\$222,044,050</u>	<u>\$219,541,382</u>

(a) The City adjusted certain beginning balance during fiscal year 2014-2015. Financial data shown for preceding years were not adjusted for the presentation.

2013	2014	2015	2016	2017
\$121,948,249	\$120,434,163	\$117,899,038	\$116,727,502	\$114,719,779
6,316,224	6,573,412	9,526,578	12,963,665	13,887,513
5,038,875	8,093,156	(40,937,523)	(37,759,794)	(35,607,065)
<u>\$132,461,919</u>	<u>\$133,303,348</u>	<u>\$135,100,731</u>	<u>\$91,931,373</u>	<u>\$93,000,227</u>
\$62,321,179	\$63,311,581	\$62,566,681	\$81,305,746	\$59,960,276
-	-	-	3,633,406	1,997,713
25,465,370	26,084,805	23,060,961	5,625,599	26,185,642
<u>\$87,079,463</u>	<u>\$87,786,549</u>	<u>\$89,396,386</u>	<u>\$90,564,751</u>	<u>\$88,143,631</u>
\$184,269,428	\$183,745,744	\$180,465,719	\$198,033,248	\$174,680,055
6,316,224	6,573,412	9,526,578	16,597,071	15,885,226
30,504,245	34,177,961	(17,876,562)	(32,134,195)	(9,421,423)
<u>\$221,089,897</u>	<u>\$224,497,117</u>	<u>\$172,115,735</u>	<u>\$182,496,124</u>	<u>\$181,143,858</u>

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

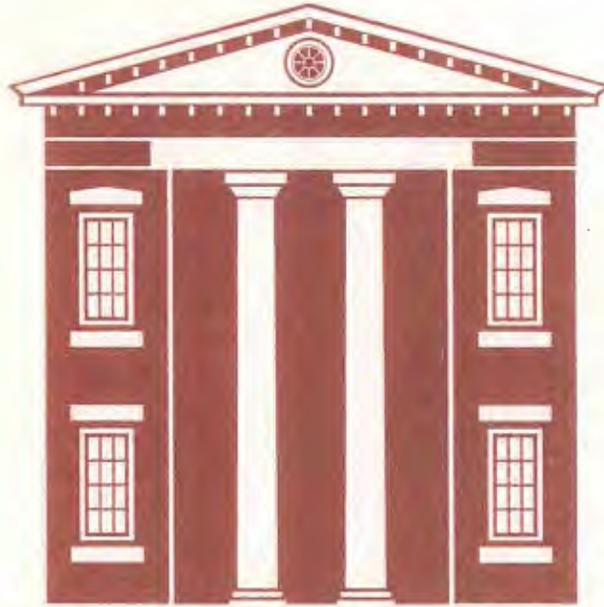
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses				
Governmental Activities:				
Administration	\$2,824,341	\$3,114,153	\$3,404,371	\$3,202,068
Community Development	2,384,853	1,821,213	-	-
Public Safety - Police	8,774,285	9,150,887	8,898,817	8,896,808
Public Safety - Fire	7,089,431	7,212,291	6,744,682	6,925,232
Parks and Community Services	6,650,653	5,999,749	5,867,659	5,714,379
Public Works	4,273,248	4,186,559	6,017,134	6,113,748
Library	2,349,721	2,403,239	2,117,872	2,600,356
Economic Development	473,311	536,124	485,052	609,814
General Government	3,182,776	4,283,723	2,339,200	2,942,788
Interest on Long-Term Debt	472,189	525,341	1,658,589	1,265,618
Total Governmental Activities Expenses	<u>39,650,910</u>	<u>38,474,808</u>	<u>39,233,279</u>	<u>37,533,376</u>
Business-Type Activities:				
Wastewater	7,023,768	7,294,741	7,422,265	7,082,311
Water	7,572,285	7,345,574	7,780,492	7,753,095
Benicia Marina	624,611	594,863	479,098	564,182
Transit	1,765,644	1,370,621	1,165,705	1,005,375
Total Business-Type Activities Expenses	<u>15,894,936</u>	<u>16,986,308</u>	<u>16,605,799</u>	<u>16,847,560</u>
Total Primary Government Expenses	<u>\$55,545,846</u>	<u>\$55,461,116</u>	<u>\$55,839,078</u>	<u>\$54,380,936</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Administration	\$56,609	\$41,724	\$16,863	\$50,305
Community Development	1,092,871	771,524	-	-
Public Safety - Police	190,136	200,824	202,345	155,331
Public Safety - Fire	223,919	425,753	171,946	44,626
Parks and Community Services	1,226,842	1,687,534	1,707,119	1,181,041
Public Works	146,363	265,001	1,123,401	577,489
Library	205,981	186,595	158,938	144,819
Economic Development	1,000	30	52	320
General Government	712,131	316,230	422,926	667,848
Operating Grants and Contributions	1,898,958	2,909,497	2,751,185	2,299,326
Capital Grants and Contributions	366,550	-	868,271	4,350,257
Total Government Activities Program Revenues	<u>6,557,030</u>	<u>6,121,360</u>	<u>6,804,712</u>	<u>7,423,046</u>
Business-Type Activities:				
Charges for Services:				
Wastewater	6,955,313	6,897,189	6,522,329	6,620,605
Water	7,141,569	6,772,607	6,610,587	6,379,255
Benicia Marina	547,422	323,034	318,767	307,916
Transit	332,687	153,573	84,520	88,486
Operating Grants and Contributions	1,683,891	599,934	809,348	782,879
Capital Grants and Contributions	-	2,000,000	-	-
Total Business-Type Activities Program Revenue	<u>17,042,576</u>	<u>16,660,882</u>	<u>16,746,337</u>	<u>14,345,551</u>
Total Primary Government Program Revenues	<u>\$23,599,606</u>	<u>\$22,782,242</u>	<u>\$23,551,049</u>	<u>\$21,768,597</u>
Net (Expense)/Revenue				
Governmental Activities	(\$32,353,448)	(\$32,428,567)	(\$30,110,330)	(\$28,799,449)
Business-Type Activities	(325,426)	140,538	(2,502,009)	(2,225,822)
Total Primary Government Net Expense	<u>(\$31,946,240)</u>	<u>(\$32,678,874)</u>	<u>(\$32,288,029)</u>	<u>(\$32,612,339)</u>

2012	2013	2014	2015	2016	2017
\$3,046,735	\$3,118,013	\$2,924,434	\$3,448,980	\$4,959,201	\$4,217,323
-	1,935,323	3,747,043	1,649,255	2,130,335	1,831,203
8,812,511	8,229,298	8,077,408	7,560,181	7,817,517	9,322,788
6,503,886	6,362,097	6,115,013	6,220,950	8,154,710	7,716,881
5,744,533	5,631,017	5,767,977	5,325,886	5,498,189	6,069,250
7,621,379	3,076,360	1,556,413	4,986,057	4,771,504	6,613,923
2,081,313	1,927,951	1,976,200	1,755,531	2,326,530	2,079,165
474,430	647,573	488,870	460,622	899,096	710,024
3,163,220	3,077,915	2,948,133	851,090	798,993	235,455
1,160,564	1,588,003	1,387,936	1,410,138	1,336,569	2,345,357
<u>38,270,811</u>	<u>38,608,571</u>	<u>35,593,550</u>	<u>34,989,427</u>	<u>38,692,644</u>	<u>41,141,369</u>
7,030,478	7,181,756	7,012,560	6,905,007	8,172,784	9,060,845
7,843,223	7,289,049	7,746,457	9,308,351	8,097,701	8,993,593
419,517	600,429	572,931	580,231	582,394	633,550
72,047	-	-	-	-	-
<u>16,404,963</u>	<u>15,365,265</u>	<u>15,071,234</u>	<u>15,331,948</u>	<u>16,852,879</u>	<u>18,687,988</u>
<u>\$54,675,774</u>	<u>\$53,973,836</u>	<u>\$50,664,784</u>	<u>\$50,321,375</u>	<u>\$55,545,523</u>	<u>\$59,829,357</u>
\$17,817	\$15,908	\$26,391	\$22,690	\$5,935	\$20,259
-	-	437,529	683,873	610,671	545,626
236,101	177,489	392,556	175,251	499,701	345,379
44,897	85,498	189,670	291,107	456,057	234,714
1,106,889	1,104,054	1,591,878	1,623,642	1,654,462	1,775,994
774,391	727,631	121,677	170,062	141,411	325,450
101,045	48,360	71,080	72,842	71,019	71,601
-	-	-	-	-	-
284,818	300,401	407,560	335,528	353,818	371,572
3,322,456	3,239,730	1,959,337	2,625,160	1,969,791	1,690,512
1,714,778	500,000	1,820,481	776,561	1,228,558	468,073
<u>9,471,362</u>	<u>7,603,192</u>	<u>6,199,071</u>	<u>7,018,159</u>	<u>6,991,423</u>	<u>5,849,180</u>
6,543,982	7,186,846	8,030,511	8,499,089	8,674,971	9,004,873
6,569,607	7,358,983	7,760,079	8,973,777	8,786,778	10,187,339
141,842	320,803	315,602	326,109	318,837	326,316
-	-	-	-	-	-
70,128	190,231	72,160	67,900	78,164	82,978
-	-	435,409	-	82,978	-
<u>14,179,141</u>	<u>13,325,559</u>	<u>15,056,863</u>	<u>16,613,761</u>	<u>17,941,728</u>	<u>19,601,506</u>
<u>\$23,650,503</u>	<u>\$20,928,751</u>	<u>\$21,255,934</u>	<u>\$23,631,920</u>	<u>\$24,933,151</u>	<u>\$25,450,686</u>
(\$31,005,379)	(\$29,394,479)	(\$27,971,268)	(\$26,891,974)	(\$31,701,221)	(\$35,292,189)
(2,039,706)	(14,371)	1,281,813	1,073,286	1,005,871	913,518
<u>(\$31,025,271)</u>	<u>(\$33,045,085)</u>	<u>(\$29,408,850)</u>	<u>(\$26,689,455)</u>	<u>(\$30,695,350)</u>	<u>(\$34,378,671)</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	\$14,275,801	\$13,812,912	\$13,266,103	\$12,974,217
Sales Tax	7,514,258	7,688,775	7,196,964	6,854,911
Utility Users Tax	4,190,517	4,413,428	4,938,585	5,027,163
Franchise Fees	1,589,752	1,851,511	1,292,872	1,570,184
Other Taxes	1,644,732	747,468	1,189,561	1,362,982
Motor Vehicle in Lieu	1,992,604	2,059,561	1,951,715	1,942,991
Investment Earnings	913,825	851,097	358,210	269,344
Gain from Disposal of Capital Assets	21,980	-	-	156
Miscellaneous	-	-	-	-
Transfers	68,402	30,415	30,415	(284,486)
Total Government Activities	<u>33,602,959</u>	<u>32,211,871</u>	<u>31,455,167</u>	<u>30,224,425</u>
Business-Type Activities:				
Interest Earnings	1,593,423	1,151,428	429,139	273,576
Gain (Loss) from Disposal of Capital Assets	5,920	5,598	-	2,558
Transfers	(68,402)	(30,415)	(30,415)	284,486
Total Business-Type Activities	<u>1,486,659</u>	<u>1,530,941</u>	<u>1,126,611</u>	<u>398,724</u>
Total Primary Government	<u>\$35,089,618</u>	<u>\$33,742,812</u>	<u>\$32,581,778</u>	<u>\$30,623,149</u>
Change in Net Position				
Governmental Activities	(\$141,577)	(\$973,400)	\$114,095	\$918,013
Business-Type Activities	1,205,515	1,267,149	(2,103,285)	(1,665,202)
Total Primary Government	<u>\$3,143,378</u>	<u>\$1,063,938</u>	<u>\$293,749</u>	<u>(\$1,989,190)</u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$13,447,764	\$11,835,074	\$14,960,814	\$15,843,353	\$16,254,148	\$17,003,131
6,888,750	7,873,396	7,100,073	7,789,308	12,040,536	11,388,283
5,087,381	4,825,055	4,739,792	4,318,066	4,594,385	4,515,825
1,598,206	1,637,825	1,859,241	2,200,664	2,079,543	2,148,659
1,435,854	2,913,592	1,087,893	1,070,045	1,106,213	1,204,737
1,908,529	1,822,267	11,915	11,510	11,172	12,320
195,064	(92)	98,392	216,322	380,381	180,174
20,734	-	10,631	187	-	-
-	-	-	99,463	662,398	117,189
(71,980)	(671,209)	(100,100)	(209,275)	15,725	(209,275)
<u>29,717,462</u>	<u>30,510,302</u>	<u>30,235,908</u>	<u>29,768,651</u>	<u>37,144,501</u>	<u>36,361,043</u>
196,287	48,860	227,924	194,435	313,557	85,824
(236,152)	1,388	-	-	-	-
71,980	671,209	100,100	209,275	(15,725)	209,275
<u>560,620</u>	<u>32,115</u>	<u>721,457</u>	<u>328,024</u>	<u>297,832</u>	<u>295,099</u>
<u>\$30,278,082</u>	<u>\$30,542,417</u>	<u>\$30,957,365</u>	<u>\$30,096,675</u>	<u>\$37,442,333</u>	<u>\$36,656,142</u>
(\$495,077)	\$841,429	\$1,797,383	\$4,447,669	\$5,443,280	\$1,068,854
(2,007,591)	707,086	1,609,837	1,476,996	1,303,703	1,208,617
<u>(\$747,189)</u>	<u>(\$2,502,668)</u>	<u>\$1,548,515</u>	<u>\$3,407,220</u>	<u>\$6,746,983</u>	<u>\$2,277,471</u>

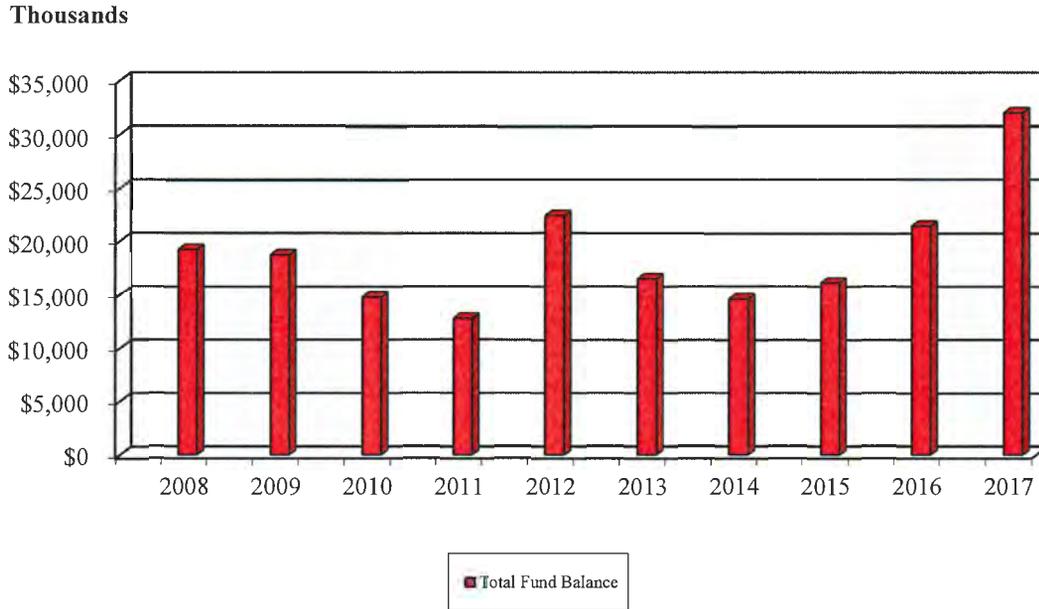


THE CITY OF
BENICIA
CALIFORNIA

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
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
2015	15,843,353	7,789,308	4,318,066	3,270,709	31,221,436
2016	16,254,148	12,040,536	4,594,385	3,185,756	31,221,436
2017	17,003,131	11,388,283	4,515,825	3,353,396	36,260,635

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



	At June 30				
	2008	2009	2010	2011	2012
General Fund					
Reserved	\$411,078	\$627,687	\$560,871		
Unreserved	9,296,480	5,662,297	5,384,445		
Nonspendable				\$2,143,040	\$636,667
Restricted				128,430	162,961
Committed				2,999,973	3,106,627
Assigned				200,471	358,928
Unassigned				(72,371)	2,792,694
Total General Fund	\$10,287,098	\$9,707,558	\$6,289,984	\$5,945,316	\$5,399,543
All Other Governmental Funds					
Reserved	\$4,739,462	\$1,759,627	\$2,414,901		
Unreserved, reported in:					
Special revenue funds	3,169,621	3,406,367	3,639,961		
Capital project funds	1,140,250	3,379,820	800,599		
Nonspendable				\$1,475	
Restricted				5,429,411	\$4,984,800
Committed				2,612,563	2,618,151
Unassigned				(1,713,546)	(355,839)
Total all other governmental funds	\$8,975,336	\$9,049,333	\$8,545,814	\$6,855,461	\$6,329,903

- (a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.
- (b) The City adjusted certain beginning balances during fiscal year 2014-2015. Financial data shown for preceding years were not adjusted for presentation.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$30,750	\$30,750	\$767,860	\$650,604	\$740,384
203,047	189,581	176,891	157,593	141,859
3,097,360	3,146,027	6,604,104	8,701,436	8,652,234
1,054,192	5,976,428	1,208,003	1,702,927	1,841,497
<u>3,943,937</u>	<u>233,218</u>	<u>3,204,453</u>	<u>3,909,481</u>	<u>6,750,750</u>
<u>\$7,057,877</u>	<u>\$8,329,286</u>	<u>\$9,576,004</u>	<u>\$15,122,041</u>	<u>\$18,126,724</u>
\$5,107,617	\$5,018,601	\$6,566,573	\$9,619,366	\$11,091,501
1,480,824	1,555,616	3,211,578	3,351,668	2,895,151
(272,217)	(805)	(251,573)	(7,369)	(99,139)
<u>\$7,247,112</u>	<u>\$6,316,224</u>	<u>\$6,573,412</u>	<u>\$12,963,665</u>	<u>\$13,887,513</u>

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

	Fiscal Year Ended June 30,			
	2008	2009	2010	2011
Revenues				
Taxes and assessments	\$28,813,851	\$29,080,090	\$27,896,749	\$27,698,473
Licenses, permits and fees	349,130	323,241	320,466	315,208
Fines and forfeitures	128,770	115,596	105,391	99,898
Use of money and property	1,628,652	1,003,453	587,040	701,264
Intergovernmental revenues	4,576,701	4,451,238	4,855,610	5,200,591
Charges for services	2,310,008	2,344,817	2,234,871	1,485,991
Other	580,013	492,841	1,651,482	1,933,329
Total Revenues	<u>37,743,667</u>	<u>38,387,125</u>	<u>37,811,276</u>	<u>37,651,609</u>
Expenditures				
Current:				
Administration	2,729,399	2,975,571	3,365,557	3,101,146
Community Development	2,263,730	2,268,403		
Public Safety - Police	8,292,356	8,544,690	8,970,286	8,568,999
Public Safety - Fire	6,782,268	6,974,688	6,779,441	6,555,355
Parks and Community Services	5,764,217	5,672,170	5,482,353	5,371,171
Public Works	1,912,747	2,220,756	4,615,700	2,825,598
Library	2,262,383	2,322,259	2,134,589	2,158,850
Economic Development	466,322	517,268	493,857	458,470
General Government	3,025,451	4,187,891	2,418,903	2,641,205
Capital outlay	4,227,287	4,883,976	4,356,489	7,080,488
Debt service:				
Principal repayment	698,064	734,049	770,542	807,565
Interest and fiscal charges	481,502	451,063	429,328	471,211
Refunding bonds issuance costs				
Total Expenditures	<u>42,915,079</u>	<u>38,905,726</u>	<u>41,752,784</u>	<u>39,817,045</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,171,412)</u>	<u>(518,601)</u>	<u>(3,941,508)</u>	<u>(2,165,436)</u>
Other Financing Sources (Uses)				
Transfers in	2,653,351	3,448,918	1,926,107	2,521,117
Transfers (out)	(2,662,273)	(3,428,503)	(1,795,692)	(2,805,603)
Capital lease issued				
Proceeds from bonds issuance				13,195,000
Bond issue costs				(235,368)
Refunding bonds issued				
Discount on bond				(12,328)
Discount on refunding bonds issued				
Sale of capital assets	21,980			156
Total other financing sources (uses)	<u>116,138</u>	<u>13,058</u>	<u>20,415</u>	<u>130,415</u>
Net Change in fund balances	<u><u>(\$5,055,274)</u></u>	<u><u>(\$505,543)</u></u>	<u><u>(\$3,921,093)</u></u>	<u><u>(\$2,035,021)</u></u>
Debt service as a percentage of				
noncapital expenditures	3.6%	3.4%	3.2%	3.4%

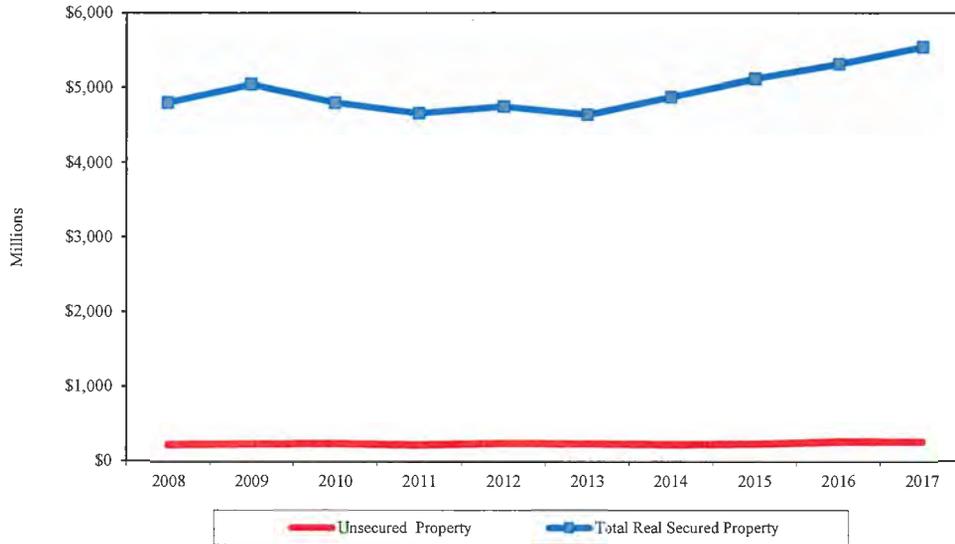
NOTE:

(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,

2012	2013	2014	2015	2016	2017
\$28,289,246	\$28,246,659	\$30,053,333	\$31,649,100	\$36,502,489	\$36,687,899
277,267	331,830	391,987	539,451	480,554	458,696
184,084	125,016	92,633	82,198	102,280	112,172
514,674	347,451	562,568	553,513	907,017	599,581
4,931,453	4,853,473	3,366,221	2,847,632	2,199,299	1,636,742
1,507,509	1,620,508	1,792,391	1,881,719	2,282,367	2,165,041
2,446,893	1,587,488	627,336	743,584	1,580,731	736,670
37,434,754	38,151,126	37,112,425	36,886,469	44,054,737	42,396,801
2,978,057	2,989,783	3,288,675	4,427,640	4,490,769	4,345,176
	1,351,994	1,032,179	1,287,113	1,508,851	1,439,367
8,425,574	8,381,295	8,495,411	8,410,085	8,862,878	8,989,937
6,193,806	6,490,519	6,449,095	6,870,350	7,482,750	7,211,065
5,097,677	5,160,108	5,407,167	5,579,622	5,520,405	5,758,553
2,412,189	1,486,669	1,484,907	2,302,990	2,630,397	2,808,321
2,019,269	1,961,284	2,027,067	2,093,511	2,175,008	2,215,440
443,384	653,720	537,493	572,719	744,460	720,893
2,863,369	2,821,213	2,899,981	722,030	528,144	25,710
9,872,108	3,434,964	2,604,625	2,057,354	2,067,089	5,546,128
5,435,150	993,334	937,139	966,668	991,759	819,648
1,138,271	135,505	129,355	102,611	74,043	71,585
98,550					
40,040,058	46,977,404	35,860,388	35,293,094	37,076,553	39,951,823
(2,605,304)	(8,826,278)	1,252,037	1,593,375	6,978,184	2,444,978
3,331,208	2,285,097	498,129	134,750	620,645	320,645
(3,933,188)	(3,196,613)	(598,229)	(390,537)	(1,001,012)	(744,942)
4,270,000					
(21,350)					
20,734		10,631	187		
12,662,974	3,667,404	(911,516)	(89,469)	(380,367)	(424,297)
\$10,057,670	(\$5,158,874)	\$340,521	\$1,503,906	\$6,597,817	\$2,020,681
3.9%	17.7%	3.5%	3.5%	3.2%	2.6%

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



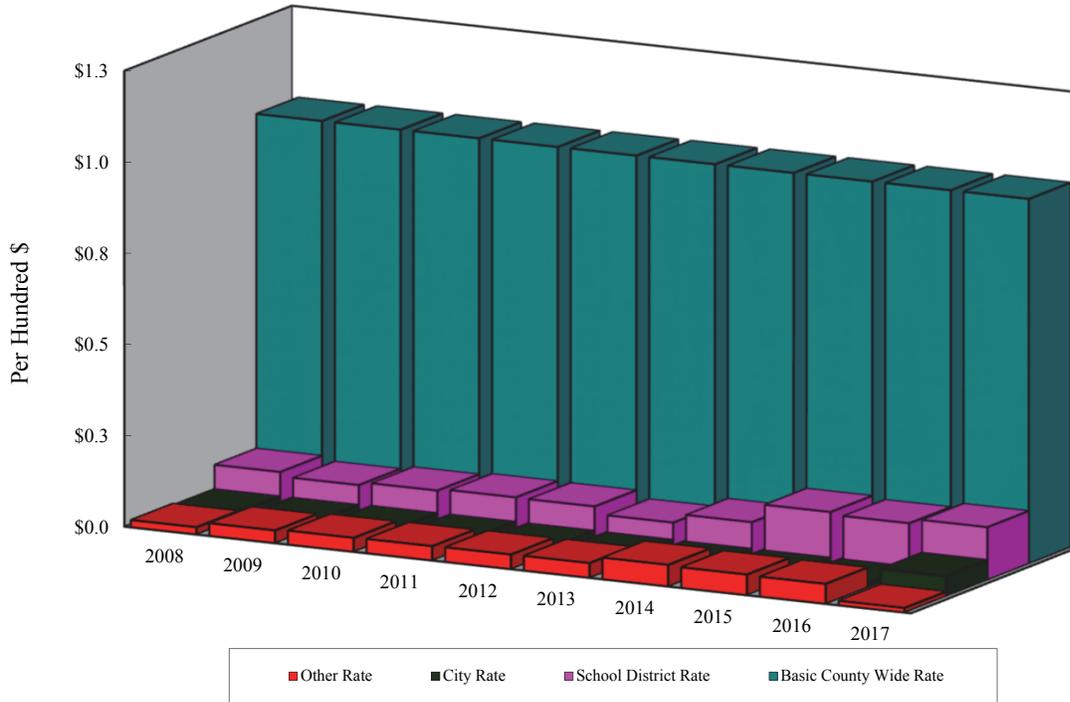
Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2008	\$3,082,710,837	\$149,511,998	\$1,278,262,415	\$78,174,389	\$4,588,659,639	\$218,303,830	\$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%
2015	3,081,003,497	193,975,573	1,559,702,541	61,556,385	4,896,237,996	230,216,645	5,126,454,641	5,126,454,641	0.24913%
2016	3,225,335,174	201,238,626	1,573,661,075	63,718,495	5,063,953,370	256,737,838	5,320,691,208	5,320,691,208	0.24918%
2017	3,404,967,491	206,276,891	1,618,061,212	66,992,516	5,296,298,110	254,806,049	5,551,104,159	5,551,104,159	0.24918%

Source: Solano County Assessor 2007/08 - 2016/17 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 Direct Rate
		Basic County Wide Rate	School District Rate	City Rate	Other Rate	
2008	0.26295	1.0000	0.0823	0.0157	0.0200	1.1180
2009	0.26382	1.0000	0.0701	0.0159	0.0350	1.1210
2010	0.26547	1.0000	0.0788	0.0173	0.0385	1.1345
2011	0.26506	1.0000	0.0839	0.0171	0.0395	1.1405
2012	0.26145	1.0000	0.0827	0.0165	0.0402	1.1394
2013	0.26282	1.0000	0.0621	0.0154	0.0406	1.1181
2014	0.26290	1.0000	0.0871	0.0143	0.0596	1.1610
2015	0.24913	1.0000	0.1389	0.0137	0.0567	1.2093
2016	0.24918	1.0000	0.1318	0.0130	0.0549	1.1997
2017	0.24918	1.0000	0.1448	0.0550	0.0125	1.2123

Source: Solano County Auditor-Controller's Office

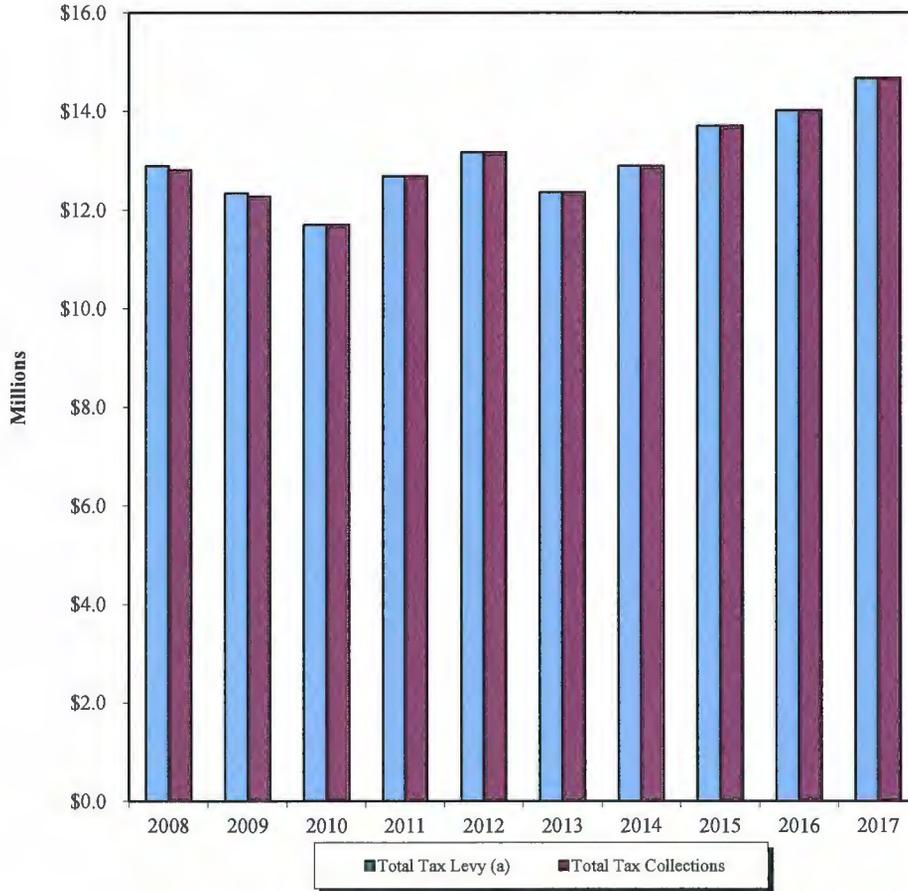
CITY OF BENICIA
Principal Property Taxpayers
Current Year and Ten Years Ago

Taxpayer	2016-2017			2007-08		
	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	\$ 1,004,657,813	1	18.10%	\$ 799,710,182	1	16.6%
Icon Owner Pool 1 SF N-B P LLC	133,424,150	2	2.40%			
Benicia Industries	73,874,093	3	1.33%	65,512,513	3	1.36%
Tulloch Construction Inc.	30,842,779	4	0.56%	22,358,882	5	0.47%
Gonsalves and Santucci Inc.	27,578,110	5	0.50%			
WRI West Gate South LP	27,542,382	6	0.50%			
Club Pacifica LLC	24,072,508	7	0.43%	21,201,830	6	0.44%
Bebe Studio Realty LLC	21,536,734	8	0.39%			
Valley Fine Foods Company Inc.	19,733,083	9	0.36%			
Clean Harbors Environ SVS Inc.	14,255,286	10	0.26%			
Calwest Industrial Holdings				84,203,365	2	1.75%
WRI Golden State LLC				24,335,566	4	0.51%
SPK Industrial Portfolio LLC				18,844,984	7	0.39%
Shea Homes				17,417,332	8	0.36%
PPF IND 4701-4799 Ind WY LP				14,833,370	9	0.31%
MP Benicia Logistics LLC				13,297,503	10	0.28%
Total	\$ 1,377,516,938		24.82%	\$ 1,081,715,527		22.50%

Total Net Assessed Valuation:
Fiscal Year 2016-2017 \$5,551,104,159
Fiscal Year 2007-2008 \$4,806,963,469

Source: HdL, Coren & Cone Report

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



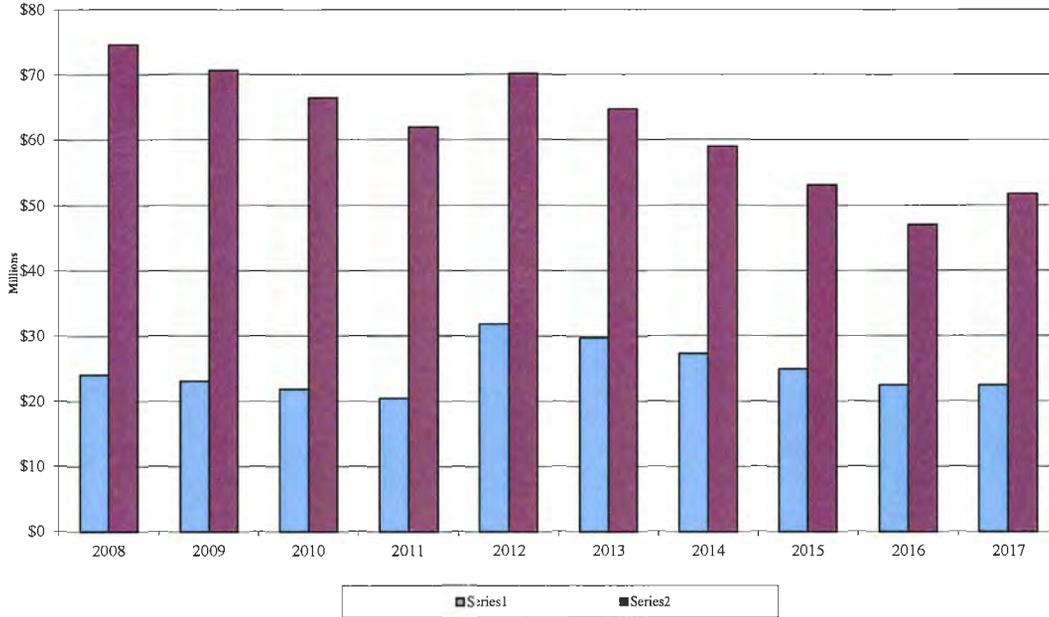
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2008	\$12,898,327	\$12,814,858	99.3529%	\$12,814,858	99.3529%
2009	12,346,920	12,280,522	99.4622%	12,280,522	99.4622%
2010 *	11,701,913	11,701,913	100.0000%	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%
2015 *	13,702,925	13,702,925	100.0000%	13,702,925	100.0000%
2016 *	14,014,604	14,014,604	100.0000%	14,014,604	100.0000%
2017	14,665,965	14,665,965	100.0000%	14,665,965	100.0000%

Source: Solano County Auditor-Controller's Office

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

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

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



Governmental Activities

Fiscal Year	General Obligation Bonds	Pension Obligation Bonds	Lease Obligation	Certificates of Participation	Total
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	20,480,830
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
2015	2,310,000	9,787,852	1,303,202	11,595,804	24,996,858
2016	1,660,000	8,826,105	922,322	11,071,101	22,479,528
2017	1,005,000	7,762,706	2,624,334	11,065,000	22,457,040

Business-Type Activities

Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Loans Payable	Lease Purchase	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
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	5.21%	2,362.86
2011	5,661,631	2,931,130	32,820,100	-	41,412,861	61,893,691	5.16%	2,282.38
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
2015	2,598,877	1,759,788	23,750,423	-	28,109,088	53,105,946	3.89%	1,917.94
2016	1,754,631	1,439,452	21,355,786	-	24,549,869	47,029,397	3.34%	1,710.10
2017	890,000	1,104,116	18,905,171	\$8,366,073	29,265,360	51,722,400	3.46%	1,867.57

Sources: City of Benicia
 State of California, Department of Finance (population)
 U.S. Department of commerce, Bureau of the Census (income)
 (a) See page 141 (Demographic Statistics) for personal income and population data.

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

Fiscal Year	General Obligation Bonds	Pension Obligation Bonds	Total	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2008	\$6,585,000	\$14,302,596	\$20,887,596	0.43%	746.57
2009	6,100,000	13,676,377	19,776,377	0.39%	706.88
2010	5,590,000	13,273,493	18,863,493	0.39%	671.63
2011	5,055,000	12,758,370	17,813,370	0.38%	656.88
2012	4,270,000	12,148,201	16,418,201	0.35%	609.91
2013	3,575,000	11,451,726	15,026,726	0.32%	553.21
2014	2,950,000	10,668,519	13,618,519	0.28%	496.05
2015	2,310,000	9,787,852	12,097,852	0.24%	436.92
2016	1,660,000	8,826,105	10,486,105	0.20%	381.30
2017	1,005,000	7,762,706	8,767,706	0.16%	316.58

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, 2017**

2016-17 Assessed Valuation \$5,551,104,159

	Total Debt 6/30/2017	Percentage Applicable (1)	City's Share of Debt 6/30/2017
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>			
Solano County Community College District	\$297,379,164	11.722%	\$ 34,858,786
Benicia Unified School District	64,521,418	99.272%	64,051,702
City of Benicia	1,005,000	100%	1,005,000
City of Benicia 1915 Act Bonds	7,518,573	100%	<u>7,518,573</u>
 TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			 <u>107,434,061</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
Solano County Certificates of Participation	93,260,000	11.271%	10,511,335
Solano County Pension Obligation Bonds	32,880,000	11.271%	3,705,905
Solano County Board of Education Certificates of Participation	1,045,000	11.271%	117,782
Solano County Community College District Certificates of Participation	9,862,635	11.722%	1,156,098
City of Benicia Certificates of Participation	20,330,450	100%	20,330,450 (2)
City of Benicia Pension Obligations	5,733,202	100%	<u>5,733,202 (3)</u>
 TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			 \$ 41,554,772
TOTAL DIRECT DEBT			27,068,652
TOTAL OVERLAPPING DEBT			<u>121,920,181</u>
 COMBINED TOTAL DEBT			 <u>\$ 148,988,833 (4)</u>

(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 \$803,685.

(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.

<u>RATIOS TO 2016-17 ASSESSED VALUATION:</u>	
Direct Debt (\$1,005,000)	0.02%
Total Direct and Overlapping Tax and Assessment Debt	1.94%
Total Direct Debt (\$27,068,652)	0.49%
Combined Total Debt	2.68%

Source: California Municipal Statistics, Inc.

**CITY OF BENICIA
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2017**

ASSESSED VALUATION:

Secured property assessed value, net of
exempt real property \$ 5,296,298,110

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a) \$ 198,611,179

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt \$ 21,826,822

Less Revenue Bonds,
Certificate of Participation not subject to limit 20,821,822

Amount of debt subject to limit 1,005,000

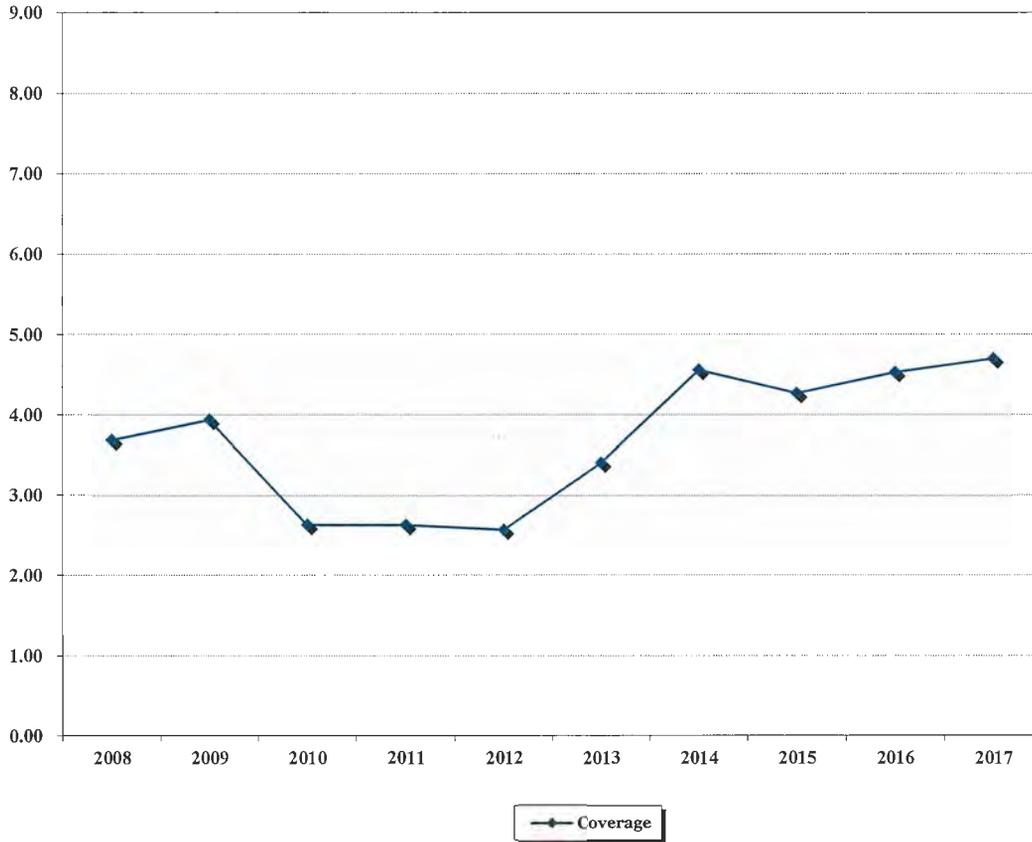
LEGAL BONDED DEBT MARGIN \$ 197,606,179

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
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%
2015	181,298,925	2,310,000	178,988,925	1.29%
2016	188,238,251	1,660,000	186,578,251	0.89%
2017	198,611,179	1,005,000	197,606,179	0.51%

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)**

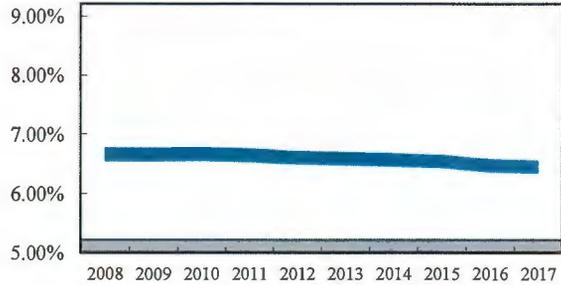


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2008	\$15,668	\$9,689	\$5,979	\$1,175	\$446	\$1,621	3.69
2009	14,804	9,536	5,268	925	413	1,338	3.94
2010	13,540	10,014	3,526	950	385	1,335	2.64
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
2015	17,650	11,979	5,671	1,125	203	1,328	4.27
2016	17,759	11,746	6,013	1,170	158	1,328	4.53
2017	19,266	13,094	6,172	1,205	109	1,314	4.70

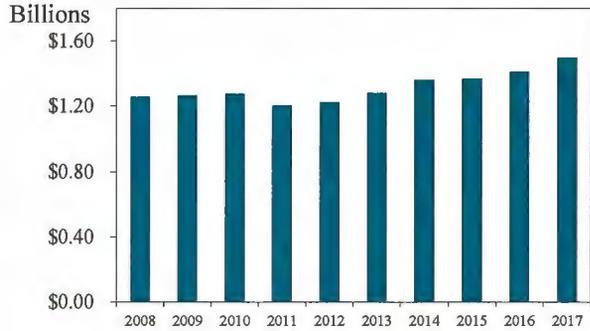
Notes: (1) Includes all Water & Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue
 (2) Includes all Water & Wastewater Operating Expenses less Depreciation and Interest

Source: City of Benicia

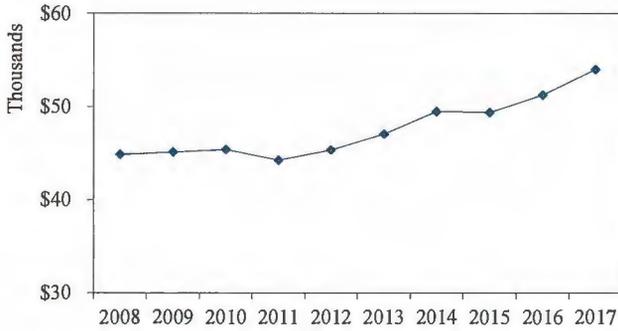
CITY OF BENICIA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS



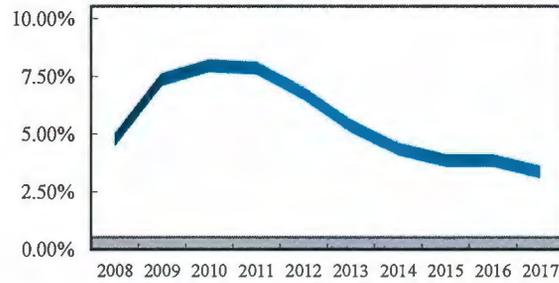
■ City Population as a % of County



■ 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
2008	27,978	\$1,254,477,564	\$44,838	4.5%	426,757	6.56%
2009	27,977	1,262,210,209	45,116	7.1%	426,729	6.56%
2010	28,086	1,274,984,045	45,396	7.7%	427,837	6.56%
2011	27,118	1,199,772,552	44,243	7.6%	414,509	6.54%
2012	26,919	1,220,861,565	45,353	6.5%	413,786	6.51%
2013	27,163	1,278,371,411	47,063	5.1%	418,387	6.49%
2014	27,454	1,358,220,551	49,473	4.1%	424,233	6.47%
2015	27,689	1,366,695,963	49,359	3.6%	429,552	6.45%
2016	27,501	1,409,269,818	51,244	3.6%	431,498	6.37%
2017	27,695	1,495,422,857	53,996	3.1%	436,023	6.35%

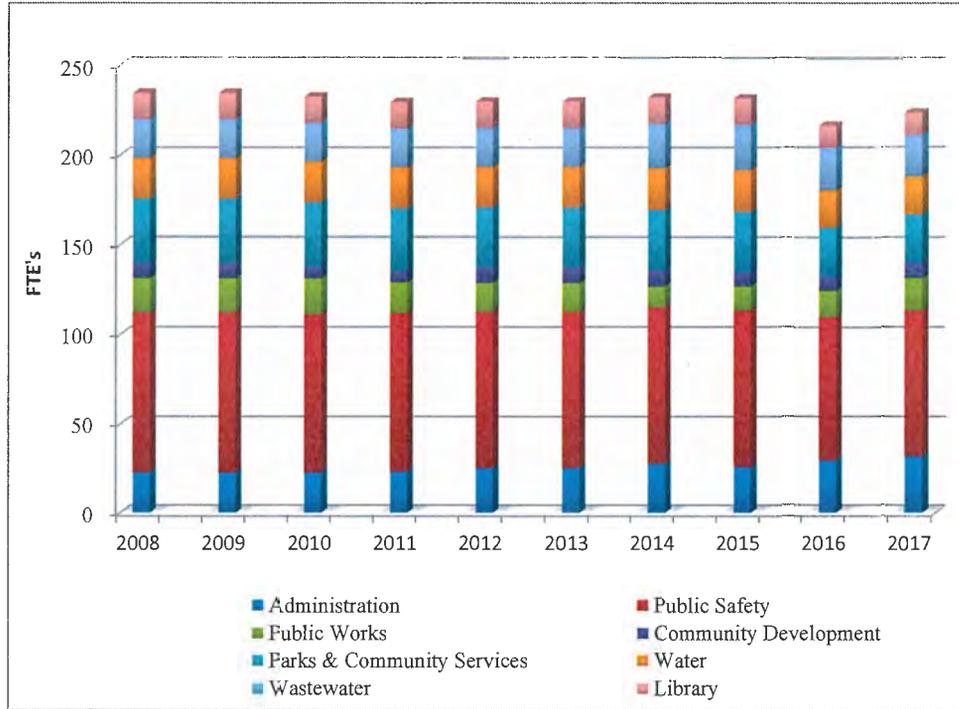
Sources: California State Department of Finance & EDD

CITY OF BENICIA
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2016-17</u>			<u>2007-08</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	500	1	1.8%	531	1	1.9%
Benicia Unified School District	370	2	1.3%	465	2	1.7%
Safeway Services LLC	283	3	1.0%			
Pro-form Laboratories	257	4	0.9%			
City of Benicia	224	5	0.8%	234	3	0.9%
Dunlop Manufacturing	223	6	0.8%	209	4	0.8%
Bio-Rad Laboratories Inc.	187	7	0.7%	197	5	0.7%
Team Industrial Services Inc	181	8	0.7%			
Clean Harbors Environmental	153	9	0.6%			
Central Coast Wine Co	131	10	0.5%			
Cytosport				187	6	0.7%
Coca Cola Bottling Co.				145	7	0.5%
APS West Coast, Inc.				131	8	0.5%
Radiator Express Warehouse Inc.				130	9	0.5%
Philip Services Corp.				128	10	0.5%
Subtotal	<u>2,509</u>		<u>9.1%</u>	<u>2,357</u>		<u>8.6%</u>
Total City Day Population	<u>27,571</u>			<u>27,319</u>		

Source: City of Benicia

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



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function										
Administration	22.50	22.50	22.50	23.00	25.00	25.00	27.50	25.60	29.75	31.75
Public Safety	90.00	90.00	89.00	89.00	88.00	88.00	88.00	88.00	80.00	82.00
Public Works	18.95	18.95	19.95	17.35	16.03	16.03	11.65	13.55	14.75	17.75
Community Development	9.00	9.00	7.00	6.67	8.97	8.97	9.00	8.00	8.00	9.00
Parks & Community Services	35.00	35.00	35.00	34.00	32.50	32.50	33.00	33.00	27.00	26.00
Water	22.95	22.95	22.95	23.16	23.05	23.05	23.60	23.60	21.15	21.55
Wastewater	21.10	21.10	21.10	21.31	21.20	21.20	24.25	24.75	23.15	22.70
Library	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	12.75	12.75
Total	<u>234.50</u>	<u>234.50</u>	<u>232.50</u>	<u>229.49</u>	<u>229.75</u>	<u>229.75</u>	<u>232.00</u>	<u>231.50</u>	<u>216.55</u>	<u>223.50</u>

Source: City of Benicia

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

	Fiscal Year				
	2008	2009	2010	2011	2012
Function/Program					
Public safety:					
Fire:					
Fire calls for service	2,040	2,243	2,122	2,067	2,238
Primary fire inspections conducted (estimate)	200	1,074	935	750	690
Police:					
Police calls for Service	15,934	17,302	27,029	14,536	12,422
Law violations:					
Physical arrests (adult and juvenile)	1,056	838	836	866	734
Traffic violations	2,208	3,671	2,546	2,346	2,394
Parking violations	646	434	237	230	206
Public Works					
Street resurfacing (miles)	0.3	-	5	0.8	8.9
Potholes repaired (cubic feet) *	1,200	1,200	1,764	1,395	953
Parks & Community Services:					
Community Services:					
Recreation class programs	824	773	800	820	1,104
Recreation class participants	10,622	8,291	8,560	9,137	10,126
Library:					
Volumes in Collection	111,145	107,756	106,965	106,264	109,436
Total Volumes Borrowed	346,106	371,581	384,056	384,134	433,264
Water					
Water service connections	9,370	9,506	9,557	9,547	9,434
Water main breaks	17	14	33	10	15
Average daily consumption (thousands of gallons)	4,610	4,209	3,540	3,808	3,714
Wastewater					
Storm drain inlets	2,040	2,040	2,040	2,040	2,040
Sewer service connections	9,109	9,243	9,261	9,278	9,277
Sewer main blockages	59	51	46	27	24
Average daily treatment (thousands of gallons)	2,600	2,195	2,280	2,433	2,370

Source: City of Benicia

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

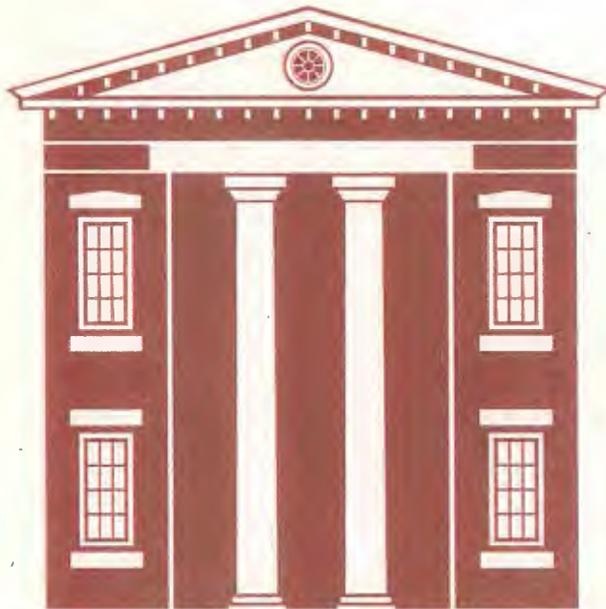
Fiscal Year				
2013	2014	2015	2016	2017
2,208	2,180	2,346	2,465	2,579
401	398	331	877	621
18,867	17,557	13,027	18,560	22,003
614	602	562	671	704
1,296	1,239	775	758	1,525
77	148	134	230	273
1.3	2.8	0.8	-	7.0
999	420	467	644	6,288
971	986	1,177	1,180	1,132
9,546	9,071	9,701	9,800	9,035
99,608	104,546	105,441	103,864	108,894
474,472	490,984	457,210	431,687	312,060
9,827	9,682	9,698	9,687	9,710
21	18	26	40	23
4,062	4,014	3,129	2,593	2,687
2,040	2,040	2,040	2,040	2,040
9,283	9,185	9,197	9,181	9,204
34	23	12	14	10
2,180	2,110	2,018	1,967	2,106

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

	Fiscal Year				
	2008	2009	2010	2011	2012
Function/Program					
Public safety:					
Fire stations	2	2	2	2	2
Police stations	1	1	1	1	1
Police patrol units	13	13	12	12	11
Public works					
Miles of streets	97	97	97	97	97
Street lights	2,100	2,100	2,232	2,232	2,232
Traffic Signals	10	10	10	11	11
Parks and recreation:					
Community services:					
City parks	36	36	36	36	36
City parks acreage	214	214	214	214	214
Recreation centers	2	2	2	2	2
Senior citizen centers	1	1	1	1	1
Regional park acreage	577	577	577	577	577
Library:					
City libraries	1	1	1	1	1
Water					
Miles of water mains	160	160	160	160	160
Fire hydrants	1,259	1,427	1,430	1,428	1,429
Maximum daily capacity (millions of gallons)	12	12	12	12	12
Wastewater					
Miles of sanitary sewers	150	150	150	150	150
Miles of storm drains	78	78	78	78	78
Number of treatment plants	1	1	1	1	1

Source: City of Benicia

Fiscal Year				
2013	2014	2015	2016	2017
2	2	2	2	2
1	1	1	1	1
13	13	13	13	13
97	97	97	97	97
2,232	2,232	2,232	2,232	2,358
11	11	11	11	11
36	36	36	36	36
214	214	214	214	214
2	2	2	2	2
1	1	1	1	1
577	577	577	577	577
1	1	1	1	1
160	160	160	160	160
1,449	1,449	1,452	1,452	1,452
12	12	12	12	12
150	150	150	150	150
78	78	78	78	78
1	1	1	1	1



THE CITY OF
BENICIA
CALIFORNIA