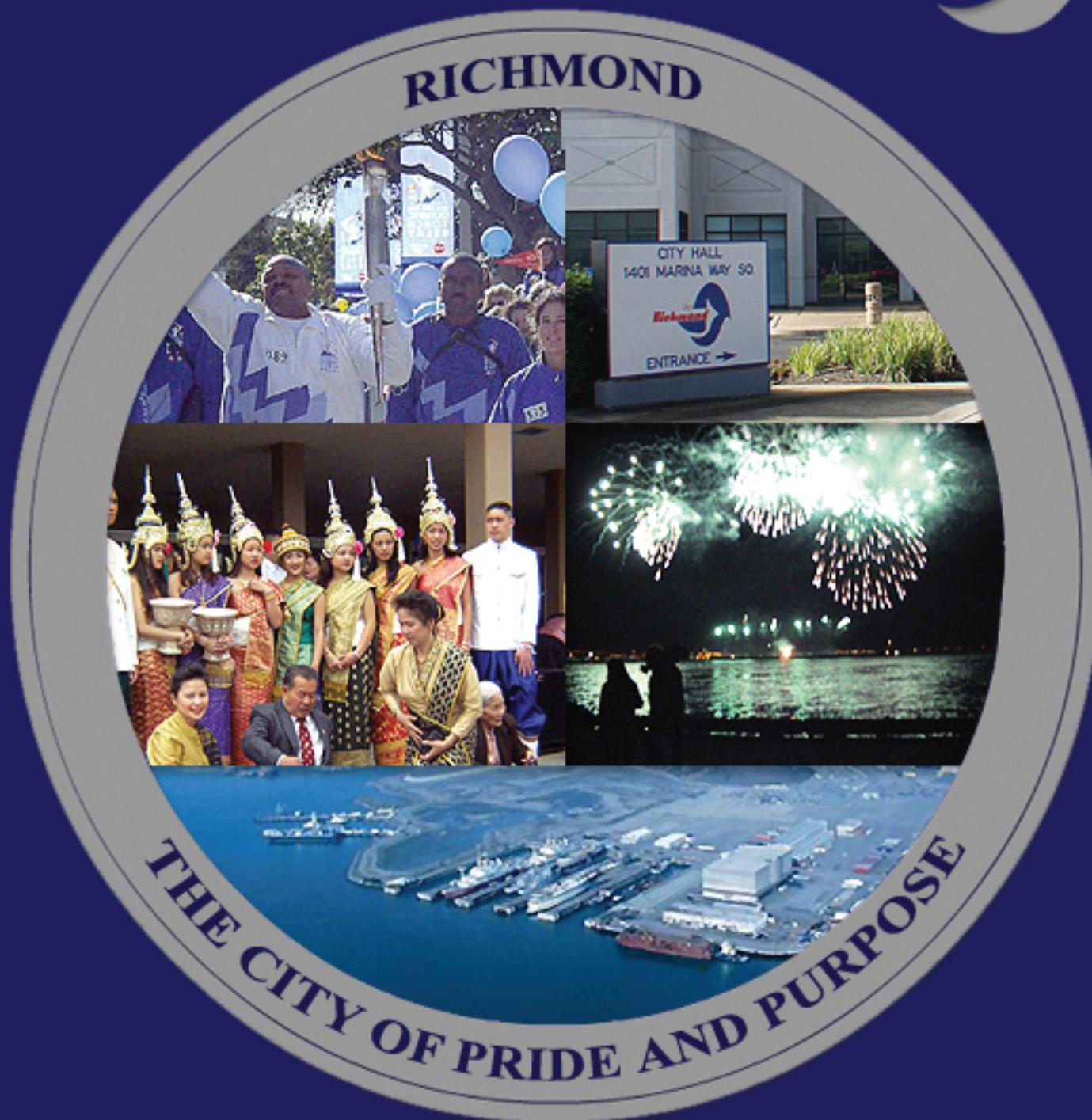


# City of Richmond, California



## Comprehensive Annual Financial Report

For the year ended June 30, 2003

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# CITY OF RICHMOND

## CALIFORNIA

### COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2003

PREPARED BY THE FINANCE DEPARTMENT

PAT SAMSELL · FINANCE DIRECTOR  
GREG LAWSON · DEPUTY FINANCE DIRECTOR

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2003

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# INTRODUCTORY SECTION

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FINANCE DEPARTMENT  
ACCOUNTING DIVISION

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January 30, 2004

Citizens of the City of Richmond  
The Honorable Mayor and  
Members of the City Council

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Richmond, California (City). The Finance Department has prepared this report to present the financial position and the results of the City's operations for the fiscal year ended June 30, 2003, and the cash flows of its proprietary fund types for the year then ended. The basic financial statements and supporting schedules have been prepared in compliance with Article IV, Section 1(b)3 of the City Charter, with California Government Code Sections 25250 and 25253, and in accordance with generally accepted accounting principles (GAAP) for local governments as established by the Governmental Accounting Standards Board (GASB).

Our Comprehensive Annual Financial Report is presented in three sections:

The **Introductory Section** includes the transmittal letter, information about the organizational structure of the City, the profile of the government, information useful in assessing the financial condition of the City.

The **Financial Section** is prepared in accordance with the GASB 34 requirements by including Management's Discussion and Analysis (MD&A), the Basic Financial Statements including notes and the Required Supplementary Information. The Basic Financial Statements include the government-wide financial statements that present an overview of the City's entire financial operations and the fund financial statements that present the financial information of each of the City's major funds, as well as non-major governmental, fiduciary, and other funds. Also included in this section is the Independent Auditors' Report on the basic financial statements.

The **Statistical Section** includes ten years of unaudited summary financial data, debt computations, and a variety of demographic, economic and social information that may be of interest to potential investors in the City's bonds and to other inquiring readers.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with

GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by a group of independent auditing firms that are licensed certified public accountants. The objective of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2003. The Independent Auditors' Report is presented as the first component of the Financial Section of this report.

GASB Statement No. 34 (GASB 34) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **The Reporting Entity and Its Services**

The City has defined its reporting entity in accordance with generally accepted accounting principles that provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. This CAFR presents information on the activities of the City and its component units.

As required by GAAP, these general purpose financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Discretely presented component units, on the other hand, are reported in a separate column in the combined general purpose financial statements to emphasize their legal separateness from the City. Each blended component unit has a June 30 year-end. The City has no discretely presented component units. Please see note 1 for a detailed discussion of the financial reporting entity.

The City's component units and assessment districts are as follows: the Richmond Redevelopment Agency, the Richmond Housing Authority, the Richmond Joint Powers Financing Authority, the Richmond Parking Authority, and the Hilltop F Refunding Series AF, Atlas Road West, Cutting/Canal and Atlas Interchange Special Assessment Districts.

### **Profile of the Government**

The City of Richmond was chartered as a city in 1909, and is located 16 miles northeast of San Francisco, directly across San Francisco Bay. Richmond is on a peninsula separating San Francisco Bay (on the south) and San Pablo Bay (to the north), spanning 32 total miles of shoreline. The city's

total area is 56.1 square miles, 33.8 of which is land area and 22.3 water area. Richmond is situated near major metropolitan cities and major new growth areas. San Francisco is within 35 minutes from Richmond by freeway; Oakland is 20 minutes; San Jose is approximately one hour's drive to the south; and Sacramento, the state capitol, is approximately 90 minutes to the east. Central Marin County is 15 minutes from Richmond directly across the Richmond-San Rafael Bridge. Freeways provide direct access from Richmond to major new growth areas along Interstate 80 north and east to Vallejo, Fairfield and Sacramento; along Interstate 680 in central Contra Costa County; and south along Interstate 880 to the San Jose area.

Richmond's population is 101,373. The population within a 30-mile radius of Richmond is over 3.7 million, and within a 70-mile radius is approximately 7.8 million. Richmond is located on the western shore of Contra Costa County, and is the largest city in the "West County" region consisting of five cities: Richmond, El Cerrito, San Pablo, Hercules, and Pinole.

The City of Richmond provides a full range of municipal services, including police and fire protection, construction and maintenance of highways, streets and infrastructure, library services, storm water and municipal sewer systems, wastewater treatment facility, and the administration of recreational activities and cultural events. The City also operates a downtown parking facility, and the Richmond Memorial Convention Center.

The City Council is the governing body of the City and has nine members elected at large to alternating 4-year terms. The Mayor is elected at large and is a member of the City Council. The City of Richmond is a Council-Manager form of government. The City Manager, appointed by the Mayor and Council, has administrative authority to manage administrative and fiscal operations of the City. In addition to the City Manager, the City Attorney, City Clerk, and Investigative Appeals Officer are appointed by the Mayor and Council.

The mission of the City of Richmond is:

*The City of Richmond provides services that enhance economic vitality, the environment and the quality of life of our community.*

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

#### **Local economy**

The economy of the City of Richmond includes heavy and light manufacturing, distribution facilities, service industry, commercial centers, and a multi-terminal shipping port on San Francisco Bay. Richmond also serves as a government center for West Contra Costa County. The Richmond economy is experiencing growth in light industrial and high technology companies and new business parks that accommodate both light industrial and "office/flex" type commercial buildings. Growth in these sectors is adding diversity to Richmond's industrial base. At the same time, the heavy industry is continuing to upgrade their Richmond facilities, making major investments in modernization and expansion.

A number of prime factors appear to be attracting the new high-tech firms to Richmond:

- The ongoing development and leasing of light industrial/business park property at Hilltop and along the relatively new I-580 freeway along Richmond's South Shoreline, evidence that an active market for this kind of space exists in the Richmond area;
- Availability of fairly extensive vacant-or under-utilized land areas zoned for industrial use;
- Relatively lower land costs than elsewhere in the Bay Area;
- Richmond's central location in western Contra Costa County, within a short distance of San Francisco, Oakland and other East Bay cities, Marin County, and a relatively easy commute to and from the State's capitol, Sacramento, including the new Richmond Transit Village featuring an inter-modal station providing easy access to Bay Area Rapid Transit (BART) Amtrack, and busses;
- Proximity to the University of California Berkeley, one of the major scientific universities and library systems in the world;
- Good access and transportation (Richmond has two Interstate freeways as well as good rail and water transportation facilities, including Southern Pacific and Santa Fe Railroads, Santa Fe western terminal, and the Port of Richmond); and
- Availability of affordable housing for employees in a variety of neighborhoods, housing types and price ranges.

The City's Business Retention and Expansion Program commits to building infrastructure and regulatory environments that attract emerging industries and accommodate expanding industries. Cutting edge work is currently underway in Richmond, including antibody research and research related to cancer, aging, multiple sclerosis, and neurological disorders.

Small business firms, 20 or fewer employees, comprise a very high percentage or approximately 95% of all Richmond businesses. Very small businesses consisting of 0 to 5 employees comprise approximately 82% of all local businesses. Servicing this sector remains a City priority. The City played a major role in building capacity to service this group by establishing the West Contra Costa Business Development Center, centrally located at Hilltop, in April 1996.

Public policy decisions have been made that will improve the quality and quantity of the technical workforce ready to meet the challenges of the technological labor market. The Richmond area policy makers are working as a team to accomplish the common goal of retaining components of the current economic base and creating an economic environment that will attract and retain new businesses in growth industries. Some of the special programs and projects that have been created to accomplish this goal are as follows:

**Richmond Enterprise Zone:** This City of Richmond program offers businesses within its boundaries the opportunity to reduce their state business income taxes through a variety of tax credits. Most commercial and industrial areas of the City are within the Enterprise zone. Incentives include: a Hiring Tax Credit, Sales and Use Tax Credit, Business Expense Deduction for Real Property, Net Operating Loss Carry-over, Net Interest Deduction for Lender, and Employer Tax Credit for hiring Low Income Employees.

**Workforce Investment Board:** The Richmond Workforce Investment Board (WIB) is the official oversight and policy-making body for federally funded employer services and employment and training programs in Richmond. The mission of the Richmond WIB is to oversee the articulation and implementation of comprehensive workforce development strategies, policies and performance outcomes of the City of Richmond's integrated service delivery system.

### **Significant Events and Accomplishments**

The City of Richmond is committed to providing excellent municipal services to its diverse residents and visitors. The City organization is structured into five City Service Areas that integrate services provided in individual departments and offices into the City's key lines of business as viewed from the community's perspective. The City Service Areas are Public Safety; Economic and Neighborhood Development; Strategic Support; Recreation and Cultural Services; and Public Services. Highlights of the City's activities and accomplishments for the fiscal year ended June 30, 2003 include the following:

#### **Public Safety**

- For the 2002/03 fiscal year revenues to the City increased to \$967,109. These included police cites of \$88,606, special police services revenues of \$569,956, and a total of \$308,547 in revenues generated through abandoned vehicles.
- The 2002/03 fiscal year saw a reduction in crimes of violence by 4% in the City of Richmond.
- Public Safety improved efficiency by implementing a new Police/Fire computer-aided dispatch (CAD) and records management system (RMS), creating an administrative citation process; and streamlining the code enforcement, abatement and revenue collection processes.
- A drug house abatement program was created to permanently close down buildings being used to manufacture, sell or store illegal narcotics.

#### **Economic & Neighborhood Development**

- Economic and Neighborhood Development monitored the successful implementation of such new initiatives as the living wage ordinance, 3rd tier review, inclusionary housing ordinance, and the industrial safety ordinance.
- The "Central Richmond Revitalization Initiative" (CRRRI) was implemented as a major step to focus the elimination of blight and revitalization of the inner City as the top Redevelopment priority.
- The City's Enhanced Plan Tracking System was made available on the web.
- The Redevelopment Agency successfully structured and sold a \$24 million Redevelopment bond issuance, which allowed the Agency to repay \$18 million in Agency debt to the City.
- New grants were secured for over \$4 million, including grants for transitional housing, H-1B, and Tech Center funding.

- The City successfully implemented a new cost recovery program for Planning fees, which immediately increased revenues generated in this area by 750%.
- The City designed and launched a very promising new City-wide Public Facilities Fee Program.
- Management oversight was provided for various acquisition, restoration, and other projects in an effort to keep Richmond a viable community, including:

|   |   |
|---|---|
| Hope VI Neighborhood Revitalization Project | Northshore Redevelopment                  |
| Ford Assembly Plant                         | West Shore Development                    |
| Lucretia Edwards Park                       | Pt. Molate Acquisition and Reuse proposal |
| Richmond Transit Village                    | Macdonald Avenue Redevelopment            |
| Terminal One Site – Shea Homes              | In-Fill Housing Initiative                |

### **Strategic Support**

- The City developed and implemented an organizational right-sizing and workforce reduction plan to improve operational efficiency and management.
- To address an unanticipated budget deficit during FY2002-2003, the City implemented various budget reduction strategies, including the adoption of a new fee schedule for full cost recovery for some program services and activities.
- In accordance with best practices, the City implemented various financial procedures/measures to comply with the City’s audit findings and recommendations.
- Various opportunities were pursued to enhance existing revenues and generate new revenues, including, among others, voter approval of an increase in the utility user tax.
- Organization wide, the City provided management oversight for implementation of various technology upgrades and other process improvement measures, with an emphasis on incorporating “best practices” measures and procedures related to SAP, Geographical Information System (GIS), and for varying cost-recovery initiatives. Management oversight of process improvement is ongoing.
- Current and future cost savings were effected by reducing the paid injury leave provisions in both the Richmond Management Employees Association (RMEA) and SEIU Local 790 Memorandum of Understanding (MOU) from thirteen months to six months.
- The City established a voluntary separation program and negotiated separation of 27 Waste Water employees through severance, placement, and reassignment.
- Richmond obtained an unqualified opinion on the annual audit for fiscal year 2001/2002.
- New procurement policies and procedures were developed in accordance with best practices, as well as updating existing procedures within the City. A Cal-Card purchasing program was implemented.

- City Attorneys rendered 555 legal opinions and represented the City in approximately 32 lawsuits.
- The City joined forces with the Contra Costa County Joint Powers Authority to procure insurance for claims against the City, a cost-saving merger that looks very promising.

### **Recreation & Cultural Services**

- Recreation and Cultural Services utilized increased budget funding to expand facility programs and services in all Recreation & Parks divisions.
- Co-sponsorships and partnerships with various non-profit organizations were fostered to augment and expand outreach and use of current programs.
- Interdepartmental collaborative efforts secured \$160,000 for deposit into the public art fund for project development.
- Recreational revenues grew by increasing the contractual use of the Richmond Swim Center during non-peak hours.
- Richmond hosted seven (7) high-quality city-wide festivals and special events, which drew over 65,000 people, conducted three (3) concerts in collaboration with the East Bay/Oakland Symphony with 3,445 in attendance, and hosted various community-wide events, including San Francisco Junior Giants, NAACP, festival planning, adult soccer, and many others.
- Maintenance services were provided for over fifty (50) parks, playlots, and playgrounds, in addition to 40,000 city park trees, street medians, and other landscaped, right-of-way, and open space areas.
- The City secured \$856,000 in state grant money and \$274,000 in Roberti-Z' Burg state block grant monies to help fund improvements at the Monterey and Mendocino Parks and partial funding for the proposed Southside Park Project.
- Despite budget cuts and staff reductions, the City successfully maintained Main Library hours at 60 per week and minimum of 20 hours per week at branches.

### **Public Services**

- Richmond's Parchester Community Center and Hall of Justice were refurbished during the 2002/03 fiscal year.
- A grease elimination program was implemented to assist in educating the Richmond community about the hazards of disposing of grease and other pollutants down the storm drains.
- The City negotiated with the Regional Water Quality Control Board for a reduction of approximately \$600,000 in fines and penalties.
- Over 40 miles of sanitary sewer lines were cleaned and video-taped, and more than 35 miles of City streets were repaved during the 2002/03 fiscal year.

## **Long-term Financial Planning**

The City of Richmond has developed an action plan which includes five key principles for wealth accumulation, as follows:

- Principle #1: Manage your labor costs; continually invest in and protect your human resource assets.
- Principle #2: Create surplus every year in your general fund, even if the surplus is a small one.
- Principle #3: Fill your general fund reserves off the top, before you spend money on salaries and other operating costs.
- Principle #4: Invest heavily in your public infrastructure, particularly job creating infrastructure, using off the top dollars from your general fund; continually invest in and protect your fixed physical assets.
- Principle #5: Make economic development your top program priority.

These Wealth Accumulation Principles for the City of Richmond, when applied consistently over time, will allow the City to fully restore its municipal services: All fire stations will be fully operational; library staffing and hours will be increased; streets will get paved; police positions will be filled; recreation programs will be enhanced; and, the City's credit rating will improve.

In addition, the City of Richmond has taken the following steps since June 30, 2003:

The City has looked to the private sector to provide services, whenever doing so makes financial sense.

A number of ballot measures are being pursued, including library and landscaping districts, and public infrastructure maintenance. If successful, these ballot measures will increase fee-for-service, and provide stable funding sources for some essential programs and services.

Richmond has continued implementation of right-sizing measures and other efficiency moves.

### **Public Safety**

- Revenues for Fire Department plan review are expected to increase by 60% through the implementation of a new cost recovery program, including updated fee schedules.
- Permit fees are expected to generate a 36% revenue increase due to the implementation of updated fee schedules.
- Richmond has developed and implemented a False Alarm Ordinance, utilizing the Fire Records Management System, which will provide the ability to identify and recover response costs for repeat "false alarm" culprits.
- The automatic response agreement with Contra Costa, Pinole, and Rodeo/Hercules Fire Departments has been re-established.
- Upgrades have been completed to fire stations which will allow new apparatus to park inside, and assure compliance with ADA and gender-specific legal requirements.

## **Economic & Neighborhood Development**

- Assessment regarding the feasibility of locating a casino and entertainment complex in the City of Richmond has commenced.
- Work is ongoing toward achieving the City's goal of increasing tax increment creation and recapture in order to fund inner-city projects.
- Studies have been completed and paperwork is in process to extend the lives of Redevelopment Project Areas.
- Plans are underway for the establishment of a Study Area for the expansion of Redevelopment Project Areas. The actual expansion of Redevelopment Project Areas is expected to take a year or more once the Study Area is established.
- Planned Shoreline and Richmond Parkway projects should produce at least twice the net present value to the Redevelopment Agency in participation and tax increment as the amount of Agency/City funding.
- Long-term strategy, not grant availability, should drive project selection, and smart growth principles, as outlined in the Central Richmond Revitalization Initiative (CRRI) should be employed as much as possible.
- Cost/benefit analysis will be provided for all proposed programs and projects, and may result in major shifts in the City's affordable housing strategy, goals and priorities.
- Plans are underway to institutionalize a cost/benefit analysis process for all initiatives that require public subsidies.
- Increases are being affected in marketing efforts, with the planned implementation of a new marketing plan for Community and Economic Development, which includes systematic business development and retention efforts. Also included in the plan are increased efforts to attract national retailers, restaurants, bio-tech, high-tech, office and light industrial uses, as well as new projects for Richmond's Bio-Science Incubator.

## **Strategic Support**

- Planning has started toward restoration of reserves in all City funds, particularly in the general fund, as well as changes to the City's adopted reserve policies so that the policies are more fiscally conservative.
- The City is developing recommendations regarding mitigation fees related to the anticipated landfill closure and development of a solid waste transfer facility in Richmond or adjacent unincorporated County area.
- A cash flow reporting system to provide information to City Manager and Council on the flow of funds is currently under development.
- Richmond is also reviewing complete fee increases City-wide, based on a cost index, including complete revision of municipal code to list every fee charged.

## **Recreation & Cultural Services**

- Plans have been developed for the upgrade and renovation of a minimum of six (6) playlots/totlots in the City.
- Richmond is cultivating a stronger business and non-profit support system to assist with funding of department programs and services for youth, teens, and seniors.
- Efforts are ongoing to secure additional funding through grants to continue the rehabilitation of inner city parks by June 30, 2004.
- Plans are underway to increase Recreation & Parks revenue by 10% through increased rental of the social hall at the Richmond Recreation Complex, pending building rehab completion.
- Grants are being developed for programs and facilities through state, federal and foundations.

## **Public Services**

- The 2003/2004 CIP Program budget has been completed to provide \$75,360,817 in revenues for capital improvements for road repairs, sidewalk repairs, traffic signal modifications, parks/playlots, lighting, bay trails, speed undulations, rail crossing upgrades, sanitary and storm sewers and building seismic retrofit, etc.
- Richmond is pursuing various economic development activities, including, among others, Transit Village, marina/port development, upper Macdonald Avenue, Main Street Initiative, Hope VI, In-fill Housing Initiative, Terminal I, and development along Richmond Parkway.
- The City is formulating and putting in place a strategic financial plan for infrastructure maintenance for building facilities, streets, and highways.
- Under development is an alternative financing plan for Recreation and Parks' facilities and programs.

## **CASH MANAGEMENT POLICIES AND PRACTICES**

Public funds held by the City Treasury were invested in accordance with established investment procedures and with the Investment Policy adopted by the City Council on July 22, 2003. The Investment Policy is in compliance with Section 53601 of the State of California Code.

The permitted investments include U.S. Treasury notes, bonds, or bills; instruments issued by a U.S. federal agency or a United States government sponsored enterprise; negotiable certificates of deposit (with certain restrictions); medium term corporate notes with a rating category of "A" or better; commercial paper of "prime quality"; bankers' acceptances; repurchase agreements not to exceed one year; money market mutual funds (with certain restrictions) and with the State of California Local Agency Investment Fund.

The objectives of the Investment Policy are to invest up to 100% of all idle funds; guarantee that funds are always available to meet all possible cash demands of the City, and to manage the portfolio in order to take advantage of changing economic conditions that can aid in increasing the total return on the City's portfolio.

The average earned interest yield for the year ended June 30, 2003 was 2.189%. The City Council receives reports on the City's pooled investment program on a monthly basis. Please see note 3 for a detailed discussion of the City's cash and investments.

## **RISK MANAGEMENT**

The Risk Management Division is responsible for managing and controlling the City's overall cost of risk. This entails a number of components including exposure assessment, loss control and mitigation, loss funding, and claims management. The Division's pre-loss efforts include safety training and employee education programs, operational, financial and transactional risk and hazard evaluation, implementation of regulatory and legislative requirements, and the evaluation and use of risk financing methods including self-insured retentions, risk transfer opportunities and the purchase of insurance.

The City self-insures and self administers a portion of its Workers' Compensation program and purchases excess insurance coverage above and annually-determined self-insured retention. Risk Management is instrumental in evaluating retention and insurance costs to optimize the City's cash flow and manage its overall Workers' Compensation costs. The City also self-insures a portion of its liability risk and purchases excess insurance above an annually-determined self-insured retention from a governmental risk pool. Liability claims are administered by the risk pool. As with Workers' Compensation risk, Risk Management is instrumental in evaluating retention and insurance costs to optimize the City's cash flow and manage its overall liability costs.

Risk Management works with the City Attorney, outside legal counsel and the City Council to review claims and establish claim management strategies. The Division also works continuously to identify practical, operational and strategic best practices to reduce the frequency and severity of losses in order to protect the general public and City employees and to reduce the overall frequency and severity of losses. Please see note 12 for a complete discussion of Richmond's risk management.

## **PENSION AND OTHER POSTEMPLOYMENT BENEFITS**

The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance.

General Pension Plan – Retirement and other benefits are paid from the assets of the Plan and from related investment earnings. The City is required under its charter to contribute the remaining amounts necessary to fund the Plan using the entry age-normal actuarial method as specified by ordinance.

Police and Firemen's Pension Plan – Funding for the Plan is provided from the Pension Reserve Trust Fund. Employees were vested after five years of service. Members of the Plan are allowed normal retirement benefits after 25 or more continuous years of service. The City is required under its charter to contribute the remaining amounts necessary to fund the Plan using the entry age-normal actuarial method as specified by ordinance.

The City established the Pension Reserve Trust Fund to which proceeds of a special incremental property tax levy voted by the citizens of the City of Richmond are credited for the payment of benefits under the Plan.

Garfield Pension Plan – Retirement and other benefits are paid from the assets of the Plan and from related investment earnings. In the current year, the City was not required to make any contributions to fund this plan. Benefit provisions have been established and may be amended upon agreement between the City and Mr. Garfield.

In addition to the pension benefits described in Notes 8 and 9, the City provides postretirement health care benefits, in accordance with City ordinances, to all employees who retire from the City on or after attaining retirement age (50 for policemen, 50 for firemen, and 55 for all other employees) and who have at least ten years of service. At June 30, 2002, 282 retirees met those eligibility requirements. The City funds these benefits on a pay-as-you-go basis. During fiscal year 2003, expenditures of \$1,028,738 were recognized for post employment health care benefits. Please see notes 9, 10, and 11 for a complete discussion of the City's pension and other postemployment benefits

#### ACKNOWLEDGEMENTS

The preparation of this CAFR represents the culmination of a concerted team effort by the entire staff of the Finance Department, most particularly the General Ledger Team, for their professionalism, dedication, efficiency, and their personal commitment and determination demonstrated through long days of focused attention to produce this exemplary document.

In addition, staff in all City departments should be recognized for responding so positively to the requests for detailed information that accompanies each annual audit. The role of Caporicci & Larson, Certified Public Accountants should also be acknowledged as a significant contribution to a fine product.

Finally, we wish to express our sincere appreciation to the Mayor and City Council for providing policy direction and a firm foundation of support for the pursuit of excellence in all realms of professional endeavors.

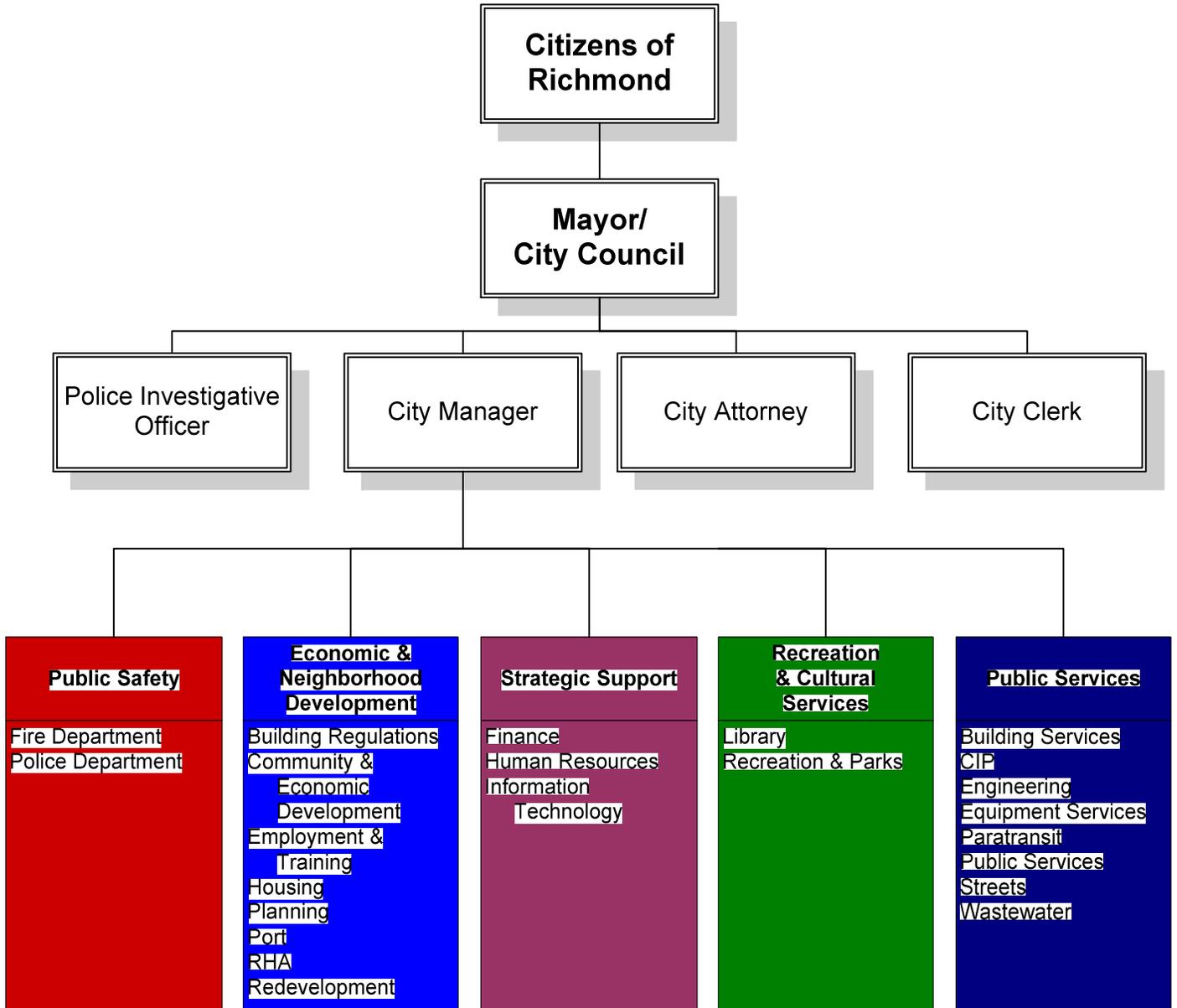
Respectfully submitted,



L. Patrick Samsell  
Finance Director



# Organizational Structure



## City of Richmond Mayor & City Council

To contact members of the Richmond City Council by mail, send to:  
1401 Marina Way, South, Richmond, CA 94804



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**CITY OF RICHMOND, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**PROJECT TEAM**

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*Finance Director*

Gregory O. Lawson  
*Deputy Finance Director*

**AUDIT/FINANCIAL STATEMENT COORDINATOR**

Gregory O. Lawson, *Deputy Finance Director*

**FINANCIAL STATEMENT PREPARATION**

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Jill Perry  
*Accountant II*

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**SPECIAL ASSISTANCE**

Francine Kuykendall  
Ted Ferrer

Dale Flynn  
Mitch Taylor

Tonda Reed  
Shanita Harris

**SPECIAL ASSISTANCE – DEPARTMENTS & OFFICES**

City Manager's Office  
Redevelopment Agency  
Police Department  
Fire Department

City Attorney's Office  
Finance Department  
Human Resources  
Parks & Recreation  
Community & Economic Development

Information Technology  
Risk Management  
Housing Authority  
Public Services

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# FINANCIAL SECTION

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**INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and Members of City Council  
of the City of Richmond  
Richmond, 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 Richmond, California (City), as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the following entity that is included in the accompanying basic financial statements:

|                            | <u>Assets</u>        | <u>Revenues</u>      |
|----------------------------|----------------------|----------------------|
| Richmond Housing Authority |                      |                      |
| Enterprise Fund            | <u>\$ 44,980,247</u> | <u>\$ 26,202,438</u> |

Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the basic financial statements of the City, insofar as it relates to those amounts included for the Richmond Housing Authority in the accompanying basic financial statements of the City, is based on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

The accompanying basic financial statements have been prepared assuming that the City will continue as a going concern. As discussed in Note 17 to the basic financial statements, the City has suffered significant reductions in net assets from operations and is experiencing considerable cash shortfalls, which raise

To the Honorable Mayor and Members of City Council  
of the City of Richmond  
Richmond, California

substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 17. The basic financials statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2004 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Required Supplementary Information, such as management's discussion and analysis, budgetary comparison information and other information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplemental information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Caporice & Carson*

Oakland, California  
February 26, 2004

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Fiscal Year Ended June 30, 2003**

Management of the City of Richmond (the City) provides this Management's Discussion and Analysis of the City's Basic Financial Statements for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with the financial statements, which begins on page 17.

#### **FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$262 million (net assets). Of this amount, \$90 million is restricted for specific purposes (restricted net assets), \$194.4 million is invested in capital assets, net of related debt, and the City has a deficit in unrestricted net assets of \$22.5 million.
- The City's total net assets decreased by \$23.6 million during the fiscal year. A significant portion of this decrease is related to \$19 million in non-cash depreciation.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending balances of \$85.3 million, a decrease of \$17.9 million in comparison to prior year. This decrease of \$17.9 million includes \$15.3 million of current year's activity and \$2.6 million for a prior period adjustment. Approximately 28% of the fund balance, \$24.3 million, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the fiscal year, the General fund had a deficit unreserved fund balance of \$4.4 million mainly due to the City's \$8.2 million negative cash balance.
- The City's debt decreased by \$377,984 during the current fiscal year. The key factor in the decrease is the net effect of principal payments related to Bonds Payable of \$4.3 million and the increase of capital leases of about \$3.9 million.

#### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

##### **Government-Wide Financial Statements:**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. They are comprised of the *Statement of Net Assets and Statement of Activities and Changes in Net Assets*.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities and Changes in Net Assets* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, community development, cultural and recreational, housing and development, and internal services fund. The business-type activities of the City include housing authority, port, marina, municipal sewer district, storm sewer, cable TV, convention center.

***Governmental Activities*** - The activities in this section are mostly supported by taxes and charges for services. The governmental activities of the City include General Government, Public Safety, Highways & Streets, Community Development, Cultural Recreation, Housing & Redevelopment and Internal Services Fund.

***Business-Type Activities*** – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities of the City include Richmond Housing Authority, Port of Richmond, Richmond Marina, Municipal Sewer District, Storm Sewer, Cable TV and Convention Center.

The government-wide financial statements can be found on pages 17-19 of the financial report.

### **Fund Financial Statements**

Fund Financial statements are designed to report information about the groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

***Governmental Funds*** – 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 fund 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 what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term

financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City has 19 governmental funds, of which 4 are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City's four major funds are – the General Fund, Redevelopment Agency, Joint Powers Financing Authority (JPFA) Debt Service and General Capital Improvements. The basic governmental fund financial statements can be found on pages 20 through 27 of the financial report. Data from the other 15 governmental funds are combined into a single, aggregated presentation.

***Proprietary Funds*** – The City maintains nine proprietary funds - Enterprise and Internal Service Funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Major Enterprise Funds consists of the Richmond Housing Authority, Port of Richmond, Municipal Sewer and Storm Sewer. Enterprise funds financial statements can be found on pages 28 through 33 of the financial report.

The Internal Service Funds are also considered a Proprietary Fund Type. The funds consist of the City's Workers' Compensation and General Liability Funds.

***Fiduciary Funds*** – Fiduciary funds are used to account for resources held for the benefit of third parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The Fiduciary funds for the City consist of Pension Trust Funds and Agency Funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The financial statements for these funds can be found on pages 34-35.

#### **Notes to the Financial Statements:**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36 through 80 of this report.

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

In addition to the basic financial statements and accompanying notes, this report also includes certain required supplementary information providing a budgetary comparison statement for the General Fund. The City's pension schedules have been provided to present the City's progress in funding its obligation to provide pension benefits to City employees. Required supplementary information can be found on pages 81 through 86 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

#### **Analysis of Net Assets:**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets (government and business type activities) totaled \$261 million at the close of the fiscal year ending June 30, 2003.

The largest portion of the City's net assets is invested in capital assets (e.g. land, streets, sewers, buildings, machinery, and equipment). Investment in Capital Assets totaled \$194 million, 74% of

the total net asset amount. The Net Asset amount for Capital Assets is net of the outstanding debt that was incurred to acquire the assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Richmond's Net Assets**

**June 30, 2003**  
(in thousands)

|  | Governmental<br>Activities |                   | Business-type<br>Activities |                  | Totals            |                   |
|--|----------------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
|  | FY2003                     | FY2002            | FY2003                      | FY2002           | FY2003            | FY2002            |
| <b>Assets:</b>                                     |                            |                   |                             |                  |                   |                   |
| Current assets                                     | \$ 147,072                 | \$ 227,240        | \$ 30,077                   | \$ 33,255        | \$ 177,149        | \$ 260,495        |
| Capital assets                                     | 264,880                    | 270,575           | 90,994                      | 84,291           | 355,874           | 354,866           |
| Total assets                                       | <u>411,952</u>             | <u>497,815</u>    | <u>121,071</u>              | <u>117,546</u>   | <u>533,023</u>    | <u>615,361</u>    |
| <b>Liabilities:</b>                                |                            |                   |                             |                  |                   |                   |
| Current liabilities                                | 58,786                     | 121,684           | 10,142                      | 6,846            | 68,928            | 128,530           |
| Long-term liabilities                              | 141,660                    | 139,956           | 60,576                      | 61,381           | 202,236           | 201,337           |
| Total liabilities                                  | <u>200,446</u>             | <u>261,640</u>    | <u>70,718</u>               | <u>68,227</u>    | <u>271,164</u>    | <u>329,867</u>    |
| <b>Net Assets:</b>                                 |                            |                   |                             |                  |                   |                   |
| Invested in capital assets,<br>net of related debt | 161,803                    | 132,534           | 32,619                      | 11,162           | 194,422           | 143,696           |
| Restricted   | 90,012                     | 86,763            | -                           | -                | 90,012            | 86,763            |
| Unrestricted                                       | (40,309)                   | 16,878            | 17,734                      | 38,157           | (22,575)          | 55,035            |
| Total net assets                                   | <u>\$ 211,506</u>          | <u>\$ 236,175</u> | <u>\$ 50,353</u>            | <u>\$ 49,319</u> | <u>\$ 261,859</u> | <u>\$ 285,494</u> |

An additional portion of the City's net assets, \$90 million (restricted net assets) represents resources that are subject to external restrictions on how they may be used. The remaining balance of a negative (\$22.6 million) represents unrestricted net assets.

At the end of the current fiscal year, the City is able to report positive balances for all three categories of net assets related to business-type activities, but for governmental activities two of the three categories are positive and unrestricted net assets is negative.

The government's net assets decreased by \$23.6 million during the current fiscal year. The City is still experiencing the impact of the downturn in the economy which has resulted in a reduction in the revenue streams in the face of increasing payroll related costs.

**Analysis of Activities:**

The following table indicates the changes in net assets for governmental and business-type activities:

**City of Richmond's Changes in Net Assets  
For the Year Ended June 30, 2003  
(in thousands)**

|  | Governmental<br>Activities |                   | Business-type<br>Activities |                  | Totals            |                   |
|--|----------------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
|  | FY2003                     | FY2002            | FY2003                      | FY2002           | FY2003            | FY2002            |
| <b>Revenues:</b>                             |                            |                   |                             |                  |                   |                   |
| Program revenues:                            |                            |                   |                             |                  |                   |                   |
| Charges for services                         | \$ 12,103                  | \$ 10,293         | \$ 15,046                   | \$ 9,428         | \$ 27,149         | \$ 19,721         |
| Operating grants/contributions               | 11,485                     | 13,832            | 24,073                      | 17,437           | 35,558            | 31,269            |
| Capital grants/contributions                 | 20,455                     | 15,772            | -                           | -                | 20,455            | 15,772            |
| General revenues:                            |                            |                   |                             |                  |                   |                   |
| Property taxes                               | 39,816                     | 37,153            | -                           | 135              | 39,816            | 37,288            |
| Other taxes                                  | 44,665                     | 41,924            | -                           | -                | 44,665            | 41,924            |
| Grants/contribution non-restricted           | 978                        | 1,273             | -                           | -                | 978               | 1,273             |
| Reimbursement from pension fund              | 3,929                      | -                 | -                           | -                | 3,929             | -                 |
| Investment income                            | 6,569                      | 23,640            | 2,282                       | 7,975            | 8,851             | 31,615            |
| Rental and lease                             | 11,211                     | 7,391             | -                           | 299              | 11,211            | 7,690             |
| Loss on sale of capital assets               | (175)                      | (15,241)          | (10)                        | (5)              | (185)             | (15,246)          |
| Total revenues                               | <u>151,036</u>             | <u>136,037</u>    | <u>41,391</u>               | <u>35,269</u>    | <u>192,427</u>    | <u>171,306</u>    |
| <b>Expenses:</b>                             |                            |                   |                             |                  |                   |                   |
| General government                           | 20,866                     | 16,988            | -                           | -                | 20,866            | 16,988            |
| Public safety                                | 51,889                     | 42,565            | -                           | -                | 51,889            | 42,565            |
| Highways and streets                         | 32,986                     | 27,118            | -                           | -                | 32,986            | 27,118            |
| Community development                        | 8,494                      | 5,638             | -                           | -                | 8,494             | 5,638             |
| Cultural & recreation                        | 11,150                     | 9,879             | -                           | -                | 11,150            | 9,879             |
| Housing & redevelopment                      | 26,646                     | 9,890             | -                           | -                | 26,646            | 9,890             |
| Other  | 8,534                      | 34                | -                           | -                | 8,534             | 34                |
| Unallocated costs                            | -                          | 491               | -                           | -                | -                 | 491               |
| Interest and fiscal charges                  | 13,023                     | 17,481            | -                           | -                | 13,023            | 17,481            |
| Richmond Housing Authority                   | -                          | -                 | 25,519                      | 19,736           | 25,519            | 19,736            |
| Port of Richmond                             | -                          | -                 | 2,811                       | 3,011            | 2,811             | 3,011             |
| Richmond Marina                              | -                          | -                 | 578                         | 357              | 578               | 357               |
| Municipal Sewer                              | -                          | -                 | 10,036                      | 12,346           | 10,036            | 12,346            |
| Storm Sewer                                  | -                          | -                 | 2,447                       | 2,903            | 2,447             | 2,903             |
| Cable TV                                     | -                          | -                 | 764                         | 806              | 764               | 806               |
| Convention Center                            | -                          | -                 | 319                         | 251              | 319               | 251               |
| Total expenses                               | <u>173,588</u>             | <u>130,084</u>    | <u>42,474</u>               | <u>39,410</u>    | <u>216,062</u>    | <u>169,494</u>    |
| Excess(deficiency) before transfers          | (22,552)                   | 5,953             | (1,083)                     | (4,141)          | (23,635)          | 1,812             |
| Transfers                                    | (2,117)                    | (8)               | 2,117                       | 8                | -                 | -                 |
| Change in net assets                         | <u>(24,669)</u>            | <u>5,945</u>      | <u>1,034</u>                | <u>(4,133)</u>   | <u>(23,635)</u>   | <u>1,812</u>      |
| Net assets at beginning of year, as restated | <u>236,175</u>             | <u>230,230</u>    | <u>49,319</u>               | <u>53,452</u>    | <u>285,494</u>    | <u>283,682</u>    |
| Net assets at end of year                    | <u>\$ 211,506</u>          | <u>\$ 236,175</u> | <u>\$ 50,353</u>            | <u>\$ 49,319</u> | <u>\$ 261,859</u> | <u>\$ 285,494</u> |

**Governmental Activities:**

Governmental activities decreased the City's net assets by \$24.7 million accounting for 104.4% of the City's total reduction in net assets of \$23.6 million. A comparison of the cost of services by function for the City's governmental activities is shown in the preceding table, along with the revenues used to cover the net expenses of the governmental activities.

Key elements of the decrease in net assets for governmental activities are as follows:

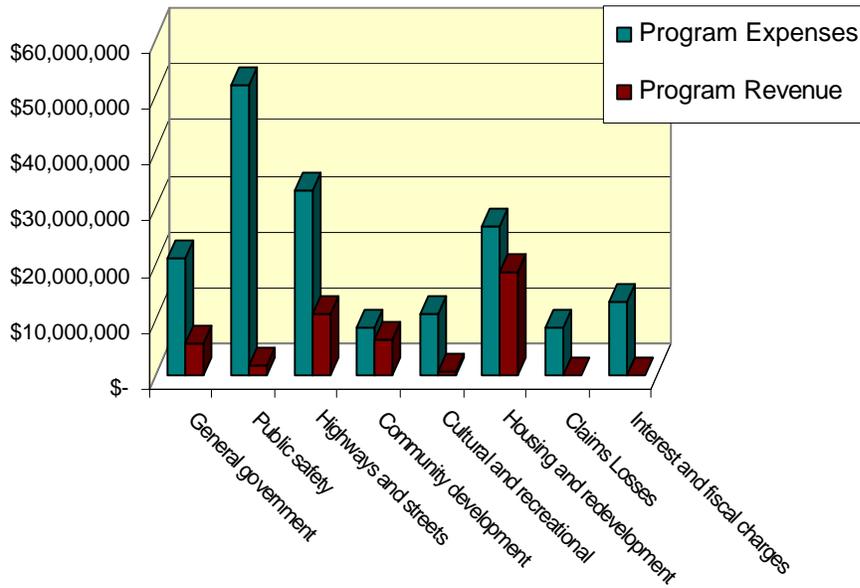
*Revenue Highlights:*

- Property taxes increased by \$2.7 million, 7% over the prior year. This increase is primarily due to higher assessed property values.
- Operating grants and contributions decreased by \$2.3 million, largely because of decreases in state gas tax, as well as reductions in federal and state grant revenues.
- Capital grants and contributions increased by \$4.7 million primarily due to the receipt of additional FEMA earthquake grant funds.
- Charges for services increased by \$1.8 million due to revisions in the City's fee schedules related to fines, permits, inspections, and varying cost-recovery initiatives.
- Reimbursement from pension fund, which was a repayment of debt owed by the pension trust fund for debt service payments, increased by \$3.9 million.
- Miscellaneous revenues increased by 3.9 million primarily due to police special services revenues, cost sharing of SAP computer system implementation costs, refunds from fiscal agent for a closed capital project, recovery of unclaimed monies, and FEMA reimbursements.

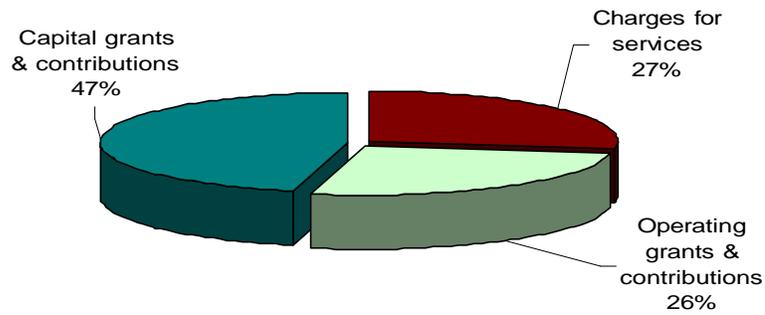
*Expense Highlights:*

- General government expenses increased by \$3.9 million primarily due to increases in staffing costs, as well as retirement and health benefit costs.
- Public Safety expenses increased by \$9.3 million due to a combined 45% increase in salary and retirement costs for fire fighters, and a 42% combined increase in salary and retirement costs for police officers for the three year period 2002-2004.
- Highways and streets expenses increased by \$5.9 million substantially due to increases in staffing costs, as well as retirement and health benefit costs.
- Housing and Redevelopment expenses increased by \$16.7 million principally due to \$15.8 million of FEMA grant funds and tax increment expended to rehabilitate the City of Richmond's historic Ford Assembly Plant building.
- Other expenses increased by \$8.5 million due to an increase in employee's claims for industrial injuries and general claims against the City for damages incurred.

## Expenses and Program Revenues - Governmental Activities



## Revenues by Source - Governmental Activities



Total governmental activities expenses were \$173.6 million in fiscal year 2003. The largest expenses were for Highways & Streets, Public Safety, Housing and Redevelopment, Interest and fiscal charges and General Government. These expenses do not include capital outlays, which are now reflected in the City’s capital assets.

Total program revenues from governmental activities were \$44 million in fiscal year 2003. Per GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government’s taxpayers or citizenry. They reduce the net cost of the function to be

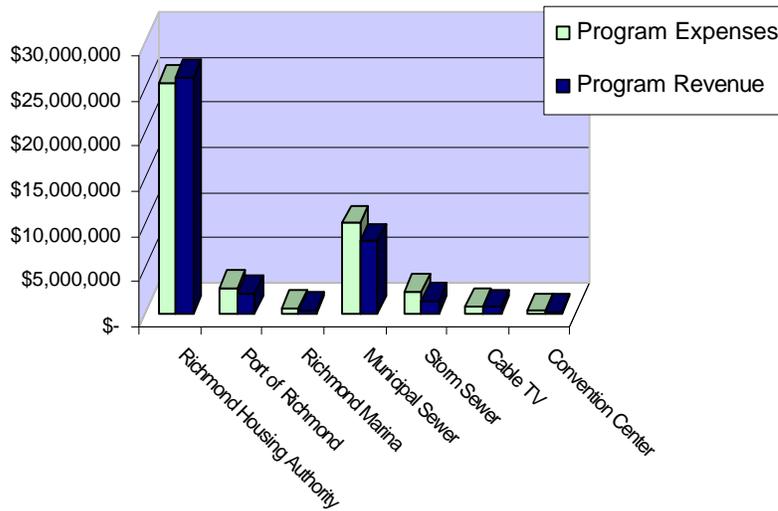
financed from the government's general revenues. As reflected in the pie chart above, 27% of the governmental program revenues came from Charges for Services, which includes licenses and permits and fees, fines, forfeitures and penalties, and several other revenues. Program revenues under the Operating Grants and Contributions category include restricted revenues such as Gas Tax, Transportation and Sales Tax, and Federal/State Grants.

General revenues are all other revenues not categorized as program revenues such as property taxes, sales taxes, utility users' tax, gain (loss) on sale of capital assets, and investment earnings, and grants and contributions not related to specific programs and several miscellaneous general revenues. Total general revenues from governmental activities were \$107 million in fiscal year 2003. The largest percentage of general revenues received during fiscal year 2003 for the governmental activities were Other Taxes, \$44.7 million, which include sales tax, franchise fees, transient occupancy taxes, utility users tax, and residential construction tax.

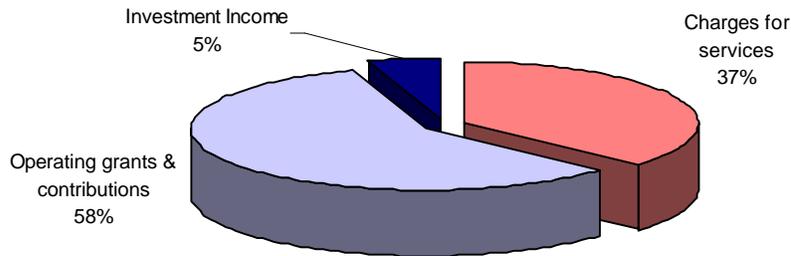
**Business Type Activities:** Business-type activities increased the City's net assets by about \$1 million, helping to offset the \$24.6 million decrease in governmental activities' net assets resulting in an overall decrease in the City's net assets of \$23.6 million. Key factors in the business-type activities increase are as follows:

- The Richmond Housing Authority net assets increased by \$885,193. The Housing Authority reported operating income of \$607,160, up from a negative (\$274,600) prior year. The increase in revenues was primarily in HUD grants and other grants (\$24 million in fiscal year compared to \$17.4 million in fiscal year 2002).
- The Port of Richmond net assets decreased by \$1.1 million. The Port reported operating income \$617,454, down from \$1.7 million prior year. This decline in operating income is primarily due to less dockage, wharfage, and rental fees collected during a slow economy.
- The Municipal Sewer net assets increased by \$521,331. The Municipal Sewer reported operating income of \$305,105, up from a negative (\$2.6 million) prior year. During the current year the City turned operations of the sewer facilities over to US Filters and revenues increased by \$628,637 mainly due to more Charges for services, while expenses decreased by \$2.3 million due to less salaries and wages.

### Expenses and Program Revenues - Business-type Activities



### Revenues by Source - Business-type Activities



## FINANCIAL ANALYSIS of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds:

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial capacity. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$85.3 million. Approximately, \$24.3 million of this amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for spending because it has already been legally committed.

**General Fund** The General Fund is the primary operating fund of the City. It is used to report the financial results of the daily operations of the City. The major revenue sources are Property Taxes, Utility Users Tax and Sales Tax. The major expenditures are the salaries and administrative expenses.

At the end of the current fiscal year, the General fund had a deficit fund balance of \$4.4 million, while total fund balance reached \$32.5 million. During the current year, unreserved fund balance of the general fund went from a positive to a negative balance of \$4.4 million. The decline is the result of a structural imbalance between revenues and expenditures in general fund operations. The City did not meet its targeted minimum reserve level of 5% of the general fund operating budget.

**Redevelopment Agency** The Redevelopment Agency is responsible for redevelopment of areas identified under the Community Redevelopment Law as being blighted. The Agency's operations are funded primarily by the issuance of debt, which is expected to be repaid out of property tax increment revenue generated by increased in property assessed values in the redevelopment areas.

The Redevelopment Agency Fund was established to account for improvement projects related to the various redevelopment areas. At the end of fiscal year 2003, the unreserved fund balance had a deficit of \$319,000, an increase of \$1.1 million from the prior year, primarily due to proceeds of a note in the amount of \$587,000, and transfers in from the City in the amount of \$776,000.

**Joint Powers Financing Authority Debt Service Fund** was established to issue debt on behalf of the City to finance various capital improvements within the City. At the end of fiscal year 2003, the reserved fund balance was \$7.7 million, a reduction of \$105,500 which is the results of using assets to pay off long-term debt.

**General Capital Improvements Capital-Project Fund** was established to account for monies designated for capital improvements projects. At the end of fiscal year 2003, the fund balance was \$26.5 million; a reduction of \$4.9 million which is the result of using bond proceeds to cover various capital outlay expenditures.

#### **Proprietary Funds:**

The City's proprietary funds are Enterprise and Internal Service Funds. An Enterprise Fund is used to report any activity for which a fee is charged to external users for goods or services provided. An Internal Service Fund is used to centralize certain services and then allocate the cost of the services within the government. The City Major Enterprise Funds are the Richmond Housing Authority, Port of Richmond, and Municipal Sewer District.

#### **Enterprise Funds**

**Richmond Housing Authority (RHA)** was established to administer funds provided by the Department of Housing and Urban Development (HUD) to assist low-income families in obtaining decent, safe and sanitary housing. Although, RHA is a separate legal entity, it is a component unit of the City of Richmond. The City exercises management control over the Authority, and members of the City Council serve as the governing board of the Authority. RHA

total net assets were \$41.5 million at June 30, 2003, of which \$2.6 million was unrestricted. Net Assets increased by \$885,000 which was the result of a prior period adjustment of \$201,000 and revenues in excess of expenses in the amount of \$684,000.

*The Port of Richmond* is a public enterprise established by the City of Richmond and is administered as department of the City. Operations include the marine terminal facilities and commercial property rentals. The Port had a total net deficit of \$11.8 million, which is an increase of \$1.1 million, which is due to a prior period adjustment of \$637,000 and a net loss of \$492,000.

*Municipal Sewer Fund* The Sewer Fund is used to account for a variety of sewer service related revenues and expenditures. At the end of fiscal year 2003, the total net assets for the sewer fund are \$5.2 million, which was a \$521,000 increase from the prior fiscal year primarily due to income from operations.

#### **Fiduciary Funds:**

The City's Fiduciary Funds are the Pension Trust Funds and various Agency funds. The Pension Trust Funds were established to account for revenues and expenditures related to City employee's pension activities. The City administers the activities of the pension funds on behalf of the employees. The assets are not accessible for City operations. The City maintains the following pension funds; The Pension Reserve, General Pension, Police and Firemen Pension and Garfield Pension. The various Agency funds are used to maintain records of assets and the fund's financial activities on behalf of a third party. The City does not make any decisions relating to the uses of the assets neither can it be used for City operations.

*The Pension Trust Funds* total assets at June 30, 2003 were \$19.1 million. Net Assets decreased by \$10.9 million which is the result of deductions in excess of additions. The deductions mainly consist of a debt payment for the Pension Obligation Bonds and monthly Pensioner's payments.

*Agency Funds* total assets at June 30, 2003 were \$7.7 million which is recorded on the City books as a liability to third parties.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The final amended budget totaled \$105.2 million, which includes \$9.3 million in amendments to the originally adopted budget.

Over the course of the year, the City Council revised the City budget a number of times. The budget amendments fall into these two categories:

- Carryforward appropriations from 2001-2002 totaling \$2.1 million
- New appropriations approved by the City Council amounting to \$7.3

The new appropriations include a reduction of transfers in of \$1.8 million, increases in Public Safety \$3.9 million, increases in Public Services \$4.0 million and miscellaneous increase in other departments of \$974 thousands.

The final amended budget for revenues totaled \$90.2 million, which includes a decrease of \$5.7 million in revenues to the originally adopted budget.

The decrease in revenues is a result of bringing the budgeted revenue estimates into closer alignment with the latest projections for the fiscal year ended June 30, 2003.

The revenue decrease was primarily driven by decreases in Property Tax \$659,892, Sales Tax \$414,710, Licenses, Permits and Fees \$1.3 million, Grant Revenue \$2.4 million and Other Revenues \$831,202.

The decreases in budget for various revenue sources were the result of decreases in State Revenues that were not passed on to the City and reflections of the weak local economy.

During the year, revenues did not exceed budgetary estimates and appropriations were more than budgetary estimates leaving a deficit of \$4.4 million in the General Fund's Unreserved Fund Balance at the end of June 30, 2003.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets:

The City's investment in capital assets for its governmental and business type activities as of June 30, 2003, amounted to \$356 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The total addition to the City's investment in capital assets for the current fiscal year was \$5.4 million or about 1.5 percent.

Capital assets, net of depreciation, for the governmental and business-type activities are presented below to illustrate changes from the prior year:

|                           | Governmental activities |                       | Business-type activities |                      | Total                 |                       |
|---------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|                           | 2003                    | 2002                  | 2003                     | 2002                 | 2003                  | 2002                  |
| Land                      | \$ 19,702,886           | \$ 19,119,176         | \$ 8,285,893             | \$ 8,285,893         | \$ 27,988,779         | \$ 27,405,069         |
| Construction in Progress  | 13,113,820              | 4,693,105             | 13,277,278               | 5,237,788            | 26,391,098            | 9,930,893             |
| Building and improvements | 18,121,982              | 19,572,087            | 48,243,623               | 47,919,383           | 66,365,605            | 67,491,470            |
| Machinery and equipment   | 14,434,629              | 9,132,221             | 4,019,616                | 3,912,995            | 18,454,245            | 13,045,216            |
| Infrastructure            | 199,506,900             | 213,596,427           | 17,167,988               | 18,934,835           | 216,674,888           | 232,531,262           |
| Total Capital assets      | <u>\$ 264,880,217</u>   | <u>\$ 266,113,016</u> | <u>\$ 90,994,398</u>     | <u>\$ 84,290,894</u> | <u>\$ 355,874,615</u> | <u>\$ 350,403,910</u> |

The City's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB Statement No. 34.

Commitments outstanding as of June 30, 2003 related to governmental and business-type activities construction in progress totaled approximately \$797,259 and \$778,323 respectively.

Additional information about the City's capital assets can be found in Note 6 on pages 54 through 55 in the financial statements.

**Debt Administration:**

*Long Term Debt* - At the end of the current fiscal year, the City had \$197.2 million in debt outstanding compared to the \$197.5 million last year; a decrease of \$377,984 or less than 1%. This decrease is due primarily to the net effect of principal payments related to Bonds Payable (Tax Allocation bonds, Revenue bonds, Lease revenue bonds, and Pension obligation bonds) of about \$4.3 million and the increase of Capital leases of about \$4.27 million.

**Outstanding Debt  
June 30, 2003**

|                          | <u>Governmental Activities</u> |                | <u>Business-type Activities</u> |               | <u>Total</u>   |                |
|--------------------------|--------------------------------|----------------|---------------------------------|---------------|----------------|----------------|
|                          | <u>2003</u>                    | <u>2002</u>    | <u>2003</u>                     | <u>2002</u>   | <u>2003</u>    | <u>2002</u>    |
| Tax Allocation bonds     | \$ 53,877,779                  | \$ 54,487,779  | -                               | -             | \$ 53,877,779  | \$ 54,487,779  |
| Revenue bonds            | 11,570,000                     | 12,435,002     | 39,422,497                      | 38,904,150    | 50,992,497     | 51,339,152     |
| Lease revenue bonds      | 27,960,000                     | 28,410,000     | 13,273,027                      | 14,501,865    | 41,233,027     | 42,911,865     |
| Pension obligation bonds | 29,660,000                     | 31,360,000     | -                               | -             | 29,660,000     | 31,360,000     |
| Total bonds payable      | 123,067,779                    | 126,692,781    | 52,695,524                      | 53,406,015    | 175,763,303    | 180,098,796    |
| Notes payable            | 2,683,222                      | 2,655,597      | -                               | -             | 2,683,222      | 2,655,597      |
| Loans payable            | -                              | -              | 9,704,142                       | 9,682,769     | 9,704,142      | 9,682,769      |
| Capital leases           | 9,058,762                      | 5,150,251      | -                               | -             | 9,058,762      | 5,150,251      |
| Total outstanding debt   | \$ 134,809,763                 | \$ 134,498,629 | \$ 62,399,666                   | \$ 63,088,784 | \$ 197,209,429 | \$ 197,587,413 |

The City does not have any general obligation bonds as of June 30, 2003. The City's underlying ratings for its bond issuances at the end of the fiscal year were as follows:

| <u>Bond/Bond Type</u>    | <u>Moody's Rating</u> | <u>Standard &amp; Poors Rating</u> |
|--------------------------|-----------------------|------------------------------------|
| Tax Allocation Bonds     | Aaa                   | AAA                                |
| Revenue Bonds            | ---                   | A                                  |
| Lease Revenue Bonds      | Aaa                   | AAA                                |
| Pension Obligation Bonds | Aaa                   | AAA                                |

**Note:** On March 8, 2004 Moody's downgraded to Ba3 the Issuer Rating (implied general obligation) of the City. This downgrade was based on the City's significantly reduced operating reserves, and critically narrowed liquidity.

For more detailed information on the City's Long-term debt see footnote 7 on pages 56-69.

### **Economic Factors and Next Year's Budget and Rates**

- The City currently faces a continuation of the unfavorable economic environment. Just as the City's current economic situation hit much later than the downturn felt in the private sector, our recovery is expected to lag behind any recovery in the local economy. Currently there are no significant signs of improvement.
- The City experienced declining cash balances and has a significant structural deficit in the operations of its general fund principally as a result of slow or no revenue growth, increasing employee medical, workers compensation and retirement costs, and the slowdown in the area economy. See footnote 17 on page 79 for a more detailed explanation.
- The State budget will have a significant effect on the City's financial condition.
- The inflation rate for the San Francisco Bay metropolitan area was 3.1%, which is lower than the national inflation rate of 3.8%.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all of its citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Richmond, Finance Department, 1401 Marina Way South, Richmond, CA 94804.

# BASIC FINANCIAL STATEMENTS

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# CITY OF RICHMOND

## Statement of Net Assets

June 30, 2003

|  | Primary Government         |                             |                       |
|--|----------------------------|-----------------------------|-----------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total                 |
| <b>ASSETS</b>                                    |                            |                             |                       |
| Current assets:                                  |                            |                             |                       |
| Cash and investments                             | \$ 29,188,222              | \$ 12,476,576               | \$ 41,664,798         |
| Restricted cash and investments                  | 78,874,868                 | 30,365,097                  | 109,239,965           |
| Receivables:                                     |                            |                             |                       |
| Accounts (net)                                   | 7,885,060                  | 2,513,447                   | 10,398,507            |
| Interest   | 556,151                    | 19,690                      | 575,841               |
| Grants   | 4,326,141                  | -                           | 4,326,141             |
| Loans  | 8,133,219                  | -                           | 8,133,219             |
| Other  | 201,051                    | 384,739                     | 585,790               |
| Internal balances                                | 16,957,994                 | (16,957,994)                | -                     |
| Inventories                                      | 349,241                    | 57,419                      | 406,660               |
| Deferred charges                                 |                            | 1,064,491                   | 1,064,491             |
| Prepays and other assets                         | 599,575                    | 153,535                     | 753,110               |
| <b>Total current assets</b>                      | <b>147,071,522</b>         | <b>30,077,000</b>           | <b>177,148,522</b>    |
| Noncurrent assets:                               |                            |                             |                       |
| Capital assets:                                  |                            |                             |                       |
| Non depreciable                                  | 32,816,706                 | 21,563,171                  | 54,379,877            |
| Depreciable, net                                 | 232,063,511                | 69,431,227                  | 301,494,738           |
| <b>Total capital assets, net</b>                 | <b>264,880,217</b>         | <b>90,994,398</b>           | <b>355,874,615</b>    |
| <b>Total noncurrent assets</b>                   | <b>264,880,217</b>         | <b>90,994,398</b>           | <b>355,874,615</b>    |
| <b>Total assets</b>                              | <b>411,951,739</b>         | <b>121,071,398</b>          | <b>533,023,137</b>    |
| <b>LIABILITIES</b>                               |                            |                             |                       |
| Current liabilities:                             |                            |                             |                       |
| Cash overdraft                                   | 24,330,120                 | 4,853,525                   | 29,183,645            |
| Accounts payable and accrued liabilities         | 8,066,444                  | 1,908,678                   | 9,975,122             |
| Claims liabilities - due within one year         | 8,566,000                  | -                           | 8,566,000             |
| Due to pension trust                             | 1,180,654                  | -                           | 1,180,654             |
| Interest payable                                 | 2,633,689                  | 951,628                     | 3,585,317             |
| Refundable deposits                              | 725,380                    | 319,543                     | 1,044,923             |
| Deferred revenue                                 | 397,759                    | 30,009                      | 427,768               |
| Compensated absences - due within one year       | 5,052,163                  | 249,505                     | 5,301,668             |
| Long-term debt - due within one year             | 7,833,558                  | 1,829,361                   | 9,662,919             |
| <b>Total current liabilities</b>                 | <b>58,785,767</b>          | <b>10,142,249</b>           | <b>68,928,016</b>     |
| Noncurrent liabilities:                          |                            |                             |                       |
| Compensated absences - due in more than one year | 6,117,659                  | 5,988                       | 6,123,647             |
| Claims liabilities - due in more than one year   | 8,566,000                  | -                           | 8,566,000             |
| Long-term debt - due in more than one year       | 126,976,205                | 60,570,305                  | 187,546,510           |
| <b>Total noncurrent liabilities</b>              | <b>141,659,864</b>         | <b>60,576,293</b>           | <b>202,236,157</b>    |
| <b>Total liabilities</b>                         | <b>200,445,631</b>         | <b>70,718,542</b>           | <b>271,164,173</b>    |
| <b>NET ASSETS</b>                                |                            |                             |                       |
| Invested in capital assets, net of related debt  | 161,803,370                | 32,619,310                  | 194,422,680           |
| Restricted for:                                  |                            |                             |                       |
| Capital projects                                 | 62,529,516                 | -                           | 62,529,516            |
| Debt service                                     | 7,547,967                  | -                           | 7,547,967             |
| Housing and redevelopment                        | 15,790,395                 | -                           | 15,790,395            |
| Other purposes                                   | 4,143,407                  | -                           | 4,143,407             |
| Unrestricted (deficit)                           | (40,308,547)               | 17,733,546                  | (22,575,001)          |
| <b>Total net assets</b>                          | <b>\$ 211,506,108</b>      | <b>\$ 50,352,856</b>        | <b>\$ 261,858,964</b> |

See accompanying Notes to Basic Financial Statements.

# CITY OF RICHMOND

## Statement of Activities and Changes in Net Assets For the year ended June 30, 2003

| Functions/Programs                    | Expenses              | Program Revenues     |                                    |                                  | Total                |
|---------------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|----------------------|
|                                       |                       | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |                      |
| <b>Primary Government:</b>            |                       |                      |                                    |                                  |                      |
| Governmental Activities:              |                       |                      |                                    |                                  |                      |
| Current:                              |                       |                      |                                    |                                  |                      |
| General government                    | \$ 20,866,018         | \$ 5,509,407         | \$ 61,593                          | \$ -                             | \$ 5,571,000         |
| Public safety                         | 51,888,399            | 697,659              | 975,265                            | 105,000                          | 1,777,924            |
| Highways and streets                  | 32,986,223            | 3,848,741            | 2,789,984                          | 4,431,903                        | 11,070,628           |
| Community development                 | 8,494,108             | 1,682,781            | 4,873,018                          | (114,916)                        | 6,440,883            |
| Cultural and recreational             | 11,150,363            | 364,665              | 291,790                            | -                                | 656,455              |
| Housing and redevelopment             | 26,645,808            | (680)                | 2,493,507                          | 16,032,793                       | 18,525,620           |
| Other                                 | 75,785                | -                    | -                                  | -                                | -                    |
| Claims losses                         | 8,458,336             | -                    | -                                  | -                                | -                    |
| Interest and fiscal charges           | 13,022,532            | -                    | -                                  | -                                | -                    |
| <b>Total Governmental Activities</b>  | <b>173,587,572</b>    | <b>12,102,573</b>    | <b>11,485,157</b>                  | <b>20,454,780</b>                | <b>44,042,510</b>    |
| Business-Type Activities:             |                       |                      |                                    |                                  |                      |
| Richmond Housing Authority            | 25,518,702            | 2,064,716            | 24,061,146                         | -                                | 26,125,862           |
| Port of Richmond                      | 2,811,056             | 2,265,785            | -                                  | -                                | 2,265,785            |
| Richmond Marina                       | 578,370               | 366,288              | -                                  | -                                | 366,288              |
| Municipal Sewer                       | 10,035,988            | 8,020,968            | 11,604                             | -                                | 8,032,572            |
| Storm Sewer                           | 2,446,743             | 1,477,853            | -                                  | -                                | 1,477,853            |
| Cable TV                              | 763,738               | 677,314              | -                                  | -                                | 677,314              |
| Convention Center                     | 319,066               | 172,793              | -                                  | -                                | 172,793              |
| <b>Total Business-Type Activities</b> | <b>42,473,663</b>     | <b>15,045,717</b>    | <b>24,072,750</b>                  | <b>-</b>                         | <b>39,118,467</b>    |
| <b>Total primary government</b>       | <b>\$ 216,061,235</b> | <b>\$ 27,148,290</b> | <b>\$ 35,557,907</b>               | <b>\$ 20,454,780</b>             | <b>\$ 83,160,977</b> |

### General Revenues:

#### Taxes:

Property taxes

Other taxes

Total taxes

Grants and contributions not restricted to specific programs

Investment income

Rental revenue

Lease revenue

Repayment of principal

Miscellaneous

Loss on sale of capital assets

Transfers

Reimbursement from pension fund (Note 12)

**Total general revenues and transfers**

**Change in net assets**

**Net Assets - Beginning, as restated (Note 9)**

**Net Assets - Ending**

See accompanying Notes to Basic Financial Statements.

| Net (Expense) Revenue and<br>Changes in Net Assets |                             |                 |
|--|-----------------------------|-----------------|
| Primary Government                                 |                             |                 |
| Governmental<br>Activities                         | Business-Type<br>Activities | Total           |
| \$ (15,295,018)                                    | \$ -                        | \$ (15,295,018) |
| (50,110,475)                                       | -                           | (50,110,475)    |
| (21,915,595)                                       | -                           | (21,915,595)    |
| (2,053,225)  | -                           | (2,053,225)     |
| (10,493,908)                                       | -                           | (10,493,908)    |
| (8,120,188)  | -                           | (8,120,188)     |
| (75,785)   | -                           | (75,785)        |
| (8,458,336)  | -                           | (8,458,336)     |
| (13,022,532)                                       | -                           | (13,022,532)    |
| (129,545,062)                                      | -                           | (129,545,062)   |
| -  | 607,160                     | 607,160         |
| -  | (545,271)                   | (545,271)       |
| -  | (212,082)                   | (212,082)       |
| -  | (2,003,416)                 | (2,003,416)     |
| -  | (968,890)                   | (968,890)       |
| -  | (86,424)                    | (86,424)        |
| -  | (146,273)                   | (146,273)       |
| -  | (3,355,196)                 | (3,355,196)     |
| (129,545,062)                                      | (3,355,196)                 | (132,900,258)   |
| 39,816,120   | -                           | 39,816,120      |
| 44,665,215   | -                           | 44,665,215      |
| 84,481,335   | -                           | 84,481,335      |
| 978,228  | -                           | 978,228         |
| 6,568,865  | 2,281,921                   | 8,850,786       |
| 2,819,462  |                             | 2,819,462       |
| 3,017,547  |                             | 3,017,547       |
| 1,940,375  |                             | 1,940,375       |
| 3,433,249  | -                           | 3,433,249       |
| (175,225)  | (9,527)                     | (184,752)       |
| (2,116,594)  | 2,116,594                   | -               |
| 3,928,959  | -                           | 3,928,959       |
| 104,876,201  | 4,388,988                   | 109,265,189     |
| (24,668,861)                                       | 1,033,792                   | (23,635,069)    |
| 236,174,969  | 49,319,064                  | 285,494,033     |
| \$ 211,506,108                                     | \$ 50,352,856               | \$ 261,858,964  |

# CITY OF RICHMOND

## Balance Sheet Governmental Funds June 30, 2003

|  | General              | Redevelopment<br>Agency | JPFA                | General<br>Capital<br>Improvement |
|--|----------------------|-------------------------|---------------------|-----------------------------------|
| <b>ASSETS</b>                              |                      |                         |                     |                                   |
| Cash and investments                       | \$ -                 | \$ 10,289,968           | \$ 1,034,088        | \$ -                              |
| Restricted cash and investments            | 3,860,641            | 29,111,109              | 6,635,871           | 33,645,765                        |
| Receivables:                               |                      |                         |                     |                                   |
| Accounts (net)                             | 5,097,043            | 744,762                 | -                   | 307,562                           |
| Interest                                   | 6,770                | 472,178                 | 42,938              | 15,415                            |
| Grants                                     | 93,726               | -                       | -                   | 1,074,626                         |
| Loans                                      | 1,144,567            | 2,186,342               | -                   | -                                 |
| Other                                      | 198,687              | -                       | -                   | -                                 |
| Due from other funds                       | 464,131              | -                       | -                   | -                                 |
| Advances to other funds                    | 47,971,911           | 358,408                 | -                   | -                                 |
| Inventories                                | 349,241              | -                       | -                   | -                                 |
| Prepaid and other assets                   | 594,506              | -                       | 2,269               | 0                                 |
| <b>Total assets</b>                        | <b>\$ 59,781,223</b> | <b>\$ 43,162,767</b>    | <b>\$ 7,715,166</b> | <b>\$ 35,043,368</b>              |
| <b>LIABILITIES AND<br/>FUND BALANCES</b>   |                      |                         |                     |                                   |
| <b>Liabilities:</b>                        |                      |                         |                     |                                   |
| Cash overdraft                             | \$ 8,247,425         | \$ -                    | \$ -                | \$ 7,084,800                      |
| Accounts payable and accrued liabilities   | 3,054,536            | 898,947                 | 1,178               | 1,460,492                         |
| Refundable deposits                        | 597,569              | 29,202                  | -                   | -                                 |
| Due to pension trust                       | 1,180,654            | -                       | -                   | -                                 |
| Due to other funds                         | -                    | -                       | -                   | -                                 |
| Advances from other funds                  | 123,408              | 31,248,917              | -                   | -                                 |
| Deferred revenue                           | 14,076,875           | 1,831,930               | -                   | -                                 |
| <b>Total liabilities</b>                   | <b>27,280,467</b>    | <b>34,008,996</b>       | <b>1,178</b>        | <b>8,545,292</b>                  |
| <b>Fund Balances:</b>                      |                      |                         |                     |                                   |
| Reserved for:                              |                      |                         |                     |                                   |
| Inventories                                | 349,241              | -                       | -                   | -                                 |
| Debt service                               | -                    | 5,204,937               | 7,713,988           | -                                 |
| Encumbrances                               | 1,504,804            | 3,794,589               | -                   | 2,196,140                         |
| Long term receivables                      | 35,067,655           | 473,216                 | -                   | -                                 |
| Unreserved, reported in:                   |                      |                         |                     |                                   |
| General fund                               | (4,420,944)          | -                       | -                   | -                                 |
| Special revenue funds                      | -                    | 747,547                 | -                   | -                                 |
| Debt service funds                         | -                    | (30,766,805)            | -                   | -                                 |
| Capital project funds                      | -                    | 29,700,287              | -                   | 24,301,936                        |
| <b>Total fund balances</b>                 | <b>32,500,756</b>    | <b>9,153,771</b>        | <b>7,713,988</b>    | <b>26,498,076</b>                 |
| <b>Total liabilities and fund balances</b> | <b>\$ 59,781,223</b> | <b>\$ 43,162,767</b>    | <b>\$ 7,715,166</b> | <b>\$ 35,043,368</b>              |

See accompanying Notes to Basic Financial Statements.

| Nonmajor<br>Governmental<br>Funds |                   | Total<br>Governmental<br>Funds |                    |
|-----------------------------------|-------------------|--------------------------------|--------------------|
| \$                                | 11,608,139        | \$                             | 22,932,195         |
|                                   | 5,621,482         |                                | 78,874,868         |
|                                   | 1,735,693         |                                | 7,885,060          |
|                                   | 15,040            |                                | 552,341            |
|                                   | 3,157,789         |                                | 4,326,141          |
|                                   | 4,802,310         |                                | 8,133,219          |
|                                   | 2,364             |                                | 201,051            |
|                                   | -                 |                                | 464,131            |
|                                   | -                 |                                | 48,330,319         |
|                                   | -                 |                                | 349,241            |
|                                   | 2,800             |                                | 599,575            |
| <u>\$</u>                         | <u>26,945,617</u> | <u>\$</u>                      | <u>172,648,141</u> |

|           |                   |           |                   |
|-----------|-------------------|-----------|-------------------|
| \$        | 8,997,895         | \$        | 24,330,120        |
|           | 2,598,756         |           | 8,013,909         |
|           | 98,609            |           | 725,380           |
|           | -                 |           | 1,180,654         |
|           | 464,131           |           | 464,131           |
|           | -                 |           | 31,372,325        |
|           | 5,338,577         |           | 21,247,382        |
| <u>\$</u> | <u>17,497,968</u> | <u>\$</u> | <u>87,333,901</u> |

|           |                   |           |                    |
|-----------|-------------------|-----------|--------------------|
|           | -                 |           | 349,241            |
|           | -                 |           | 12,918,925         |
|           | 4,699,946         |           | 12,195,479         |
|           | -                 |           | 35,540,871         |
|           | -                 |           | (4,420,944)        |
|           | 1,851,869         |           | 2,599,416          |
|           | (1,904,203)       |           | (32,671,008)       |
|           | 4,800,037         |           | 58,802,260         |
| <u>\$</u> | <u>9,447,649</u>  | <u>\$</u> | <u>85,314,240</u>  |
| <u>\$</u> | <u>26,945,617</u> | <u>\$</u> | <u>172,648,141</u> |

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# CITY OF RICHMOND

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## Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets June 30, 2003

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|  |                       |
|--|-----------------------|
| <b>Total Fund Balances - Total Governmental Funds (Page 21)</b>  | <b>\$ 85,314,240</b>  |
| Amounts reported for Governmental Activities in the Statement of Net Assets are different because:   |                       |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.   | 264,844,901           |
| Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.   | (2,633,689)           |
| Deferred revenues are adjusted as follows:<br>Deferred revenues recorded in governmental fund financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements                       | 20,849,623            |
| Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Government-Wide Statement of Net Assets. | (10,946,589)          |
| Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.   |                       |
| Due within one year:   |                       |
| Compensated absences (Net of Internal Service Funds of \$25,743)   | (5,026,420)           |
| Long-term debt   | (7,833,558)           |
| Due in more than one year:   |                       |
| Compensated absences (Net of Internal Service Funds of \$31,464)   | (6,086,195)           |
| Long-term debt   | (126,976,205)         |
|  | <hr/>                 |
| <b>Net Assets of Governmental Activities (Page 17)</b>   | <b>\$ 211,506,108</b> |

See accompanying Notes to Basic Financial Statements.

# CITY OF RICHMOND

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the year ended June 30, 2003

|   | General             | Redevelopment<br>Agency | JPFA             | General<br>Capital<br>Improvement |
|---|---------------------|-------------------------|------------------|-----------------------------------|
| <b>REVENUES:</b>                            |                     |                         |                  |                                   |
| Property taxes                              | \$ 27,805,491       | \$ 12,010,629           | \$ -             | \$ -                              |
| Sales taxes                                 | 12,282,691          | -                       | -                | -                                 |
| Utility user fees                           | 23,463,409          | -                       | -                | -                                 |
| Other taxes                                 | 8,919,115           | -                       | -                | -                                 |
| Licenses, permits and fees                  | 5,196,848           | -                       | -                | -                                 |
| Fines, forfeitures and penalties            | 570,823             | -                       | -                | -                                 |
| Investment earnings                         | 3,385,808           | 2,222,920               | 1,230,090        | 1,438,791                         |
| Intergovernmental                           | 1,786,872           | 14,248,084              | -                | 1,285,072                         |
| Charges for services                        | 4,070,303           | -                       | -                | 277,597                           |
| Lease income                                | -                   | -                       | 3,017,548        | -                                 |
| Reimbursement from pension fund             | -                   | -                       | -                | -                                 |
| Other                                       | 993,094             | 781,042                 | 1,563,237        | 290,539                           |
| Rent  | 2,576,490           | -                       | -                | -                                 |
| <b>Total revenues</b>                       | <b>91,050,944</b>   | <b>29,262,675</b>       | <b>5,810,875</b> | <b>3,291,999</b>                  |
| <b>EXPENDITURES:</b>                        |                     |                         |                  |                                   |
| Current:                                    |                     |                         |                  |                                   |
| General government                          | 17,981,557          | -                       | -                | -                                 |
| Public safety                               | 52,503,986          | -                       | -                | -                                 |
| Highways and streets                        | 13,341,976          | -                       | -                | 3,568,549                         |
| Community development                       | 2,006,897           | -                       | -                | -                                 |
| Cultural and recreational                   | 11,585,860          | -                       | -                | -                                 |
| Housing and redevelopment                   | -                   | 21,494,167              | -                | -                                 |
| Other                                       | -                   | 64,699                  | -                | 11,086                            |
| Capital outlay                              | 821,463             | 4,156,868               | -                | 8,032,925                         |
| Debt service:                               |                     |                         |                  |                                   |
| Principal retirement                        | -                   | 873,816                 | 1,315,001        | -                                 |
| Interest and fiscal charges                 | 252,214             | 3,020,595               | 4,752,152        | -                                 |
| <b>Total expenditures</b>                   | <b>98,493,953</b>   | <b>29,610,145</b>       | <b>6,067,153</b> | <b>11,612,560</b>                 |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>(7,443,009)</b>  | <b>(347,470)</b>        | <b>(256,278)</b> | <b>(8,320,561)</b>                |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                     |                         |                  |                                   |
| Sale of property                            | 43,113              | -                       | -                | -                                 |
| Proceeds of long-term debt                  | -                   | 587,063                 | -                | 5,969,623                         |
| Operating transfers in                      | 1,169,088           | 20,187,181              | 145,591          | 10,051,036                        |
| Operating transfers out                     | (8,199,828)         | (19,411,307)            | (519)            | (12,387,263)                      |
| <b>Total other financing sources (uses)</b> | <b>(6,987,627)</b>  | <b>1,362,937</b>        | <b>145,072</b>   | <b>3,633,396</b>                  |
| <b>Net change in fund balances</b>          | <b>(14,430,636)</b> | <b>1,015,467</b>        | <b>(111,206)</b> | <b>(4,687,165)</b>                |
| <b>FUND BALANCES:</b>                       |                     |                         |                  |                                   |
| Beginning of year                           | 45,857,057          | 8,138,304               | 7,819,518        | 31,455,524                        |
| Prior period adjustments                    | 1,074,335           | -                       | 5,676            | (270,283)                         |
| End of year                                 | \$ 32,500,756       | \$ 9,153,771            | \$ 7,713,988     | \$ 26,498,076                     |

See accompanying Notes to Basic Financial Statements.

| Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------------|--------------------------------|
| \$ -                              | \$ 39,816,120                  |
| -                                 | 12,282,691                     |
| -                                 | 23,463,409                     |
| 1,891,528                         | 10,810,643                     |
| 70,720                            | 5,267,568                      |
| -                                 | 570,823                        |
| 1,433,209                         | 9,710,818                      |
| 9,407,101                         | 26,727,129                     |
| 2,427,424                         | 6,775,324                      |
| -                                 | 3,017,548                      |
| 3,928,959                         | 3,928,959                      |
| 2,556,981                         | 6,184,893                      |
| 53,371                            | 2,629,861                      |
| <u>21,769,293</u>                 | <u>151,185,786</u>             |
| -                                 | 17,981,557                     |
| 665,858                           | 53,169,844                     |
| 1,434,872                         | 18,345,397                     |
| 6,549,739                         | 8,556,636                      |
| -                                 | 11,585,860                     |
| 3,445,955                         | 24,940,122                     |
| -                                 | 75,785                         |
| 159,601                           | 13,170,857                     |
| 4,056,735                         | 6,245,552                      |
| 5,905,354                         | 13,930,315                     |
| <u>22,218,114</u>                 | <u>168,001,925</u>             |
| <u>(448,821)</u>                  | <u>(16,816,139)</u>            |
| 18,511                            | 61,624                         |
| -                                 | 6,556,686                      |
| 5,988,496                         | 37,541,392                     |
| (2,659,069)                       | (42,657,986)                   |
| <u>3,347,938</u>                  | <u>1,501,716</u>               |
| <u>2,899,117</u>                  | <u>(15,314,423)</u>            |
| 10,010,173                        | 103,280,576                    |
| (3,461,641)                       | (2,651,913)                    |
| <u>\$ 9,447,649</u>               | <u>\$ 85,314,240</u>           |

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**CITY OF RICHMOND**

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**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the year ended June 30, 2003**

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Net change in fund balances - total governmental funds (Page 25) \$ (15,314,423)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

|  |                     |             |
|--|---------------------|-------------|
| Capital outlay   | 10,309,515          |             |
| Depreciation expense (Net of Internal Service Funds of \$12,173) | <u>(15,754,759)</u> |             |
| Excess of depreciation expense over capital outlay               |                     | (5,445,244) |

Various miscellaneous transactions involving capital assets:

|                                      |                 |           |
|--------------------------------------|-----------------|-----------|
| Loss on disposal of capital assets   | (171,817)       |           |
| Proceeds from sale of capital assets | <u>(61,624)</u> |           |
| Net effect                           |                 | (233,441) |

Repayment of long-term obligation principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the government-wide statements, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. The City's long-term obligations were reduced because principal payments were made to bond holders.

6,245,552

Accrued interest expense on long-term debt is reported in the government-wide statement of activities, but does not require the use of current financial resources.

|   |                  |         |
|---|------------------|---------|
| Accrued interest on long-term debt                | (2,633,689)      |         |
| Reversal of prior year interest on long-term debt | <u>3,541,472</u> |         |
| Excess of prior year interest over current year   |                  | 907,783 |

Capital lease arrangement and proceeds from long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.

(6,556,686)

Some item reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Net increase in vacation, sick leave, and compensatory time.

145,113

Internal service funds are used by management to charge the costs of certain activities such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities.

(4,417,515)

**Change in net assets of governmental activities (Page 19) \$ (24,668,861)**

# CITY OF RICHMOND

## Statement of Net Assets Proprietary Funds June 30, 2003

|   | Major Business-type Activities-Enterprise Funds |                        |                     |
|---|---|------------------------|---------------------|
|   | Richmond<br>Housing<br>Authority                | Port of<br>Richmond    | Municipal<br>Sewer  |
| <b>ASSETS</b>                                       |   |                        |                     |
| Cash and investments                                | \$ 3,969,407                                    | \$ 6,275,801           | \$ -                |
| Restricted cash investments                         | -   | 25,152                 | 30,113,136          |
| Receivables:  |   |                        |                     |
| Accounts  | 1,752,064                                       | 261,938                | 170,441             |
| Interest  | -   | 10,159                 | 5,868               |
| Other   | 250,040   | -                      | 12,911              |
| Inventories   | 57,419  | -                      | -                   |
| Deferred charges                                    | -   | 196,456                | 868,035             |
| Prepays and other assets                            | 103,535   | -                      | 50,000              |
| <b>Total current assets</b>                         | <b>6,132,465</b>                                | <b>6,769,506</b>       | <b>31,220,391</b>   |
| Noncurrent assets:                                  |   |                        |                     |
| Capital assets:                                     |   |                        |                     |
| Non depreciable assets                              | 5,230,526                                       | 7,400,805              | 7,263,802           |
| Depreciable assets, net of accumulated depreciation | 33,617,256                                      | 4,822,561              | 15,531,611          |
| <b>Total capital assets</b>                         | <b>38,847,782</b>                               | <b>12,223,366</b>      | <b>22,795,413</b>   |
| <b>Total noncurrent assets</b>                      | <b>38,847,782</b>                               | <b>12,223,366</b>      | <b>22,795,413</b>   |
| <b>Total assets</b>                                 | <b>44,980,247</b>                               | <b>18,992,872</b>      | <b>54,015,804</b>   |
| <b>LIABILITIES</b>                                  |   |                        |                     |
| Liabilities:  |   |                        |                     |
| Current liabilities:                                |   |                        |                     |
| Cash overdraft                                      | \$ -  | \$ -                   | \$ 4,380,633        |
| Accounts payable and accrued liabilities            | 1,075,294                                       | 431,498                | 339,992             |
| Interest payable                                    | -   | 155,831                | 648,411             |
| Refundable deposits                                 | 123,576   | 58,098                 | 66,070              |
| Deferred revenue                                    | -   | -                      | -                   |
| Compensated absences - due within one year          | 123,760   | 46,557                 | 4,900               |
| Claims liability                                    | -   | -                      | -                   |
| Long-term debt - due within one year                | -   | 1,290,000              | 493,331             |
| <b>Total current liabilities</b>                    | <b>1,322,630</b>                                | <b>1,981,984</b>       | <b>5,933,337</b>    |
| Noncurrent liabilities:                             |   |                        |                     |
| Advances from other funds                           | -   | 16,837,994             | -                   |
| Compensated absences - due after one year           | -   | -                      | 5,988               |
| Claims liability                                    | -   | -                      | -                   |
| Long-term debt - due after one year                 | 2,195,217                                       | 11,983,029             | 42,865,090          |
| <b>Total noncurrent liabilities</b>                 | <b>2,195,217</b>                                | <b>28,821,023</b>      | <b>42,871,078</b>   |
| <b>Total liabilities</b>                            | <b>3,517,847</b>                                | <b>30,803,007</b>      | <b>48,804,415</b>   |
| <b>NET ASSETS</b>                                   |   |                        |                     |
| Invested in capital assets net of related debt      | 38,847,782                                      | 240,337                | (20,069,677)        |
| Unrestricted  | 2,614,618                                       | (12,050,472)           | 25,281,066          |
| <b>Total net assets</b>                             | <b>\$ 41,462,400</b>                            | <b>\$ (11,810,135)</b> | <b>\$ 5,211,389</b> |

See accompanying Notes to Basic Financial Statements.

| Nonmajor<br>Enterprise Funds | Total                | Governmental<br>Activities-<br>Internal<br>Service Funds |
|------------------------------|----------------------|--|
| \$ 2,231,368                 | \$ 12,476,576        | \$ 6,256,027   |
| 226,809                      | 30,365,097           |  |
| 329,004                      | 2,513,447            | -  |
| 3,663                        | 19,690               | 3,810  |
| 121,788                      | 384,739              | -  |
| -                            | 57,419               | -  |
| -                            | 1,064,491            | -  |
| -                            | 153,535              | -  |
| <u>2,912,632</u>             | <u>47,034,994</u>    | <u>6,259,837</u>   |
| 1,668,038                    | 21,563,171           | -  |
| 15,459,799                   | 69,431,227           | 35,316   |
| <u>17,127,837</u>            | <u>90,994,398</u>    | <u>35,316</u>  |
| <u>17,127,837</u>            | <u>90,994,398</u>    | <u>35,316</u>  |
| <u>20,040,469</u>            | <u>138,029,392</u>   | <u>6,295,153</u>   |
| \$ 472,892                   | \$ 4,853,525         | \$ -   |
| 61,894                       | 1,908,678            | 52,535   |
| 147,386                      | 951,628              | -  |
| 71,799                       | 319,543              | -  |
| 30,009                       | 30,009               | -  |
| 74,288                       | 249,505              | 25,743   |
| -                            | -                    | 8,566,000  |
| 46,030                       | 1,829,361            | -  |
| <u>904,298</u>               | <u>10,142,249</u>    | <u>8,644,278</u>   |
| 120,000                      | 16,957,994           | -  |
| -                            | 5,988                | 31,464   |
| -                            | -                    | 8,566,000  |
| <u>3,526,969</u>             | <u>60,570,305</u>    | <u>-</u>   |
| <u>3,646,969</u>             | <u>77,534,287</u>    | <u>8,597,464</u>   |
| <u>4,551,267</u>             | <u>87,676,536</u>    | <u>17,241,742</u>  |
| 13,600,868                   | 32,619,310           | 35,316   |
| 1,888,334                    | 17,733,546           | (10,981,905)   |
| <u>\$ 15,489,202</u>         | <u>\$ 50,352,856</u> | <u>\$ (10,946,589)</u>                                   |

# CITY OF RICHMOND

## Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds For the year ended June 30, 2003

|   | Major Business-type Activities-Enterprise Funds |                        |                     |
|---|---|------------------------|---------------------|
|   | Richmond  | Port of                | Municipal           |
|   | Housing<br>Authority                            | Richmond               | Sewer               |
| <b>OPERATING REVENUES:</b>                      |   |                        |                     |
| Property taxes                                  | \$ -  | \$ -                   | \$ 11,604           |
| Dwelling rents                                  | 1,937,113                                       | -                      | -                   |
| HUD grants and other government grants          | 24,061,146                                      | -                      | -                   |
| Rental  | -   | 532,363                | -                   |
| Dockage and wharfage                            | -   | 1,067,274              | -                   |
| Marina berth rentals                            | -   | 327,978                | -                   |
| Service charges                                 | -   | -                      | 8,018,114           |
| Lease income                                    | -   | -                      | -                   |
| Reimbursement for dredging                      | -   | 267,831                | -                   |
| Other   | 127,603   | 70,339                 | 2,854               |
| <b>Total operating revenues</b>                 | <b>26,125,862</b>                               | <b>2,265,785</b>       | <b>8,032,572</b>    |
| <b>OPERATING EXPENSES:</b>                      |   |                        |                     |
| Salaries and wages                              | 3,387,216                                       | 685,799                | 1,555,091           |
| General and administrative                      | 2,426,949                                       | 674,118                | 4,950,179           |
| Maintenance                                     | 2,857,097                                       | 24,693                 | 34,187              |
| Depreciation                                    | 404,065   | 263,721                | 1,188,010           |
| Housing assistance                              | 16,443,375                                      | -                      | -                   |
| Claims losses                                   | -   | -                      | -                   |
| <b>Total operating expenses</b>                 | <b>25,518,702</b>                               | <b>1,648,331</b>       | <b>7,727,467</b>    |
| <b>OPERATING INCOME (LOSS)</b>                  | <b>607,160</b>                                  | <b>617,454</b>         | <b>305,105</b>      |
| <b>NONOPERATING REVENUES AND EXPENSES:</b>      |   |                        |                     |
| Investment income                               | 76,576  | 53,395                 | 2,130,440           |
| Interest expense                                | -   | (1,129,982)            | (2,277,612)         |
| Amortization of bond issuance costs             | -   | (32,743)               | (30,909)            |
| Gain (loss) on sale of fixed assets             | -   | -                      | (2,496)             |
| <b>Total nonoperating revenues and expenses</b> | <b>76,576</b>                                   | <b>(1,109,330)</b>     | <b>(180,577)</b>    |
| <b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b> | <b>683,736</b>                                  | <b>(491,876)</b>       | <b>124,528</b>      |
| <b>OPERATING TRANSFERS:</b>                     |   |                        |                     |
| Operating transfers in                          | -   | -                      | 10,372,592          |
| Operating transfers out                         | -   | -                      | (9,974,732)         |
| <b>Total operating transfers</b>                | <b>-</b>  | <b>-</b>               | <b>397,860</b>      |
| <b>Net income (loss)</b>                        | <b>683,736</b>                                  | <b>(491,876)</b>       | <b>522,388</b>      |
| <b>NET ASSETS (DEFICIT):</b>                    |   |                        |                     |
| Beginning of year                               | 40,577,207                                      | (10,680,772)           | 4,690,058           |
| Prior period adjustments                        | 201,457   | (637,487)              | (1,057)             |
| <b>End of year</b>                              | <b>\$ 41,462,400</b>                            | <b>\$ (11,810,135)</b> | <b>\$ 5,211,389</b> |

See accompanying Notes to Basic Financial Statements.

| Nonmajor<br>Enterprise Funds | Total                | Governmental<br>Activities-<br>Internal<br>Service Funds |
|------------------------------|----------------------|--|
| \$ -                         | \$ 11,604            | \$ -   |
| -                            | 1,937,113            | -  |
| -                            | 24,061,146           | -  |
| 170,908                      | 703,271              | -  |
| -                            | 1,067,274            | -  |
| -                            | 327,978              | -  |
| 2,152,638                    | 10,170,752           | 3,588,622  |
| 336,288                      | 336,288              | -  |
| -                            | 267,831              | -  |
| 34,414                       | 235,210              | -  |
| <u>2,694,248</u>             | <u>39,118,467</u>    | <u>3,588,622</u>   |
| 2,021,090                    | 7,649,196            | -  |
| 517,935                      | 8,569,181            | 2,556,964  |
| 320,760                      | 3,236,737            | -  |
| 1,079,493                    | 2,935,289            | 12,173   |
| -                            | 16,443,375           | -  |
| -                            | -                    | 8,458,336  |
| <u>3,939,278</u>             | <u>38,833,778</u>    | <u>11,027,473</u>  |
| <u>(1,245,030)</u>           | <u>284,689</u>       | <u>(7,438,851)</u>                                       |
| 21,510                       | 2,281,921            | 24,744   |
| (168,639)                    | (3,576,233)          | -  |
| -                            | (63,652)             | -  |
| (7,031)                      | (9,527)              | (3,408)  |
| <u>(154,160)</u>             | <u>(1,367,491)</u>   | <u>21,336</u>  |
| <u>(1,399,190)</u>           | <u>(1,082,802)</u>   | <u>(7,417,515)</u>                                       |
| 1,768,217                    | 12,140,809           | 3,000,000  |
| (49,483)                     | (10,024,215)         | -  |
| <u>1,718,734</u>             | <u>2,116,594</u>     | <u>3,000,000</u>   |
| <u>319,544</u>               | <u>1,033,792</u>     | <u>(4,417,515)</u>                                       |
| 15,153,129                   | 49,739,622           | (6,394,975)  |
| 16,529                       | (420,558)            | (134,099)  |
| <u>\$ 15,489,202</u>         | <u>\$ 50,352,856</u> | <u>\$ (10,946,589)</u>                                   |

# CITY OF RICHMOND

## Statement of Cash Flows Proprietary Funds For the year ended June 30, 2003

|   | Major Business-type Activities-Enterprise Funds |                     |                       |
|---|---|---------------------|-----------------------|
|   | Richmond<br>Housing<br>Authority                | Port of<br>Richmond | Municipal<br>Sewer    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |   |                     |                       |
| Cash received from customers/other funds  | \$ 1,687,797                                    | 2,042,949           | \$ 8,198,566          |
| Cash payments to suppliers for goods and services   | (21,485,015)                                    | (56,498)            | (6,309,664)           |
| Cash payments to employees for services   | (3,263,456)                                     | (677,279)           | (1,544,203)           |
| Payments received from HUD  | 24,061,146                                      | -                   | -                     |
| Intergovernmental revenue received (expenses paid)  | -   | (230,367)           | (456,622)             |
| Other operating revenues  | 127,603   | 338,170             | 2,854                 |
| <b>Net cash provided (used) by operating activities</b>   | <b>1,128,075</b>                                | <b>1,416,975</b>    | <b>(109,069)</b>      |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>   |   |                     |                       |
| Operating transfers in  | -   | -                   | 10,372,592            |
| Operating transfers (out)   | -   | -                   | (9,974,732)           |
| <b>Net cash provided (used) by noncapital financing activities</b>  | <b>-</b>  | <b>-</b>            | <b>397,860</b>        |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>  |   |                     |                       |
| Repayment of long-term borrowing  | -   | (1,412,668)         | (439,244)             |
| Proceeds from long-term borrowing   | 419,572   | -                   | -                     |
| Net change in capital assets  | (2,057,717)                                     | (1,469,685)         | (5,337,636)           |
| <b>Net cash provided (used) by capital and related financing activities</b>                               | <b>(1,638,145)</b>                              | <b>(2,882,353)</b>  | <b>(5,776,880)</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |   |                     |                       |
| Interest revenue  | 76,575  | 110,809             | 2,128,747             |
| Interest expense  | -   | (674,681)           | (1,685,950)           |
| Purchase of investments with fiscal agent   | -   | (25,152)            | 6,384,644             |
| <b>Net cash provided (used) by investing activities</b>   | <b>76,575</b>                                   | <b>(589,024)</b>    | <b>6,827,441</b>      |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>(433,495)</b>                                | <b>(2,054,402)</b>  | <b>1,339,352</b>      |
| <b>CASH AND CASH EQUIVALENTS:</b>   |   |                     |                       |
| Beginning of year   | 4,402,902                                       | 8,330,203           | (5,719,985)           |
| End of year   |   |                     |                       |
| Cash and investment   | 3,969,407                                       | 6,275,801           | -                     |
| Cash overdraft  | -   | -                   | (4,380,633)           |
| <b>Net Cash and investment</b>  | <b>\$ 3,969,407</b>                             | <b>\$ 6,275,801</b> | <b>\$ (4,380,633)</b> |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET<br/>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |   |                     |                       |
| Operating income (loss)   | \$ 607,160                                      | \$ 617,454          | \$ 305,105            |
| Adjustments to reconcile operating income (loss) to<br>net cash provided (used) by operating activities:  |   |                     |                       |
| Prior period adjustments  | 201,457   | (637,487)           | (1,057)               |
| Depreciation  | 404,065   | 263,721             | 1,188,010             |
| Changes in operating assets and liabilities:  |   |                     |                       |
| Accounts receivable   | (317,292)                                       | 725,757             | 131,564               |
| Other receivable  | (250,040)                                       | -                   | 5,244                 |
| Deferred charges  | -   | 32,743              | 30,909                |
| Inventories   | 12,299  | -                   | -                     |
| Prepaid items   | 104,260   | -                   | 2,188                 |
| Accounts payable  | (336,661)                                       | 400,267             | (1,781,920)           |
| Accrued liabilities   | 593,800   | -                   | -                     |
| Deferred revenue  | (10,880)  | -                   | -                     |
| Compensated absences  | 123,760   | 8,520               | 10,888                |
| Claims liability  | -   | -                   | -                     |
| Refundable deposits   | (3,853)   | 6,000               | -                     |
| Total adjustments   | 520,915   | 799,521             | (414,174)             |
| <b>Net cash provided (used) by operating activities</b>   | <b>\$ 1,128,075</b>                             | <b>\$ 1,416,975</b> | <b>\$ (109,069)</b>   |

See accompanying Notes to Basic Financial Statements.

| Other<br>Non-Major<br>Business-type<br>Activities-<br>Enterprise Funds | Total         | Governmental<br>Activities-<br>Internal<br>Service Funds |
|--|---------------|--|
| \$ 2,532,042   | \$ 14,461,354 | \$ 3,629,968   |
| (1,300,463)  | (29,151,640)  | (1,745,047)  |
| (1,107,131)  | (6,592,069)   | (806,290)  |
| -  | 24,061,146    | (4,681,335)  |
| (1,125,787)  | (1,812,776)   | -  |
| 34,414   | 503,041       | -  |
| (966,925)  | 1,469,056     | (3,602,704)  |
| 1,768,217  | 12,140,809    | 3,000,000  |
| (49,483)   | (10,024,215)  | -  |
| 1,718,734  | 2,116,594     | 3,000,000  |
| (64,586)   | (1,916,498)   | -  |
| -  | 419,572       | -  |
| (783,282)  | (9,648,320)   | -  |
| (847,868)  | (11,145,246)  | -  |
| 27,054   | 2,343,185     | 44,745   |
| (142,230)  | (2,502,861)   | -  |
| (2,151)  | 6,357,341     | -  |
| (117,327)  | 6,197,665     | 44,745   |
| (213,386)  | (1,361,931)   | (557,959)  |
| 1,971,862  | 8,984,982     | 6,813,986  |
| 2,231,368  | 12,476,576    | 6,256,027  |
| (472,892)  | (4,853,525)   |  |
| \$ 1,758,476   | \$ 7,623,051  | \$ 6,256,027   |
| \$ (1,245,030)   | \$ 284,689    | \$ (7,438,851)   |
| 16,529   | (420,558)     | -  |
| 1,079,493  | 2,935,289     | 12,173   |
| (104,134)  | 435,895       | 41,346   |
| (14,709)   | (259,505)     | -  |
| -  | 63,652        | -  |
| -  | 12,299        | -  |
| -  | 106,448       | -  |
| (678,093)  | (2,396,407)   | 1,329  |
| -  | 593,800       | -  |
| 3,050  | (7,830)       | -  |
| 23,323   | 166,491       | 4,299  |
| -  | -             | 3,777,000  |
| (47,354)   | (45,207)      | -  |
| 278,105  | 1,184,367     | 3,836,147  |
| \$ (966,925)   | \$ 1,469,056  | \$ (3,602,704)   |

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**CITY OF RICHMOND**

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**Statement of Fiduciary Net Assets****Fiduciary Funds****June 30, 2003**

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|   | Pension<br>Trust<br>Funds | Agency<br>Funds     | Total                |
|---|---------------------------|---------------------|----------------------|
| <b>ASSETS</b>                               |                           |                     |                      |
| Cash, cash equivalents and investments      | \$ 14,036,462             | \$ 4,415,325        | \$ 18,451,787        |
| Restricted cash investments                 | 24,992,839                | 3,302,752           | 28,295,591           |
| Receivables:                                |                           |                     |                      |
| Receivable from city                        | 1,180,654                 | -                   | 1,180,654            |
| Interest                                    | 24,919                    | 15,237              | 40,156               |
| <b>Total assets</b>                         | <u>40,234,874</u>         | <u>7,733,314</u>    | <u>47,968,188</u>    |
| <b>LIABILITIES</b>                          |                           |                     |                      |
| <b>Liabilities:</b>                         |                           |                     |                      |
| Accounts payable and accrued liabilities    | \$ 33,746                 | \$ 61,302           | \$ 95,048            |
| Deferred property tax override              | 15,343,040                | -                   | 15,343,040           |
| Refundable deposits                         | -                         | 7,672,012           | 7,672,012            |
| Net pension obligation                      | 5,705,573                 | -                   | 5,705,573            |
| <b>Total liabilities</b>                    | <u>21,082,359</u>         | <u>\$ 7,733,314</u> | <u>28,815,673</u>    |
| <b>NET ASSETS</b>                           |                           |                     |                      |
| Reserved for employees' retirement benefits | <u>19,152,515</u>         |                     | <u>19,152,515</u>    |
| <b>Total net assets</b>                     | <u>\$ 19,152,515</u>      |                     | <u>\$ 19,152,515</u> |

See accompanying Notes to Basic Financial Statements.

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**CITY OF RICHMOND**

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**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the year ended June 30, 2003**

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|   | <u>Pension Trust<br/>Funds</u> |
|---|--------------------------------|
| <b>ADDITIONS:</b>   |                                |
| Investment earnings (loss)                                | \$ (2,716,920)                 |
| Property taxes  | 3,925,869                      |
| Other   | 756,401                        |
| <b>Total additions</b>                                    | <u>1,965,350</u>               |
| <br>  |                                |
| <b>DEDUCTIONS:</b>  |                                |
| Pension benefits  | 9,138,331                      |
| Other   | 139,345                        |
| Payment to City for debt service                          | 3,928,959                      |
| <b>Total deductions</b>                                   | <u>13,206,635</u>              |
| <br>  |                                |
| <b>Net increase (decrease)</b>                            | <u>(11,241,285)</u>            |
| <br>  |                                |
| <b>NET ASSETS HELD IN TRUST FOR<br/>PENSION BENEFITS:</b> |                                |
| Beginning of year   | 29,969,548                     |
| Prior period adjustments                                  | 424,252                        |
| End of year   | <u>\$ 19,152,515</u>           |

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2003**

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**(1) ORGANIZATION AND DEFINITION OF REPORTING ENTITY**

The City was incorporated in 1905 under the laws of the State of California and adopted its charter in 1909. The City operates under a Council-Manager form of government and provides the following services to its citizens as authorized by its charter: police and fire protection, planning and community development, streets and roads, parks and recreation, sewage treatment, drainage and capital projects. In addition, the City has a port, marina, municipal and storm sewer enterprises, a housing authority, a redevelopment agency, a joint powers financing authority, and a parking authority.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City.

The City's component units and assessment districts are as follows: the Richmond Redevelopment Agency, the Richmond Housing Authority, the Richmond Joint Powers Financing Authority, the Richmond Parking Authority, and the Hilltop F Refunding Series AF, Atlas Road West, Cutting/Canal and Atlas Interchange Special Assessment Districts.

**Blended Component Units:**

**Richmond Redevelopment Agency (Redevelopment Agency)** - Formed in October 1949 as a separate legal entity under the provisions of the Community Redevelopment Law (California Health and Safety Code, commencing with Section 33000). The Redevelopment Agency was established primarily to assist in the clearance and rehabilitation of areas determined to be in a blighted condition in the City. Since that time various Project Area Plans (Plans) have been developed to provide an improved physical, social, and economic environment in various Project Areas. The Redevelopment Agency is authorized to finance redevelopment through various sources, including assistance from the City, State, Federal governments, incremental property taxes, interest income, issuance of Redevelopment Agency notes and bonds, and sale and rental of real property acquired with these funds. Although the Redevelopment Agency is a separate legal entity from the City, it is an integral part of the City. The City exercises significant financial and management control over the Redevelopment Agency and members of the City Council serve as the governing board of the Redevelopment Agency. The Redevelopment Agency is presented as a major fund in the City's basic financial statements. Separate financial statements for the Redevelopment Agency may be obtained by contacting the Office of Finance, City of Richmond, 1401 Marina Way South, Richmond, California 94804.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2003**

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**Richmond Housing Authority (Housing Authority)** - Formed in 1941 as a separate legal entity under the provisions of the Housing Act of 1937. The Housing Authority was established to use funds provided by the Department of Housing and Urban Development (HUD) to rehabilitate local deteriorated housing and to subsidize low-income families in obtaining decent, safe, and sanitary housing needs. Under State laws, the Housing Authority is subject to California Health and Safety Code Sections 34200 – 34606. Although the Housing Authority is a separate legal entity from the City, it is an integral part of the City. The City exercises significant financial and management control over the Housing Authority and members of City Council serve as the governing board of the Housing Authority. The financial statements of the Housing Authority are included in the basic financial statements as an enterprise fund. Separate financial statements for the Housing Authority may be obtained by contacting the Richmond Housing Authority, 330 24<sup>th</sup>, Richmond, California 94804.

**Richmond Joint Powers Financing Authority (JPFA)** - A joint exercise of powers authority formed on December 1, 1989, by and between the City and the Redevelopment Agency. The JPFA was created to assist the City, the Redevelopment Agency, and other local public agencies in financing and refinancing, through the issuance of bonds or other instruments of indebtedness, capital improvements and working capital pursuant to the Marks-Roos Local Bond Pooling Act of 1985. The JPFA is authorized to purchase at public or negotiated sale of any bonds, notes, commercial paper, lease-purchase agreement, certificates of participation, floating rate, and variable maturity securities of the City, Redevelopment Agency, and other local public agencies. Although the JPFA is a separate legal entity from the City, it is an integral part of the City. The City exercises significant financial and management control over the JPFA and members of the Board of Directors are appointed by City Council. The operations of the JPFA are included in the City's basic financial statements as a debt service fund. Separate financial statements for the JPFA may be obtained by contacting the Office of Finance, City of Richmond, 1401 Marina Way South, Richmond, California 94804.

**Richmond Parking Authority (Parking Authority)** - Formed in 1975 pursuant to the provisions of California statutes for the purpose of financing the construction of off-street parking facilities. One such facility has been built to date and has been leased to the City. Although the Parking Authority is a separate legal entity from the City, it is an integral part of the City. The City exercises significant financial and management control over the Parking Authority and members of the City Council serve as the governing board of the Parking Authority. The operations of the Parking Authority are included in the City's basic financial statements as a debt service fund. Separate financial statements for the Parking Authority are not required or issued.

## **(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Richmond, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2003**

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**Basis of Accounting and Measurement Focus**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**Governmental-Wide Financial Statements** - The City's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary Activities of the City are not included in these statements.

The basic financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. 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 the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated.

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

**Governmental Fund Financial Statements** - Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2003**

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Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-Wide financial statements. The City has presented all major funds that met the qualifications for major fund reporting.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, franchise taxes, etc.) and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

**Proprietary Fund Financial Statements** - Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. 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 the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that Use Proprietary Fund Accounting*, the City applies all GASB pronouncements currently in effect as well as Financial Accounting Standard Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2003**

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Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**Fiduciary Fund Financial Statements and Statement of Changes in Net Assets** - Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Assets, and a Statement of Changes in Fiduciary Net Assets. The City's Fiduciary funds represent Pension Trust funds and Agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Pension trust funds are accounted for on an economic resources measurement focus and the accrual basis of accounting.

### **Use of Restricted/Unrestricted Net Assets**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

### **Cash, Cash Equivalents and Investments**

For purposes of reporting cash flows, the City considers each fund's share in the cash and investments pool to be cash and cash equivalents. With respect to cash and investments held by fiscal agents, the City considers investments with original maturities of three months or less to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in Structured Notes and Asset-backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-backed Securities are subject to market risk as to change in interest rates.

### **Inventories**

Inventories are valued at cost using the weighted average method. Inventories of the General Fund and special revenue funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure in the funds at the time individual inventory items are consumed rather than when purchased.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2003**

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**Capital Assets**

Capital assets are valued at historical cost or, for donated fixed assets, at their estimated fair value on the date donated. Certain assets, for which actual historical costs are not available, have been valued using methods to approximate their historical costs. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

|                                     |               |
|-------------------------------------|---------------|
| Improvements other than buildings   | 20 years      |
| Buildings and building improvements | 50 years      |
| Vehicles                            | 5 – 10 years  |
| Infrastructure                      | 25 - 50 years |
| Machinery and equipment             | 5 – 20 years  |

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets systems, parks and recreation lands and improvement systems, storm water collection system, and buildings combined with the site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. These subsystems were not delineated in the Basic Financial Statements. The appropriate operating department maintains information regarding the subsystems.

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

**Change of infrastructure reporting method for street pavement, curb and gutters, and sidewalks:**

Beginning with the 2002/03 fiscal year, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting of its street pavement, curb and gutters, and sidewalks. This is a change from the previous fiscal year, in which the City used the modified approach, as defined by GASB Statement No. 34, for infrastructure reporting of its street pavement, curb and gutters, and sidewalks.

The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date was computed on a straight-line method using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

**City of Richmond**  
**Notes to Basic Financial Statements**  
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**Land Held for Conveyance**

The City, through the Redevelopment Agency, holds certain parcels of land intended for ultimate sale or other means of conveyance for redevelopment related projects. Proceeds, if any, from conveyance of such property (net of related disposition costs) are recorded as revenue when the conveyance is consummated.

**Compensated Absences**

Compensated absences are charged to operating expenditures when paid. Vacation and related benefits fully vest as earned and are paid in full upon termination. Vested vacation obligations are accrued when incurred in the government-wide financial statements and the proprietary fund financial statements. The liability for these amounts is reported in the governmental funds only if they have matured. The City is not liable for payment to employees for accrued sick leave and no related liability is recorded in the accompanying basic financial statements.

**Property Tax Levy, Collection and Maximum Rates**

The State of California Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value except for voter approved incremental property taxes adopted prior to the passage of Article XIII A and any additional amount for general obligation debt approved by voters subsequent to the passage of Article XIII A. Assessed value is calculated at 100 percent of market value as defined by Article XIII A and may be adjusted by no more than two percent per year unless the property is modified, sold, or transferred. The State Legislature has determined the method of distribution of receipts from a one percent tax levy among the counties, cities, school districts, and other districts.

Contra Costa County assesses properties and bills for and collects property taxes as follows:

|                      | <u>Secured</u>  | <u>Unsecured</u> |
|----------------------|---|------------------|
| Valuation/lien dates | January 1   | March 1          |
| Levied dates         | July 1  | July 1           |
| Due dates            | 50% on November 1<br>50% on February 1                | July 1           |
| Delinquent as of     | December 10 (for November)<br>April 10 (for February) | August 31        |

The term “unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. Property taxes levied are recorded as revenue in the fiscal year of levy.

**City of Richmond**  
**Notes to Basic Financial Statements**  
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## **Long-Term Obligations**

**Government-Wide Financial Statements** - Long-term debt and other financed obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges.

**Fund Financial Statements** - The governmental fund financial statements do not present long-term debt but are shown in the Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

Proprietary fund financial statements use the same principles as the government-wide financial statements.

## **Claims Liabilities**

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims includes "incurred but not reported" (IBNR) claims, and is recorded in the internal service funds.

## **Net Assets and Fund Equity**

### Government-Wide Financial Statements:

In the government-wide financial statements, net assets are classified in the following categories:

**Invested in Capital Assets, Net of Related Debt** – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

**Restricted Net Assets** – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

**City of Richmond**  
**Notes to Basic Financial Statements**  
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**Unrestricted Net Assets** – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

Fund Financial Statements:

Reservations and designations of fund balances of governmental funds and restricted net assets of proprietary funds are created to either satisfy legal covenants, including State laws, that require a portion of the fund equity be segregated or identify the portion of the fund equity not available for future expenditures.

Descriptions of reserved amounts follow:

**Reserved for Employees’ Retirement Benefits** - represents funds to cover future retirement benefit claims.

**Reserved for Inventories** - represents assets set aside as inventory and not available to be used to meet expenditures in the current period.

**Reserved for Encumbrances** - represents commitments for materials and services on purchase orders and contracts which are unperformed.

**Reserved for Long-Term Receivables** - represents funds that are to be received from other funds on a long-term basis.

**Reserved for Debt Service** - represents amounts accumulated in accordance with a bond indenture or similar covenant.

**Reserved for Program Obligations** - represents funds set aside to fund specific program obligations.

**Use of Estimates**

In preparing basic financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of June 30, 2003, and the reported amount of revenues, expenditures and expenses during the year then ended. Actual results could differ from those estimates.

**(3) CASH AND INVESTMENTS**

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the City Treasurer invests to enhance interest earnings. The pooled interest earned is allocated to the funds based on average month-end cash and investment balances in these funds.

**City of Richmond**  
**Notes to Basic Financial Statements**  
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## **Cash Deposits**

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

The carrying amounts of the City's cash deposits were \$4,778,833 at June 30, 2003. Bank balances before reconciling items were \$1,548,193 at that date, the total amount of which was collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

## **Investments**

Under the provisions of the City's Investment Policy, and in accordance with California Government Code, the following investments are authorized:

- Securities of the U.S. Government, or its agencies
- Certificates of Deposit
- Bankers' Acceptances
- Commercial Paper
- California Local Agency Investment Fund
- Passbook Savings Account Demand Deposits
- Repurchase Agreements
- Medium-Term Corporate Notes
- Mutual Funds

## **Fair Value of Investments**

The City has complied with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for certain investments and for External Investments Pools*. No current adjustments have been made to the accompanying basic financial statements, because the City's

**City of Richmond**  
**Notes to Basic Financial Statements**  
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investments were primarily in the State of California Local Agency Investment Fund and the fair value adjustment was immaterial.

During the current fiscal year, the City realized a net loss of \$3,276,948 from the sale of investments in the Police and Firemen's Pension Trust Fund. The calculation of realized gains is independent of the calculation of the net decrease in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net decrease in the fair value of investments during fiscal year 6/30/03 was \$1,338,744. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized loss on investments held at year-end was \$1,372,537.

Governmental Accounting Standards Board Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, requires that deposits and investments be classified by credit risk.

**Classification of deposits and investments by credit risk**

**Deposits:**

**Category 1**

Insured or collateralized with securities held by the entity or by its agent in the entity's name.

**Category 2**

Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

**Category 3**

Deposits which are uninsured or uncollateralized.

**Investments:**

**Category 1**

Insured or registered or securities held by the entity or its agent in the entity's name.

**Category 2**

Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.

**Category 3**

Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the entity's name.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2003**

**Investments Not Subject to Categorization**

Investments in the California Local Agency Investment Fund (LAIF) are not categorized, as GASB No. 3 does not require categorization of investment pools managed by another government. Certain fiscal agent investments are not categorized because the underlying assets are open-ended mutual funds. Guaranteed investment contracts are not categorized because they are direct contractual investments and are not securities. All such investments are not required to be categorized under interpretive guidelines issued by the GASB.

**Summary of cash and investments at June 30, 2003**

|                                    | Government-Wide Statement of Net Assets |                             |                       | Funds Financials                              |                       |
|------------------------------------|---|-----------------------------|-----------------------|---|-----------------------|
|                                    | Governmental<br>Activities              | Business-Type<br>Activities | Total                 | Fiduciary Funds<br>Statement of<br>Net Assets | Total                 |
| Cash and investments               | \$ 29,188,222                           | \$ 12,476,576               | \$ 41,664,798         | \$ 18,451,787                                 | \$ 60,116,585         |
| Cash overdraft                     | (24,330,120)                            | (4,853,525)                 | (29,183,645)          | -   | (29,183,645)          |
| Total net cash                     | <u>\$ 4,858,102</u>                     | <u>\$ 7,623,051</u>         | <u>\$ 12,481,153</u>  | <u>\$ 18,451,787</u>                          | <u>\$ 30,932,940</u>  |
| Restricted cash and<br>investments | <u>\$ 78,874,868</u>                    | <u>\$ 30,365,097</u>        | <u>\$ 109,239,965</u> | <u>\$ 28,295,591</u>                          | <u>\$ 137,535,556</u> |

**Deposits and investments by category at June 30, 2003**

|  | Category            |                   | Not Subject to<br>Categorization | Fair<br>Value         |
|--|---------------------|-------------------|----------------------------------|-----------------------|
|  | 1                   | 2                 |                                  |                       |
| <b>City Treasury:</b>                              |                     |                   |                                  |                       |
| Demand deposits:                                   |                     |                   |                                  |                       |
| Petty cash   | \$ 6,646            | \$ -              | \$ -                             | \$ 6,646              |
| Certificates of deposits                           | -                   | 218,320           | -                                | 218,320               |
| Cash deposit                                       | 4,553,867           | -                 | -                                | 4,553,867             |
| Total demand deposits                              | <u>4,560,513</u>    | <u>218,320</u>    | <u>-</u>                         | <u>4,778,833</u>      |
| Investments:                                       |                     |                   |                                  |                       |
| Repurchase agreement                               | -                   | -                 | -                                | -                     |
| Local Agency Investment Funds                      | -                   | -                 | 26,154,107                       | 26,154,107            |
| Total investments                                  | <u>-</u>            | <u>-</u>          | <u>26,154,107</u>                | <u>26,154,107</u>     |
| <b>Total City Treasury</b>                         | <u>4,560,513</u>    | <u>218,320</u>    | <u>26,154,107</u>                | <u>30,932,940</u>     |
| <b>Cash and Investments<br/>With Fiscal Agents</b> |                     |                   | <u>137,535,556</u>               | <u>137,535,556</u>    |
| <b>Total cash and investments</b>                  | <u>\$ 4,560,513</u> | <u>\$ 218,320</u> | <u>\$ 163,689,663</u>            | <u>\$ 168,468,496</u> |

The City had no Category 3 deposits and investments.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2003**

**Investments with Local Agency Investment Funds (LAIF) at June 30, 2003**

As of June 30, 2003, the City had \$26,154,107 invested in LAIF, which had invested 2.327% of the pool investment funds in Structured Notes and Asset-Backed Securities. LAIF investments in Structured Notes and Asset-Backed Securities include the following:

**Structured Notes**

Debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

**Asset-Backed Securities**

The bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs) or credit card receivables.

**Investments held in the City Treasury grouped by maturity date at June 30, 2003**

| <u>Maturity</u>     |                                    |
|---------------------|------------------------------------|
| Current to one year | <u>\$ 26,154,107</u>               |
| <b>Total</b>        | <b><u><u>\$ 26,154,107</u></u></b> |

**Cash Overdraft**

The following funds had a negative cash balance as of June 30, 2003:

| <b>Governmental Funds:</b>   |                                    | <b>Enterprise Funds:</b> |                                   |
|------------------------------|------------------------------------|--------------------------|-----------------------------------|
| General                      | \$8,247,425                        | Municipal Sewer          | \$ 4,380,633                      |
| General Capital Improvement  | 7,084,800                          | Cable TV                 | 348,484                           |
|                              |                                    | Convention Center        | 124,408                           |
| Nonmajor Governmental Funds: |                                    | <b>Total</b>             | <b><u><u>\$ 4,853,525</u></u></b> |
| Special Revenue Funds:       |                                    |                          |                                   |
| Maintenance                  | 282,027                            |                          |                                   |
| CDBG                         | 1,278,503                          |                          |                                   |
| Employment & Training        | 3,732,546                          |                          |                                   |
| Debt Service Funds:          |                                    |                          |                                   |
| General Debt Service         | 2,007,974                          |                          |                                   |
| Capital Projects Funds:      |                                    |                          |                                   |
| Marina Westshore             | 29,904                             |                          |                                   |
| Harbor Navigation            | 1,531,482                          |                          |                                   |
| Port Remediation             | 135,459                            |                          |                                   |
| <b>Total</b>                 | <b><u><u>\$ 24,330,120</u></u></b> |                          |                                   |

See detailed explanation of City's financial condition on page 79 (footnote 17).

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2003**

**(4) INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS**

At June 30, 2003, the City had the following short-term Receivables and Payables:

**Fund Financial Statements:**

| <b>Due to<br/>Other<br/>Funds</b> |                                    | <b>Due from Other Funds</b> |                  |
|-----------------------------------|------------------------------------|-----------------------------|------------------|
|                                   |                                    | <u>General<br/>Fund</u>     | <u>Total</u>     |
|                                   | <b>Nonmajor Governmental Funds</b> | <u>\$464,131</u>            | <u>\$464,131</u> |
|                                   | <b>Total</b>                       | <u>\$464,131</u>            | <u>\$464,131</u> |

**Fund Financial Statements:**

| <b>Advances<br/>from<br/>Other<br/>Funds</b> |                                   | <b>Advances to Other Funds</b> |                                 |                      |
|--|-----------------------------------|--------------------------------|---------------------------------|----------------------|
|  |                                   | <u>General<br/>Fund</u>        | <u>Redevelopment<br/>Agency</u> | <u>Total</u>         |
|  | <b>Governmental Activities:</b>   |                                |                                 |                      |
|  | General Fund                      | \$ -                           | \$ 123,408                      | \$ 123,408           |
|  | Redevelopment Agency              | <u>31,133,917</u>              | <u>115,000</u>                  | <u>31,248,917</u>    |
|  | Total Governmental<br>Activities  | <u>31,133,917</u>              | <u>238,408</u>                  | <u>31,372,325</u>    |
|  | <b>Business Type Activities:</b>  |                                |                                 |                      |
|  | Port of Richmond                  | 16,837,994                     |                                 | 16,837,994           |
|  | Nonmajor Enterprise Funds         |                                | <u>120,000</u>                  | <u>120,000</u>       |
|  | Total Business Type<br>Activities | <u>16,837,994</u>              | <u>120,000</u>                  | <u>16,957,994</u>    |
|  | <b>Total</b>                      | <u>\$ 47,971,911</u>           | <u>\$ 358,408</u>               | <u>\$ 48,330,319</u> |

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2003**

**Interfund transfers**

**Transfers In**

| Transfers Out                | Transfers Out:      |                      |                   |                             |                              |                          |                      |                            |                        |                     |                      |
|------------------------------|---------------------|----------------------|-------------------|-----------------------------|------------------------------|--------------------------|----------------------|----------------------------|------------------------|---------------------|----------------------|
|                              | General Fund        | Redevelopment Agency | JPFA              | General Capital Improvement | Non-Major Governmental Funds | Total Governmental Funds | Municipal Sewer      | Non-Major Enterprise Funds | Total Enterprise Funds | Internal Service    | Total                |
| Governmental Funds:          |                     |                      |                   |                             |                              |                          |                      |                            |                        |                     |                      |
| General Fund                 |                     | \$ -                 | \$ -              |                             | \$ 5,199,828                 | \$ 5,199,828             | \$ -                 |                            | \$ -                   | \$ 3,000,000        | \$ 8,199,828         |
| Redevelopment Agency         | -                   | 19,411,307           | -                 | -                           | -                            | 19,411,307               | -                    | -                          | -                      | -                   | 19,411,307           |
| JPFA Debt Service            | -                   | -                    | -                 | -                           | 519                          | 519                      | -                    | -                          | -                      | -                   | 519                  |
| General Capital Improvement  | -                   | -                    | 145,591           | 9,947,459                   | 124,559                      | 10,217,609               | 491,810              | 1,677,844                  | 2,169,654              | -                   | 12,387,263           |
| Non-Major Governmental Funds | 1,169,088           | 775,874              |                   | 100,000                     | 614,107                      | 2,659,069                | -                    | -                          | -                      | -                   | 2,659,069            |
| Total Governmental funds     | <u>1,169,088</u>    | <u>20,187,181</u>    | <u>145,591</u>    | <u>10,047,459</u>           | <u>5,939,013</u>             | <u>37,488,332</u>        | <u>491,810</u>       | <u>1,677,844</u>           | <u>2,169,654</u>       | <u>3,000,000</u>    | <u>42,657,986</u>    |
| Proprietary Activities:      |                     |                      |                   |                             |                              |                          |                      |                            |                        |                     |                      |
| Municipal Sewer              | -                   | -                    | -                 | 3,577                       | -                            | 3,577                    | 9,880,782            | 90,373                     | 9,971,155              | -                   | 9,974,732            |
| Non-Major Enterprise Funds   | -                   | -                    | -                 | -                           | 49,483                       | 49,483                   | -                    | -                          | -                      | -                   | 49,483               |
| Total Proprietary Funds      | <u>-</u>            | <u>-</u>             | <u>-</u>          | <u>3,577</u>                | <u>49,483</u>                | <u>53,060</u>            | <u>9,880,782</u>     | <u>90,373</u>              | <u>9,971,155</u>       | <u>-</u>            | <u>10,024,215</u>    |
| <b>Total</b>                 | <u>\$ 1,169,088</u> | <u>\$ 20,187,181</u> | <u>\$ 145,591</u> | <u>\$ 10,051,036</u>        | <u>\$ 5,988,496</u>          | <u>\$ 37,541,392</u>     | <u>\$ 10,372,592</u> | <u>\$ 1,768,217</u>        | <u>\$ 12,140,809</u>   | <u>\$ 3,000,000</u> | <u>\$ 52,682,201</u> |

During the fiscal year ended June 30, 2003, the City had no unusual transfers in/out between funds.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2003**

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**(5) NOTES AND LOANS RECEIVABLE**

As of June 30, 2003, notes and loans receivable consisted of the following:

|  |                            |
|--|----------------------------|
| CalTrans Loan                                | <u>\$ 1,144,567</u>        |
| Community Development Block Grant:           |                            |
| Mechanics Bank Loans                         | 58,769                     |
| Deferred Loans                               | 3,052,780                  |
| Home Improvement Program Loans               | 1,326,893                  |
| Rental Rehab Loans                           | <u>363,868</u>             |
| Subtotal - Community Development Block Grant | <u>4,802,310</u>           |
| Redevelopment Agency:                        |                            |
| EDA Loans                                    | 363,090                    |
| Mechanics Bank Serviced Loans                | 104,412                    |
| Atchison Village Annex Apartments            | 477,920                    |
| Heritage Park Development                    | 250,000                    |
| PY Silent Second Mortgage Loans              | <u>990,920</u>             |
| Subtotal - Redevelopment Agency              | <u>2,186,342</u>           |
| <b>Total Notes and Loans Receivable</b>      | <b><u>\$ 8,133,219</u></b> |

**CalTrans Loan**

A total of \$1,144,567 consists of loans of \$1,021,159 and \$123,408 from the City of Richmond to Richmond Neighborhood Housing Services. These are pass through loans from CalTrans for the construction of 27 new homes located in North Richmond.

**Mechanics Bank Loans**

Loans are amortized home improvement loan accounts which the low and moderate income borrowers repay at 3% per annum. Approved CDBG loan contracts are forwarded to Mechanics Bank for servicing. Mechanics Bank provides the City with monthly reports detailing the transactions of these accounts such as loan repayments, payoffs and approved new loans forwarded to them for servicing. Mechanics Bank reports are reconciled monthly with the City's records for accuracy and proper recording. The outstanding balance of the loans at June 30, 2003 was \$58,769.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2003**

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**Deferred Loans**

Deferred loans are granted by the City to low and moderate income families in Richmond to assist them in purchasing their homes. Emergency repair loans not exceeding \$10,000 funded by HOME Investment Partnership Program (HIPP) are provided to low income families in Richmond to assist them in rehabilitating their existing housing units. These loans are required to be repaid over a period of 15 years and in some cases over a period of 30 years. The outstanding balance of the loans at June 30, 2003 was \$3,052,780.

**Home Improvement Program Loans**

Included are silent second mortgage loans given to low and moderate income first time homebuyers in Richmond to be used as a gap financing to provide the minimum amount needed to close the gap between the primary lender's requirements and the borrower's ability to pay the down payment or closing costs. Home improvement program loans also include amortized loans provided by the City to assist low income families in Richmond in the improvement of their homes. The interest rate for these loans range from 0% to 3% and are payable over a period of 15 years and in some cases over a period of 30 years. This revolving loan account was formerly serviced by Bank of America and was transferred in 11/2000 to USE now known as Amerinational. As these loans are approved, these contracts are forwarded to Amerinational for servicing. Amerinational provides the City with monthly reports showing the activities of these accounts such as loan repayments, payoffs and new loans awarded. The outstanding balance of the loans at June 30, 2003 was \$1,326,893.

**Rental Rehabilitation Loans**

The purpose of Rental Rehabilitation Loans is to make rental units affordable to low and very low income housing families. Loans are awarded to assist private and non-profit owners purchase and rehabilitate existing multifamily housing units. The outstanding balance of the loans at June 30, 2003 was \$363,868.

**EDA loans**

The City of Richmond's Revolving Loan Fund (RLF) is a community based program with the goal of fostering local economic growth through the creation and retention of employment opportunities for Richmond residents and complementing community and individual development initiatives. The loans will be repaid. The outstanding balance at June 30, 2003 was \$363,090.

**City of Richmond**  
**Notes to Basic Financial Statements**  
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**Mechanics Bank Serviced Loans**

Four loans totaling \$104,412 were provided to individuals by Richmond Redevelopment Agency to establish businesses in the blighted area. One of the loans matured in 2002. The remaining three loans mature in 2049 and have interest rates of 6%. Payments of principal and interest on the loans are due monthly and are received by the Mechanics Bank and credited to the Richmond Redevelopment Agency's account.

**Atchison Village Annex Apartments**

On August 3, 1998, the Richmond Redevelopment Agency entered into an agreement with Atchison Village Associates, LP for a loan in the total original amount of \$464,000 collateralized by a deed of trust. The loan is used to finance the acquisition and rehabilitation of 100 units of family housing. The accrued simple interest rate on the unpaid principal balance is 3% per annum. No payments shall be made during the first year, but the interest on the loan shall be deferred and capitalized. Beginning in year two, the principle amount shall increase to \$477,920. Year two through five, loan payments shall be interest only at \$1,195 per month. Years six through twenty-five the principal and interest shall be fully amortized and payable in equal monthly payments of \$2,651. The outstanding balance of the loan including accrued interest of \$13,920 at June 30, 2003 was \$477,920.

**Heritage Park Development**

On July 22, 1999, the Richmond Redevelopment Agency entered into an agreement with Hilltop Group, LP for a loan in the total original amount of \$250,000 collateralized by a deed of trust. The loan is used to finance the expenses related to the development of the Heritage Park Development in the City of Richmond. The monthly installments of interest and principal in the amount of \$1,726 are payable commencing September 1, 2004 to September 1, 2019, at the interest rate of 3% per annum. The outstanding balance of the loan at June 30, 2003 was \$250,000.

**Prior Year Silent Second Mortgage Loans**

Loans are provided to qualifying individuals for the difference between the amount received by the individuals who qualified for low and moderate income housing loans and the amount needed to purchase the homes. The loans will be forgiven in the future if the property owners do not sell or refinance the property. The outstanding loan balance at June 30, 2003 was \$990,920.

**City of Richmond**  
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**(6) CAPITAL ASSETS**

The following is a summary of capital assets for governmental activities:

|  | Balance<br>July 1, 2002 | Additions             | Retirements        | Inventory<br>Adjustments | Balance<br>June 30, 2003 |
|--|-------------------------|-----------------------|--------------------|--------------------------|--------------------------|
| <b>Governmental Activities:</b>                        |                         |                       |                    |                          |                          |
| Capital assets, not being depreciated:                 |                         |                       |                    |                          |                          |
| Land   | \$ 19,119,176           | \$ -                  | \$ -               | \$ 583,710               | \$ 19,702,886            |
| Construction in progress                               | 4,693,105               | 7,758,536             | -                  | 662,179                  | 13,113,820               |
| Total capital assets,<br>not being depreciated         | <u>23,812,281</u>       | <u>7,758,536</u>      | <u>-</u>           | <u>1,245,889</u>         | <u>32,816,706</u>        |
| Capital assets, being depreciated:                     |                         |                       |                    |                          |                          |
| Building and improvements                              | 29,493,788              | -                     | (997,194)          | -                        | 28,496,594               |
| Machinery and equipment                                | 24,414,714              | 2,492,159             | (1,022,081)        | 4,180,258                | 30,065,050               |
| Infrastructure:  | 296,595,853             | 58,819                | -                  | 94,394,535               | 391,049,207              |
| Total capital assets,<br>being depreciated             | <u>350,504,355</u>      | <u>2,550,978</u>      | <u>(2,019,275)</u> | <u>98,574,793</u>        | <u>449,610,851</u>       |
| Less: Accumulated Depreciation:                        |                         |                       |                    |                          |                          |
| Building and improvements                              | (9,921,701)             | (514,423)             | 61,512             | -                        | (10,374,612)             |
| Machinery and equipment                                | (15,282,493)            | (1,058,919)           | 1,849,766          | (1,138,775)              | (15,630,421)             |
| Infrastructure:  | (82,999,426)            | (14,193,590)          | 45,244             | (94,394,535)             | (191,542,307)            |
| Accumulated depreciation                               | <u>(108,203,620)</u>    | <u>(15,766,932)</u>   | <u>1,956,522</u>   | <u>(95,533,310)</u>      | <u>(217,547,340)</u>     |
| Total capital assets,<br>being depreciated, net        | <u>242,300,735</u>      | <u>(13,215,954)</u>   | <u>(62,753)</u>    | <u>3,041,483</u>         | <u>232,063,511</u>       |
| <b>Governmental activities<br/>capital assets, net</b> | <u>\$ 266,113,016</u>   | <u>\$ (5,457,418)</u> | <u>\$ (62,753)</u> | <u>\$ 4,287,372</u>      | <u>\$ 264,880,217</u>    |

Governmental activities depreciation expense for capital assets for the year ended June 30, 2003, are as follows:

|  |                      |
|--|----------------------|
| General government                             | \$ 742,466           |
| Public safety                                  | 342,552              |
| Highways and streets                           | 14,289,498           |
| Community development                          | 8,496                |
| Cultural and recreational                      | 231,929              |
| Housing and redevelopment                      | 151,991              |
| Total depreciation for governmental activities | <u>\$ 15,766,932</u> |

**City of Richmond**  
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The following is a summary of capital assets for business-type activities:

|  | Balance<br>July 1, 2002 | Additions             | Retirements       | Inventory<br>Adjustments | Balance<br>June 30, 2003 |
|--|-------------------------|-----------------------|-------------------|--------------------------|--------------------------|
| <b>Capital Assets Not Being Depreciated:</b>         |                         |                       |                   |                          |                          |
| Land   | \$ 8,285,893            | \$ -                  | \$ -              |                          | \$ 8,285,893             |
| Construction in Progress                             | 5,237,788               | 8,501,092             |                   | \$ (461,602)             | 13,277,278               |
| Total capital assets not being depreciated           | <u>13,523,681</u>       | <u>8,501,092</u>      | <u>-</u>          | <u>(461,602)</u>         | <u>21,563,171</u>        |
| <b>Capital Assets Being Depreciated:</b>             |                         |                       |                   |                          |                          |
| Buildings and Improvements                           | 87,974,919              | 1,126,834             | -                 |                          | 89,101,753               |
| Machinery and equipment                              | 13,145,573              | 28,795                | (145,306)         | 453,202                  | 13,482,264               |
| Infrastructure                                       | 72,867,587              | -                     | (829)             |                          | 72,866,758               |
| Total Capital Assets Being Depreciated               | <u>173,988,079</u>      | <u>1,155,629</u>      | <u>(146,135)</u>  | <u>453,202</u>           | <u>175,450,775</u>       |
| <b>Less Accumulated Depreciation</b>                 |                         |                       |                   |                          |                          |
| Buildings and Improvements                           | \$ (40,055,536)         | \$ (802,594)          |                   |                          | \$ (40,858,130)          |
| Machinery and equipment                              | (9,232,578)             | (366,552)             | 136,482           |                          | (9,462,648)              |
| Infrastructure                                       | (53,932,752)            | (1,766,142)           | 124               |                          | (55,698,770)             |
| Total Accumulated depreciation                       | <u>\$ (103,220,866)</u> | <u>\$ (2,935,289)</u> | <u>\$ 136,607</u> |                          | <u>\$ (106,019,548)</u>  |
| Total capital assets being depreciated, net          | <u>70,767,213</u>       | <u>(1,779,660)</u>    | <u>(9,528)</u>    | <u>453,202</u>           | <u>69,431,227</u>        |
| <b>Business type activities, capital assets, net</b> | <u>\$ 84,290,894</u>    | <u>\$ 6,721,432</u>   | <u>\$ (9,528)</u> | <u>\$ (8,400)</u>        | <u>\$ 90,994,398</u>     |

Business-type activities depreciation expense for capital assets for the year ended June 30, 2003 are as follows:

|                            |                     |
|----------------------------|---------------------|
| Cable TV                   | \$ 19,099           |
| Storm Sewer                | 968,571             |
| Municipal Sewer            | 1,188,010           |
| Port of Richmond           | 263,721             |
| Marina                     | 91,823              |
| Housing Authority          | 404,065             |
| Total depreciation expense | <u>\$ 2,935,289</u> |

**City of Richmond**  
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**(7) LONG-TERM OBLIGATIONS**

Following is a summary of governmental activities long-term debt transactions during the fiscal year ended June 30, 2003:

|                | Balance<br>July 1, 2002 | Additions           | Deletions             | Balance<br>June 30, 2003 | Due Within<br>One Year | Due in More<br>than One Year |
|----------------|-------------------------|---------------------|-----------------------|--------------------------|------------------------|------------------------------|
| Bonds payable  | \$ 126,692,781          | \$ -                | \$ (3,625,002)        | \$ 123,067,779           | \$ 5,125,000           | \$ 117,942,779               |
| Notes payable  | 2,655,597               | 587,063             | (559,438)             | 2,683,222                | 150,000                | 2,533,222                    |
| Capital leases | 5,150,251               | 5,969,623           | (2,061,112)           | 9,058,762                | 2,558,558              | 6,500,204                    |
| <b>Total</b>   | <b>\$ 134,498,629</b>   | <b>\$ 6,556,686</b> | <b>\$ (6,245,552)</b> | <b>\$ 134,809,763</b>    | <b>\$ 7,833,558</b>    | <b>\$ 126,976,205</b>        |

**Bonds Payable**

Bonds payable at June 30, 2003 consisted of the following:

|   |                       |
|---|-----------------------|
| JPFA Revenue Refunding Bonds - 1995 Series A          | \$ 11,570,000         |
| Harbor Tax Allocation Refunding Bonds - 1991          | 1,045,000             |
| Harbor Tax Allocation Refunding Bonds - 1998 Series A | 21,747,779            |
| Pension Obligation Bonds - 1999 Series A              | 29,660,000            |
| JPFA Tax Allocation Revenue Bonds - 2000 Series A     | 25,720,000            |
| JPFA Tax Allocation Revenue Bonds - 2000 Series B     | 5,365,000             |
| JPFA Lease Revenue Bonds - 2001 Series A              | 27,960,000            |
| <b>Total</b>  | <b>\$ 123,067,779</b> |

**1995 Richmond Joint Powers Financing Authority Refunding Revenue Bonds Series A - Original Issue Series A \$17,320,000**

The bonds were issued by the Richmond JPFA for the purpose of refinancing the cost of certain public capital improvements financed by 1990 Series A Revenue Bonds, fund a separate Reserve Fund for the respective Series of Bonds and pay costs of issuance of the Bonds. The Series A bonds consist of serial bonds that mature annually through 2013, in amounts ranging from \$525,000 to \$1,450,000. Interest rates vary from 4.0% to a maximum of 5.25% and are payable semiannually on May 15 and November 15. The Series 1995A Local Obligations consist of a Master Lease with the City of Richmond and an installment Purchase Agreement with the City payable solely from gas tax revenues.

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The annual debt service requirements on the Series A Bonds are as follows:

| For the Years<br>Ending June 30, | Principal            | Interest            | Total                |
|----------------------------------|----------------------|---------------------|----------------------|
| 2004                             | \$ 910,000           | \$ 607,670          | \$ 1,517,670         |
| 2005                             | 955,000              | 561,260             | 1,516,260            |
| 2006                             | 1,010,000            | 511,600             | 1,521,600            |
| 2007                             | 1,055,000            | 458,070             | 1,513,070            |
| 2008                             | 1,115,000            | 401,100             | 1,516,100            |
| 2009-2013                        | 6,525,000            | 1,063,650           | 7,588,650            |
| <b>Total</b>                     | <b>\$ 11,570,000</b> | <b>\$ 3,603,350</b> | <b>\$ 15,173,350</b> |

**1991 Harbour Redevelopment Project Tax Allocation Refunding Bonds – Original Issue \$11,465,000**

The Bonds were issued by the Redevelopment Agency to refund 1985 Tax Allocation and Refunding Bonds used for the Urban Renewal Plan for Project 11-A, the Harbour Redevelopment Plan. The bonds consist of serial bonds in the amount of \$6,365,000 that mature annually through 2004, in amounts ranging from \$50,000 to \$740,000. Interest rates vary from 3.75% to a maximum of 6% and are payable semiannually on January 1 and July 1. The term bonds in the amount of \$5,100,000 bear interest at 7% and mature on July 1, 2009 with sinking fund payment requirements starting in 2004. In 1998, \$5,820,000 outstanding principal amount of these bonds were advance refunded by issuance of the 1998 Harbour Redevelopment Project Tax Allocation Bonds Series A. The bonds are secured by a pledge of tax revenues and certain other funds held by Bankers Trust Company of California, N.A.

The annual debt service requirements on the bonds are as follows:

| For the Years<br>Ending June 30, | Principal          | Interest          | Total              |
|----------------------------------|--------------------|-------------------|--------------------|
| 2004                             | \$ 740,000         | \$ 43,550         | \$ 783,550         |
| 2005                             | -                  | 21,350            | 21,350             |
| 2006                             | -                  | 21,350            | 21,350             |
| 2007                             | -                  | 21,350            | 21,350             |
| 2008                             | -                  | 21,350            | 21,350             |
| 2009-2010                        | 305,000            | 32,025            | 337,025            |
| <b>Total</b>                     | <b>\$1,045,000</b> | <b>\$ 160,975</b> | <b>\$1,205,975</b> |

**City of Richmond**  
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**1998 Harbour Redevelopment Project Tax Allocation Refunding Bonds Series A – Original Issue \$21,862,779**

The bonds were issued by the Agency to refinance a portion of the 1991 Harbour Redevelopment Project Tax Allocation Refunding Bonds, refinance certain loans from the City to the Agency, which amount will be used by the City to finance certain publicly owned capital projects, finance certain redevelopment activities within the Harbour Redevelopment Project Area, fund a reserve account and pay certain costs of issuance of the 1998 bonds. The bonds mature annually through 2023, in amounts ranging from \$50,000 to \$1,130,000. Interest rates vary from 3.5% to a maximum of 5.5% and are payable semiannually on January 1 and July 1. The bonds are secured by a pledge of tax revenues.

The annual debt service requirements on the bonds are as follows:

| For the Years<br>Ending June 30, | Principal            | Interest            | Total                |
|----------------------------------|----------------------|---------------------|----------------------|
| 2004                             | \$ -                 | \$ 717,728          | \$ 717,728           |
| 2005                             | 470,000              | 708,328             | 1,178,328            |
| 2006                             | 485,000              | 689,228             | 1,174,228            |
| 2007                             | 500,000              | 669,153             | 1,169,153            |
| 2008                             | 525,000              | 647,752             | 1,172,752            |
| 2009-2013                        | 5,321,556            | 2,347,825           | 7,669,381            |
| 2014-2018                        | 6,235,583            | 2,218,162           | 8,453,745            |
| 2019-2023                        | 6,767,610            | 1,196,406           | 7,964,016            |
| 2024                             | 1,443,030            | 26,837              | 1,469,867            |
| <b>Total</b>                     | <b>\$ 21,747,779</b> | <b>\$ 9,221,419</b> | <b>\$ 30,969,198</b> |

**1999 City of Richmond Taxable Limited Obligation Pension Bonds – Original Issue \$36,280,000**

The bonds were issued to fund a portion of the unfunded accrued actuarial liability in the Pension Fund together with the prepayment of certain pension benefit costs of the Beneficiaries and to pay the costs of issuance associated with the issuance of the bonds. The bonds are payable from certain Pension Tax Override Revenues received by the City from a special tax pursuant to City Council Ordinance 99-9 adopted on March 30, 1999. The bonds consist of serial bonds in the amount of \$23,885,000 that mature annually on through 2013, in amounts ranging from \$1,280,000 to \$3,240,000. Interest rates vary from 6.37% to a maximum of 7.39% and are payable semiannually on February 1, and August 1. The term bonds consist of \$8,960,000 due August 1, 2020 with an interest rate of 7.57% and \$3,435,000 due August 1, 2029 with an interest rate of 7.62%. The bonds are payable from certain pension tax override revenues received by the City from a special tax pursuant to City Council Ordinance 9-99 adopted by the City Council on March 30, 1999.

**City of Richmond**  
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The annual debt service requirements on the bonds are as follows:

| For the Years<br>Ending June 30, | Principal            | Interest             | Total                |
|----------------------------------|----------------------|----------------------|----------------------|
| 2004                             | \$ 1,715,000         | \$ 2,110,777         | \$ 3,825,777         |
| 2005                             | 1,720,000            | 1,992,784            | 3,712,784            |
| 2006                             | 1,710,000            | 1,873,251            | 3,583,251            |
| 2007                             | 1,690,000            | 1,753,742            | 3,443,742            |
| 2008                             | 1,660,000            | 1,635,407            | 3,295,407            |
| 2009-2013                        | 7,490,000            | 6,487,968            | 13,977,968           |
| 2014-2018                        | 7,185,000            | 3,888,765            | 11,073,765           |
| 2019-2023                        | 4,385,000            | 1,506,950            | 5,891,950            |
| 2024-2028                        | 1,885,000            | 381,954              | 2,266,954            |
| 2029-2030                        | 220,000              | 14,099               | 234,099              |
| <b>Total</b>                     | <b>\$ 29,660,000</b> | <b>\$ 21,645,697</b> | <b>\$ 51,305,697</b> |

**2000 Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Bonds Series A and Series B – Original Issue Series A \$25,720,000, Series B \$5,795,000**

The Bonds were issued by the Richmond JPFA and consisted of Series A Bonds were issued for the purpose of funding certain capital improvements of the Redevelopment Agency, to fund the reserve accounts and capitalized interest. The Series B Bonds were issued for use in certain low and moderate income housing activities and to fund a reserve account. The Series A Bonds consist of serial bonds in the amount of \$25,210,000 and term bonds in the amount of \$510,000. The serial bonds mature annually through 2018 in amounts ranging from \$1,110,000 to \$2,205,000. Interest rates range from 4.0% to 5.5% and are payable semiannually on March 1 and September 1. The term bonds mature in 2029 and bear interest of 5.25%. The Series B Bonds consist of serial bonds in the amount of \$1,245,000 and term bonds in the amount of \$4,550,000. The serial bonds mature annually through 2006 in amounts ranging from \$170,000 to \$260,000. Interest rate is 7% and is due semiannually on March 1 and September 1. The term bonds mature as follows: \$1,075,000 in 2010 at interest rate of 7.35%, \$3,365,000 in 2018 at interest rate of 7.7% and \$110,000 in 2029 at interest rate of 8.0%. The bonds are secured by a pledge of certain tax increment revenues derived from taxable property within certain redevelopment project areas.

**City of Richmond**  
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The annual debt service requirements on the Series A Bonds are as follows:

| For the Years<br>Ending June 30, | Principal           | Interest             | Total                |
|----------------------------------|---------------------|----------------------|----------------------|
| 2004                             | \$ 1,110,000        | \$ 1,222,108         | \$ 2,332,108         |
| 2005                             | 1,155,000           | 1,176,808            | 2,331,808            |
| 2006                             | 1,200,000           | 1,126,708            | 2,326,708            |
| 2007                             | 1,255,000           | 1,073,353            | 2,328,353            |
| 2008                             | 1,305,000           | 1,017,635            | 2,322,635            |
| 2009-2013                        | 7,510,000           | 4,082,271            | 11,592,271           |
| 2014-2018                        | 9,470,000           | 2,047,760            | 11,517,760           |
| 2019-2023                        | 2,495,000           | 159,862              | 2,654,862            |
| 2024-2028                        | 150,000             | 39,112               | 189,112              |
| 2029-2030                        | 70,000              | 3,675                | 73,675               |
| <b>Total</b>                     | <b>\$25,720,000</b> | <b>\$ 11,949,292</b> | <b>\$ 37,669,292</b> |

The annual debt service requirements on the Series B Bonds are as follows:

| For the Years<br>Ending June 30, | Principal          | Interest           | Total              |
|----------------------------------|--------------------|--------------------|--------------------|
| 2004                             | \$ 185,000         | \$ 397,493         | \$ 582,493         |
| 2005                             | 195,000            | 384,193            | 579,193            |
| 2006                             | 210,000            | 370,018            | 580,018            |
| 2007                             | 225,000            | 354,793            | 579,793            |
| 2008                             | 240,000            | 338,097            | 578,097            |
| 2009-2013                        | 1,500,000          | 1,384,281          | 2,884,281          |
| 2014-2018                        | 2,165,000          | 691,762            | 2,856,762          |
| 2019-2023                        | 600,000            | 52,397             | 652,397            |
| 2024-2028                        | 25,000             | 13,000             | 38,000             |
| 2029-2030                        | 20,000             | 1,600              | 21,600             |
| <b>Total</b>                     | <b>\$5,365,000</b> | <b>\$3,987,634</b> | <b>\$9,352,634</b> |

**2001 Richmond Joint Powers Financing Authority Lease Revenue Bonds – Original Issue \$29,205,000**

The Bonds were issued to finance various street and stormwater improvements within the City and improvements to City facilities. The Bonds consist of serial bonds in the amount of \$11,665,000 and term bonds in the amount of \$17,540,000. The serial Bonds mature annually in amounts ranging from \$450,000 to \$905,000. Interest rates range from 3.2% to 5.125% and are payable on each February 1 and August 1. The term bonds mature as follows: \$7,745,000

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due in 2026 bearing an interest rate of 5% and \$9,795,000 due in 2031 bearing an interest rate of 5%. The Bonds are secured by revenues of a lease agreement between the City and the Financing Authority. The City will make lease payments from amounts included in the City's annual budget. The Bonds are subject to optional, mandatory and extraordinary redemption prior to maturity starting in 2020.

The annual debt service requirements on the bonds are as follows:

| For the Years<br>Ending June 30, | Principal            | Interest             | Total                |
|----------------------------------|----------------------|----------------------|----------------------|
| 2004                             | \$ 465,000           | \$ 1,362,875         | \$ 1,827,875         |
| 2005                             | 485,000              | 1,344,275            | 1,829,275            |
| 2006                             | 500,000              | 1,324,875            | 1,824,875            |
| 2007                             | 520,000              | 1,304,875            | 1,824,875            |
| 2008                             | 545,000              | 1,284,075            | 1,829,075            |
| 2009-2013                        | 3,095,000            | 6,040,406            | 9,135,406            |
| 2014-2018                        | 3,905,000            | 5,230,750            | 9,135,750            |
| 2019-2023                        | 5,005,000            | 4,136,381            | 9,141,381            |
| 2024-2028                        | 6,385,000            | 2,752,500            | 9,137,500            |
| 2029-2031                        | 7,055,000            | 833,250              | 7,888,250            |
| <b>Total</b>                     | <b>\$ 27,960,000</b> | <b>\$ 25,614,262</b> | <b>\$ 53,574,262</b> |

**Notes Payable**

Notes payable at June 30, 2003 consisted of the following:

|                                  |                     |
|----------------------------------|---------------------|
| Hilltop Exterior Renovation Loan | \$ 575,000          |
| Wells Fargo Loan                 | 500,000             |
| CalTrans Home Loans              | 1,021,159           |
| CHFA Help Loan                   | 587,063             |
| <b>Total</b>                     | <b>\$ 2,683,222</b> |

**Hilltop Exterior Renovation Loan – Original Amount \$1,500,000**

On June 26, 1995, the City entered into an agreement with Richmond Associates for a loan to finance the City's share of capital improvement costs of portions of the Hilltop Shopping Center. The note is due in monthly installments of \$12,500 through 2007. The interest is a floating rate equal to the prime rate of Wells Fargo Bank plus 2% per annum. The amount outstanding at June 30, 2003, was \$575,000.

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The annual debt service requirements on the Hilltop Exterior Renovation note are as follows:

| For the Years<br>Ending June 30, | Principal         | Interest         | Total             |
|----------------------------------|-------------------|------------------|-------------------|
| 2004                             | \$ 150,000        | \$ 30,924        | \$ 180,924        |
| 2005                             | 150,000           | 32,519           | 182,519           |
| 2006                             | 150,000           | 18,831           | 168,831           |
| 2007                             | 125,000           | 5,241            | 130,241           |
| <b>Total</b>                     | <b>\$ 575,000</b> | <b>\$ 87,515</b> | <b>\$ 662,515</b> |

**Wells Fargo Loan – Original Amount \$500,000**

The Richmond Redevelopment Agency entered into a loan agreement with Wells Fargo Bank for an original amount of \$500,000 to be used to provide direct predevelopment loans, subordinated loans, and line of credit to non-profit and profit developers primarily located in targeted community development areas in the City's jurisdiction. Interest rate on the loan is fixed at 1.5% for the first 10 years and adjustable to a fixed rate 3.5% below the ten year US Treasury Note rate. Interest is payable quarterly starting in the calendar year 2003. The principal balance is due and payable 10 years from the date of the initial disbursement.

The annual debt service requirements on the Wells Fargo note are as follows:

| For the Years<br>Ending June 30, | Principal         | Interest          | Total             |
|----------------------------------|-------------------|-------------------|-------------------|
| 2004                             | -                 | 7,500             | 7,500             |
| 2005                             | -                 | 7,500             | 7,500             |
| 2006                             | -                 | 7,500             | 7,500             |
| 2007                             | -                 | 7,500             | 7,500             |
| 2008-2012                        | -                 | 37,500            | 37,500            |
| 2013-2017                        | 500,000           | 37,500            | 537,500           |
| <b>Total</b>                     | <b>\$ 500,000</b> | <b>\$ 105,000</b> | <b>\$ 605,000</b> |

**CalTrans Home Loans - Original Amount \$1,460,000**

The City entered into an agreement with Caltrans to purchase 43 homes for a total price of \$1,710,050. The purpose of this purchase is to sell the homes to Richmond Neighborhood Housing Services in order to provide housing to very low, and low and moderate income persons. Upon execution of the contract the City paid \$10,000 nonrefundable deposit which will be applied to purchase price at the close of the escrow. Upon the close of the escrow the

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City shall pay an additional sum of \$232,890 for a total down payment of \$242,890. The remainder of the purchase price will be paid by the City in the form of promissory notes which will provide for quarterly payments over a 40 year period at simple interest rate and for one lump sum payment plus simple interest at the end of the period that each house was committed by Caltrans to be used as affordable housing. Interest will be computed annually based upon the average rate of return by the Pooled Money Investment Board for the past five years. The amount outstanding at June 30, 2003 was \$1,021,159.

**CHFA Help Loan – Original Amount \$578,141**

On September 22, 2000, the Richmond Redevelopment Agency entered into an agreement with California Housing Finance Agency, to assist the Agency in operating a local housing program which provides loans to non-profit developers for the purpose of financing the acquisition, preconstruction, and construction of single-family ownership and multifamily rental properties. The loan is due ten years from the date of the loan. The loan bears a simple per annum 3% interest rate. The amount outstanding at June 30, 2003 was \$587,063.

**Capital Leases**

Capital leases payable at June 30, 2003 consisted of the following:

|   |                            |
|---|----------------------------|
| Sun Trust Leasing Corporation - Financial System    | \$ 1,639,655               |
| Sun Trust Leasing Corporation - Capital Equipment   | \$ 1,784,385               |
| Sun Trust Leasing Corporation - 911 System Interfac | 1,565,099                  |
| Municipal Finance Corporation - Viron               | 4,069,623                  |
| <b>Total</b>  | <u><u>\$ 9,058,762</u></u> |

**Sun Trust Leasing Corporation Equipment Lease – Original Amount \$3,214,192**

On October 31, 2001 the City entered into a lease agreement with SunTrust Leasing Corporation to refinance the existing lease with Banc one Leasing Corporation. The refinanced lease was to purchase computer software, hardware, licenses and implementation, to remodel the computer room by adding team rooms, offices and workstations, data warehousing and imaging facilities. The lease is payable in semiannual installments of \$430,787 including principal and interest through May 2005.

The annual debt service requirements on the capital lease are as follows:

| For the Years<br>Ending June 30, | Principal                  | Interest                | Total                      |
|----------------------------------|----------------------------|-------------------------|----------------------------|
| 2004                             | \$ 803,460                 | 58,114                  | \$ 861,574                 |
| 2005                             | 836,195                    | 25,380                  | 861,575                    |
| <b>Total</b>                     | <u><u>\$ 1,639,655</u></u> | <u><u>\$ 83,494</u></u> | <u><u>\$ 1,723,149</u></u> |

**City of Richmond**  
**Notes to Basic Financial Statements**  
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**Sun Trust Leasing Corporation Equipment Lease– Original Amount \$3,723,021**

On October 31, 2001 the City entered into a lease agreement with SunTrust Leasing Corporation to refinance an existing lease with Banc One Leasing Corporation. The refinanced lease was to purchase four fire trucks and related equipment and computer hardware and software for the financial system. The lease is payable in annual installments ranging from \$420,000 to \$1,066,000 including principal and interest through May 2006.

The annual debt service requirements on the capital lease are as follows:

| For the Years<br>Ending June 30, | Principal          | Interest          | Total              |
|----------------------------------|--------------------|-------------------|--------------------|
| 2004                             | \$ 993,158         | \$ 72,842         | \$1,066,000        |
| 2005                             | 387,700            | 32,300            | 420,000            |
| 2006                             | 403,527            | 16,473            | 420,000            |
| <b>Total</b>                     | <b>\$1,784,385</b> | <b>\$ 121,615</b> | <b>\$1,906,000</b> |

**Sun Trust Leasing Corporation 911 System Equipment Lease– Original Amount \$1,900,000**

On July 2, 2002 the City entered into a lease agreement with SunTrust Leasing Corporation to finance the purchase of 911 system interface hardware, software and services. The lease is payable in quarterly installments of \$128,473 including principal and interest through July 2006.

The annual debt service requirements on the capital lease are as follows:

| For the Years<br>Ending June 30, | Principal           | Interest         | Total               |
|----------------------------------|---------------------|------------------|---------------------|
| 2004                             | \$ 461,431          | \$ 52,462        | \$ 513,893          |
| 2005                             | 479,050             | 34,842           | 513,892             |
| 2006                             | 497,343             | 16,550           | 513,893             |
| 2007                             | 127,275             | 1,198            | 128,473             |
| <b>Total</b>                     | <b>\$ 1,565,099</b> | <b>\$105,052</b> | <b>\$ 1,670,151</b> |

**Municipal Finance Corporation (CNB) Viron Mechanical Retrofit & Energy Management – Original Amount \$4,069,623**

On October 9, 2002 the City entered into a lease agreement with Municipal Finance Corporation to finance the purchase of Viron mechanical retrofit and energy management project. The lease is payable in monthly installments of \$15,532 interest for the first nine months, then \$42, 334 including principal and interest through July 2013.

**City of Richmond**  
**Notes to Basic Financial Statements**  
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The annual debt service requirements on the capital lease are as follows:

| For the Years<br>Ending June 30, | Principal          | Interest           | Total              |
|----------------------------------|--------------------|--------------------|--------------------|
| 2004                             | \$ 300,509         | \$ 180,698         | \$ 481,207         |
| 2005                             | 342,514            | 165,495            | 508,009            |
| 2006                             | 358,534            | 149,474            | 508,008            |
| 2007                             | 375,304            | 132,704            | 508,008            |
| 2008                             | 392,859            | 115,150            | 508,009            |
| 2009-2014                        | 2,299,903          | 282,474            | 2,582,377          |
| <b>Total</b>                     | <b>\$4,069,623</b> | <b>\$1,025,995</b> | <b>\$5,095,618</b> |

**Long-Term Debt of Business-Type Activities**

The following is a summary of long-term debt of business-type activities during the fiscal year ended June 30, 2003:

|               | Balance<br>July 1, 2002 | Additions           | Deletions             | Balance<br>June 30, 2003 | Due Within<br>One Year | Due in More<br>than One Year |
|---------------|-------------------------|---------------------|-----------------------|--------------------------|------------------------|------------------------------|
| Bonds payable | \$ 53,406,015           | \$ 599,509          | \$ (1,310,000)        | \$ 52,695,524            | \$ 1,440,000           | \$ 51,255,524                |
| Loans payable | 9,682,769               | \$ 419,572          | \$ (398,199)          | \$ 9,704,142             | \$ 389,361             | \$ 9,314,781                 |
| <b>Total</b>  | <b>\$ 63,088,784</b>    | <b>\$ 1,019,081</b> | <b>\$ (1,708,199)</b> | <b>\$ 62,399,666</b>     | <b>\$ 1,829,361</b>    | <b>\$ 60,570,305</b>         |

**Bonds Payable**

Bonds payable at June 30, 2003 consisted of the following:

|   |                     |
|---|---------------------|
| Wastewater Revenue Bonds Series 1999                    | \$39,422,497        |
| Port Terminal Lease Revenue Refunding Bonds Series 1999 | 8,023,027           |
| Port Terminal Lease Revenue Bonds 1996                  | 5,250,000           |
| <b>Total</b>  | <b>\$52,695,524</b> |

**City of Richmond**  
**Notes to Basic Financial Statements**  
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**Wastewater Revenue Refunding Bonds Series 1999**

The Bonds were issued to pay for the cost of improvements and renovation to the wastewater treatment system. The Bonds consist of current interest bonds in the amount of \$29,250,000 and capital appreciation bonds in the amount of \$37,765,000. The current interest bonds are due in annual installments through 2018 ranging from \$75,000 to \$2,195,000. Interest rates vary from 4.5% to 5.5% and are payable semiannually on February 1 and August 1. The capital appreciation bonds will accrete interest ranging from 6.1% to 6.23% compounded semiannually on February 1 and August 1 and are payable only at maturity beginning from 2019 through 2031. At June 30, 2003, the Bonds consisted of the following:

|                            | Net Value            | Accretion/<br>Amortization | Unamortized<br>Premium<br>(Discount) | Net                  |
|----------------------------|----------------------|----------------------------|--------------------------------------|----------------------|
| Current interest bonds     | \$ 29,250,000        | \$ (2,584)                 | \$ 72,573                            | \$ 29,322,573        |
| Capital appreciation bonds | 37,765,000           | 595,931                    | (27,665,076)                         | 10,099,924           |
|                            | <u>\$ 67,015,000</u> | <u>\$ 593,347</u>          | <u>\$ (27,592,503)</u>               | <u>\$ 39,422,497</u> |

The Bonds are payable from a lien on and pledge of net revenues, primarily consisting of charges, income and receipts derived by the City from the ownership and operation of the City's wastewater collection, treatment and disposal system, after deducting maintenance and operation costs of the wastewater system.

The annual debt service requirements on the bonds are as follows:

| For the Years<br>Ending June 30, | Principal            | Interest             | Total                |
|----------------------------------|----------------------|----------------------|----------------------|
| 2004                             | \$ 150,000           | 1,552,811            | \$ 1,702,811         |
| 2005                             | 1,355,000            | 1,518,949            | 2,873,949            |
| 2006                             | 1,415,000            | 1,455,916            | 2,870,916            |
| 2007                             | 1,480,000            | 1,389,331            | 2,869,331            |
| 2008                             | 1,545,000            | 1,318,984            | 2,863,984            |
| 2009-2013                        | 8,930,000            | 5,349,143            | 14,279,143           |
| 2014-2018                        | 11,630,000           | 2,546,595            | 14,176,595           |
| 2019-2023                        | 14,365,000           | 79,605               | 14,444,605           |
| 2024-2028                        | 14,525,000           | -                    | 14,525,000           |
| 2029-2031                        | 11,620,000           | -                    | 11,620,000           |
| <b>Total</b>                     | <u>\$ 67,015,000</u> | <u>\$ 15,211,334</u> | <u>\$ 82,226,334</u> |

**City of Richmond**  
**Notes to Basic Financial Statements**  
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**Port Terminal Lease Revenue Refunding Bonds Series 1999 – Original Issue \$10,955,000**

The Bonds were issued by the Authority to refund the Port Terminal Lease Revenue Bonds Series 1994. The Bonds are special limited obligation of the Authority payable solely from revenues of the authority pursuant to a Facilities Lease agreement with the City. The City has pledged the subordinated port revenues to the payment of the base rental payments of the Facilities Lease agreement. The Bonds consist of serial bonds that mature annually through 2009, in amounts ranging from \$930,000 to \$2,385,000. Interest rates vary from 3.7% to a maximum of 4.6% and are payable semiannually on June 1 and December 1. The bonds are payable solely from revenues of the Authority consisting principally of base rental payments to be received by the Authority from the City of Richmond.

|                      |                                   |
|----------------------|-----------------------------------|
| Bonds outstanding    | \$ 8,060,000                      |
| Unamortized discount | <u>36,973</u>                     |
| <b>Net</b>           | <b><u><u>\$ 8,023,027</u></u></b> |

The annual debt service requirements on the Bonds are as follows:

| For the Years<br>Ending June 30, | Principal                         | Interest                          | Total                             |
|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| 2004                             | \$ 1,045,000                      | \$ 357,048                        | \$ 1,402,048                      |
| 2005                             | 1,085,000                         | 313,680                           | 1,398,680                         |
| 2006                             | 1,130,000                         | 267,568                           | 1,397,568                         |
| 2007                             | 1,180,000                         | 218,413                           | 1,398,413                         |
| 2008                             | 1,235,000                         | 165,902                           | 1,400,902                         |
| 2009                             | <u>2,385,000</u>                  | <u>109,710</u>                    | <u>2,494,710</u>                  |
| <b>Total</b>                     | <b><u><u>\$ 8,060,000</u></u></b> | <b><u><u>\$ 1,432,321</u></u></b> | <b><u><u>\$ 9,492,321</u></u></b> |

**Port Terminal Lease Revenue Bonds Series 1996 – Original Issue \$6,500,000**

The Bonds are being issued by the Authority to pay the cost of certain public capital improvements related to the Port of Richmond. The Bonds are special limited obligation of the Authority payable solely from revenues of the Authority pursuant to a Facilities Lease Agreement with the City. The City has pledged the subordinated revenues of its Port Enterprise to the payment of the base rental payments of the Facilities Lease Agreement. The Bonds consist of term bonds that mature on September 1, 2002, 2006, 2009 and 2016. Interest rates vary from 5.55% to a maximum of 6.6% and are payable semiannually on February 15 and August 15. The Bonds are payable solely from revenues of the Authority consisting principally of base rental payments to be received by the Authority from the City of Richmond.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2003**

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The annual debt service requirements on the bonds are as follows:

| For the Years<br>Ending June 30, | Principal           | Interest            | Total               |
|----------------------------------|---------------------|---------------------|---------------------|
| 2004                             | 245,000             | 329,009             | 574,009             |
| 2005                             | 260,000             | 314,175             | 574,175             |
| 2006                             | 275,000             | 298,459             | 573,459             |
| 2007                             | 295,000             | 281,716             | 576,716             |
| 2008                             | 310,000             | 263,207             | 573,207             |
| 2009-2013                        | 1,880,000           | 978,020             | 2,858,020           |
| 2014-2017                        | 1,985,000           | 272,415             | 2,257,415           |
| <b>Total</b>                     | <b>\$ 5,250,000</b> | <b>\$ 2,737,001</b> | <b>\$ 7,987,001</b> |

**Loans Payable**

Loans payable at June 30, 2003, consisted of the following:

|  |                            |
|--|----------------------------|
| State Revolving Fund Loan Contract             | \$ 3,935,926               |
| Housing Authority                              | 2,195,217                  |
| California Department of Boating and Waterways | <u>3,572,999</u>           |
| <b>Total</b>                                   | <b><u>\$ 9,704,142</u></b> |

**State Revolving Fund Loan Contract**

In 1992 the City entered into an agreement with the State of California Water Resources Control Board to receive financial assistance in the amount of \$6,737,658 for the improvement of the Richmond Wastewater Treatment Facility. The loan is due in annually through 2013 and bears interest of 3%. Annual installments including principal and interest are \$461,410. The amount outstanding at June 30, 2003 was \$3,935,926.

**California Department of Boating and Waterways**

The Agency entered into three loan agreements with the California Department of Boating and Waterways (Contract Nos. 6-21-114, 88-21-85, 91-102-030) for a total of \$9,427,000. Proceeds of the loans were used to finance marina construction projects. The loans bear interest ranging from 4.5% to 7.9% and are due in annual installments through 2042. The total amount outstanding at June 30, 2003 was \$3,572,999.

**City of Richmond**  
**Notes to Basic Financial Statements**  
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The annual debt service requirements on the State revolving fund loan and California Department of Boating and Waterways are as follows:

| For the Years<br>Ending June 30, | Principal           | Interest            | Total                |
|----------------------------------|---------------------|---------------------|----------------------|
| 2004                             | \$ 389,363          | \$ 278,863          | \$ 668,226           |
| 2005                             | 401,734             | 266,491             | 668,225              |
| 2006                             | 414,508             | 253,718             | 668,226              |
| 2007                             | 427,697             | 240,529             | 668,226              |
| 2008                             | 441,316             | 226,910             | 668,226              |
| 2009-2013                        | 2,426,935           | 914,192             | 3,341,127            |
| 2014-2018                        | 391,064             | 643,011             | 1,034,075            |
| 2019-2023                        | 487,337             | 546,738             | 1,034,075            |
| 2024-2028                        | 607,311             | 426,764             | 1,034,075            |
| 2029-2033                        | 714,786             | 277,257             | 992,043              |
| Thereafter                       | 806,874             | 144,504             | 951,378              |
| <b>Total</b>                     | <b>\$ 7,508,925</b> | <b>\$ 4,218,977</b> | <b>\$ 11,727,902</b> |

**(8) DEFERRED REVENUE**

**Government-Wide Financial Statements**

Deferred revenues in Government-Wide Financial Statement of Net Assets represent amounts for which revenues have not been earned. At June 30, 2003, deferred revenues in the Government-Wide Financial Statement of Net Assets were as follows:

|                         | Governmental<br>Activities | Business Type<br>Activities |
|-------------------------|----------------------------|-----------------------------|
| Unearned grant revenues | \$ 397,759                 | \$ -                        |
| Unearned rents          |                            | 30,009                      |
| Total                   | <u>\$ 397,759</u>          | <u>\$ 30,009</u>            |

**City of Richmond**  
**Notes to Basic Financial Statements**  
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**Fund Financial Statements**

At June 30, 2003, the following deferred revenues were recorded in the Fund Financial Statements because either the revenues had not been earned or the funds were not available to finance expenditures of the current period:

| <b>Governmental Funds:</b>                 | General Fund        | Redevelopment Agency | Nonmajor Governmental Fund | Total               |
|--|---------------------|----------------------|----------------------------|---------------------|
| Loans receivable                           | \$1,021,159         | \$1,831,930          | \$4,804,694                | \$7,657,783         |
| Grants receivable                          | 134,218             |                      | 136,124                    | 270,342             |
| Unearned grant revenues                    | -                   |                      | 397,759                    | 397,759             |
| Interest accrual - advances to other funds | 12,904,255          |                      |                            | 12,904,255          |
| Park & recreation receivable - rents       | 17,243              |                      |                            | 17,243              |
| Total                                      | <u>\$14,076,875</u> | <u>\$1,831,930</u>   | <u>\$5,338,577</u>         | <u>\$21,247,382</u> |

| <b>Proprietary Funds:</b> | Convention Center | <b>Pension Trust Fund:</b> | Pension Reserve     |
|---------------------------|-------------------|----------------------------|---------------------|
| Rental fees               | <u>\$30,009</u>   | Property tax override      | <u>\$15,343,040</u> |

**(9) RESTATEMENT OF BEGINNING BALANCES**

During the fiscal year 2003, the City recorded prior period adjustments to set up liability to Point Pinole Properties, (\$2,077,898) and to correct bad debt allowances for FY01 & FY02 (\$1,099,791) and some accounting errors (\$25,881).

Net assets reported in the government-wide statements of July 1, 2002 have been restated as follows:

|  | Governmental Activities | Business-type Activities | Total                |
|--|-------------------------|--------------------------|----------------------|
| Net assets, as of July 1, 2002, as originally reported | <u>\$213,649,891</u>    | <u>\$49,739,622</u>      | <u>\$263,389,513</u> |
| Restatements:  |                         |                          |                      |
| Prior period adjustments                               | (2,786,012)             | (420,558)                | (3,206,570)          |
| GASB 34 adjustments                                    |                         |                          |                      |
| Capital asset adjustments                              | 4,461,468               |                          | 4,461,468            |
| General fund advances                                  | 12,904,255              |                          | 12,904,255           |
| Receivables  | <u>7,945,367</u>        |                          | <u>7,945,367</u>     |
| Total restatements                                     | <u>22,525,078</u>       | <u>(420,558)</u>         | <u>22,104,520</u>    |
| Net assets, as of June 30, 2002, as restated           | <u>\$236,174,969</u>    | <u>\$49,319,064</u>      | <u>\$285,494,033</u> |

**City of Richmond**  
**Notes to Basic Financial Statements**  
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Fund balances of governmental and business-type funds, as of July 1, 2002, have been restated as follows:

|  | <b>Fund<br/>Balances,<br/>as of June<br/>30, 2002<br/>as originally<br/>reported</b> | <b>Prior Period<br/>Adjustments</b> | <b>Fund<br/>Balances,<br/>as of July 1,<br/>2002,<br/>as restated</b> |
|--|--|-------------------------------------|---|
| General  | \$45,857,057   | \$1,074,335                         | \$46,931,392  |
| JPFA   | 7,819,518  | 5,676                               | 7,825,194   |
| General Capital Improvement                        | 31,455,524   | (270,283)                           | 31,185,241  |
| Non-Major Governmental Funds                       | 10,010,173   | (3,461,641)                         | 6,548,532   |
| Richmond Housing Authority                         | 40,577,207   | 201,457                             | 40,778,664  |
| Port of Richmond                                   | (10,680,772)   | (637,487)                           | (11,318,259)  |
| Municipal Sewer                                    | 4,690,058  | (1,057)                             | 4,689,001   |
| Non-Major Enterprise Funds                         | 15,153,129   | 16,529                              | 15,169,658  |
| Workers' Compensation                              | (6,130,780)  | (134,099)                           | (6,264,879)   |
| Total Governmental and Business-type<br>Activities | <u>\$138,751,114</u>   | <u>\$(3,206,570)</u>                | <u>\$135,544,544</u>  |

**(10) DEFICIT FUND BALANCES AND ACCUMULATED DEFICITS**

The City plans to remove the deficit fund balance of \$282,027 in the Maintenance Special Revenue Fund by future fees from developers and transfers from the General Fund.

The City plans to remove the deficit fund balance of \$1,178,472 in the Employment and Training Special Revenue Fund by reimbursement for grant expenditures from Federal and State agencies.

The City plans to remove the deficit fund balance of \$2,005,081 in the General Debt Service Fund by transferring funds from the General Fund to cover costs of capital lease.

The City plans to remove the deficit fund balance of \$623,519 in the Atlas Road Improvements Capital Project Fund by merging with the General Fund. There is no activity in the fund and will be closed out.

The City plans to remove the deficit fund balance of \$135,459 in the Port Remediation Capital Project Fund by future revenues from the Port of Richmond.

The City plans to remove the net deficit of \$132,886 in the Convention Center Nonmajor Enterprise Fund by transferring money from the General Fund.

**City of Richmond**  
**Notes to Basic Financial Statements**  
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The City plans to remove the deficit in retained earnings of \$11,810,135 in the Port of Richmond Enterprise Fund by fees received from charges for services.

The City plans to remove the deficit in retained earnings of \$9,577,228 in the Worker's Compensation Internal Service Fund by future charges for services to other funds.

The City plans to remove the deficit in retained earnings of \$1,369,361 in the General Liability Internal Service Fund by future charges for services to other funds.

**Excess of Expenditures over Appropriations**

At June 30, 2003, the following funds had excess of expenditures over appropriations:

| Fund         | Final<br>Appropriation | Expenditures   | Expenditures<br>over<br>Appropriations |
|--------------|------------------------|----------------|--|
| General Fund | \$ 105,277,260         | \$ 106,693,781 | \$ (1,416,521)                         |

The General Fund expenditures in excess of appropriations in the amount of \$1.4 million represents unappropriated amounts for the City's Operating Transfers In and Out and various small capital outlay projects.

**(11) CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEMS**

**Plan Description and Provisions**

The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

**Funding Policy**

Active plan members are required by state statute to contribute 7% for miscellaneous during the first half of the fiscal year July through December 2002 and at 8% from January through June

**City of Richmond**  
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2003 of their annual covered salary. Contribution was 9% for safety employees of their annual covered salary. The City employer makes the contributions required of City employees on their behalf and for their account, which amounted to \$5,512,151 for the year ended June 30, 2003. The City employer was required to contribute for fiscal year ending 2002-2003 at an actuarially determined rate of 0% for the period July through December 2002 and 8.083% for the period January through June 2003 of annual covered payroll for miscellaneous employees. The rate was 2.521% for the period July through September 2002, 9.858% for the period October through February 2003 and 13.261% for the period March through June 2003 of annual covered payroll for the safety employees.

**Annual Pension Cost**

For 2002-2003, the City's annual pension cost was \$4,290,153 for PERS. The required contribution was determined as part of the June 30, 2002, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.75% to 14.20% for miscellaneous employees and from 4.27% to 11.59% for safety employees depending on age, service, and type of employment, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period at June 30, 2000, was 20 years for miscellaneous and 12 years for safety employees for prior and current service unfunded liability.

**THREE-YEAR TREND INFORMATION FOR PERS**

| <u>Fiscal Year</u> | <u>Annual<br/>Pension Cost<br/>(APC)</u> | <u>Percentage of<br/>APC<br/>Contributed</u> | <u>Net Pension<br/>Obligation</u> |
|--------------------|--|--|-----------------------------------|
| 6/30/2001          | \$ 488,526                               | 100%   | -                                 |
| 6/30/2002          | -  | 100%   | -                                 |
| 6/30/2003          | \$ 4,290,153                             | 100%   | -                                 |

**(12) PENSION PLANS**

**Plan Description and Funding Policy**

The City maintains three, single-employer, defined benefit pension plans, which are funded entirely by City contributions: General Pension Plan, Police and Firemen's Pension Plan, and Garfield Pension Plan (collectively, the "Plans"). The General Pension Plan, a defined benefit pension plan, covers 47 former City employees not covered by PERS, all of whom have retired. The Police and Firemen's Pension Plan, a defined benefit pension plan covers 116 police and

**City of Richmond**  
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fire personnel employed prior to October 1964. The City has also established a separate defined contribution pension plan (Garfield Pension Plan) for a retired police chief. The Plans provide retirement, disability, and death benefits based on the employee's years of service, age, and final compensation. No separate financial statements are issued for these plans.

**General Pension Plan** – Retirement and other benefits are paid from the assets of the Plan and from related investment earnings. The City is required under its charter to contribute the remaining amounts necessary to fund the Plan using the entry age-normal actuarial method as specified by ordinance.

**Police and Firemen's Pension Plan** – Funding for the Plan is provided from the Pension Reserve Trust Fund. Employees were vested after five years of service. Members of the Plan are allowed normal retirement benefits after 25 or more continuous years of service. The City is required under its charter to contribute the remaining amounts necessary to fund the Plan using the entry age-normal actuarial method as specified by ordinance.

The City established the Pension Reserve Trust Fund to which proceeds of a special incremental property tax levy voted by the citizens of the City of Richmond are credited for the payment of benefits under the Plan.

**Garfield Pension Plan** – Retirement and other benefits are paid from the assets of the Plan and from related investment earnings. In the current year, the City was not required to make any contributions to fund this plan. Benefit provisions have been established and may be amended upon agreement between the City and Mr. Garfield.

### **Actuarially Determined Required Contributions**

**General Pension Plan** – As of July 1, 2002, the date of the most recent actuarial valuation available, the actuarial present value of pension benefits under the Plan was \$7,573,288 and the assets of the Plan at fair value were \$2,145,405 resulting in an unfunded actuarial liability of \$5,427,883. In computing the actuarial valuation, Plan assets were assumed to yield a 5% return and were assumed to increase 5% annually. Assumptions for retirement age, disability, withdrawal, and salary increases were not meaningful as substantially all of the participants had retired.

**Police and Firemen's Pension Plan** – The City established the Pension Reserve Trust Fund to which proceeds of a special incremental property tax levy voted by the citizens of the City of Richmond are credited for the payment of benefits under the Plan. The incremental property tax revenue received for the year ended June 30, 2003 was \$3,925,869. Pension benefits for the 2002/03 fiscal year were \$7,955,887. The actuarial present value of future pension liabilities under the Plan at July 1, 2002, the date of the most recent actuarial valuation, was approximately \$49,135,204, representing principally prior service costs. Assets of the Plan were \$25,177,947 resulting in an unfunded actuarial liability of \$23,957,257. Actuarial assumptions included an assumed rate of return of 6.50% and mortality rates based on the 1983 Group Annuity Mortality Table for Males with an additional five year setback for females.

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Benefit payments were assumed to increase 3.75% annually. Assumptions for retirement age, disability, withdrawal, and salary increases have an insignificant effect on the valuation as substantially all of the participants had retired.

Three-year historical trend information relative to contributions is presented below:

|         | General Pension Plan               |                       |                        | Police and Firemen's Pension Plan  |                        |                        |
|---------|------------------------------------|-----------------------|------------------------|------------------------------------|------------------------|------------------------|
|         | Annual<br>Required<br>Contribution | Amount<br>Contributed | Percent<br>Contributed | Annual<br>Required<br>Contribution | Annual<br>Contribution | Percent<br>Contributed |
| 2000/01 | 355,480                            | -                     | 0%                     | 249,239                            | -                      | 0%                     |
| 2001/02 | 348,626                            | -                     | 0%                     | 762,611                            | -                      | 0%                     |
| 2002/03 | 329,048                            | 1,180,654             | 359%                   | 2,174,274                          | -                      | 0%                     |

The aggregate actuarial cost method is used for the actuarial valuation for both plans and that method does not identify or separately amortize unfunded liabilities. As a result, a schedule of funding progress is not required.

### **Significant Accounting Policies**

City contributions for all plans are recognized when due and the City has made a formal commitment to provide contributions. Benefit payments and refunds are recognized when due and payable in accordance with the terms of the Plan. Assets are valued at fair value based on available market information obtained from independent sources.

### **Net Pension Liability (Asset) at Transition**

The City has adopted the provisions of GASB Statement No. 27. The net pension liability (asset) at adoption of GASB No. 27 was determined in accordance with the provisions of that statement. The General Pension Plan had net pension asset at transition of \$391,129. At July 1, 2002, the General Pension Plan had a net pension asset of \$35,851.

The Police and Firemen's Pension Plan had a net pension liability at transition of \$3,661,455, which was recorded in government-wide statement. During the year ended June 30, 2003, the City did not make any annual pension contribution to the Police and Firemen's Pension Plan which increased the net pension obligation that is reported in the Police and Fireman's Pension Fund to \$5,741,424.

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The City's annual pension cost and net pension obligation to the Police and Firemen's Pension Fund for the current year were as follows:

|  |                                   |
|--|-----------------------------------|
| Annual required contribution               | \$ 2,174,274                      |
| Interest on net pension obligation         | 237,995                           |
| Adjustment to annual required contribution | <u>(332,300)</u>                  |
| Net pension obligation                     | 2,079,969                         |
| Contributions made                         | <u>-</u>                          |
| Decrease in net pension obligations        | 2,079,969                         |
| Net pension obligation beginning of year   | <u>3,661,455</u>                  |
| <b>Net pension obligation end of year</b>  | <b><u><u>\$ 5,741,424</u></u></b> |

### **Pension Tax Override**

As of June 30, 2003, the City has decided to set aside the pension property tax override, after pension debt service payments of \$3,925,869 received as restricted cash and deferred revenue. This pension property tax override was to be used to pay pension contributions. However, the Superior Court of California, County of Orange, made a tentative decision (Case No. 81-87-80) that stated "The Court declares the defendant...Property Tax Override violates California Constitution Article XIII A, Section 1(b) to the extent it exceeds the City employer contributions for PERS obligation as it existed prior to July 1, 1978 and cannot lawfully be assessed or collected". Until the Court's decision, including appeals, is final, the City has elected to set aside the pension property tax override, after pension debt service payments, of \$6,729,972 in the Pension Trust Fund in the accompanying financial statements.

### **(13) OTHER POSTEMPLOYMENT BENEFITS**

In addition to the pension benefits described in Notes 8 and 9, the City provides postretirement health care benefits, in accordance with City ordinances, to all employees who retire from the City on or after attaining retirement age (50 for policemen, 50 for firemen, and 55 for all other employees) and who have at least ten years of service. At June 30, 2003, 282 retirees met those eligibility requirements. The City funds these benefits on a pay-as-you-go basis. During fiscal year 2003, expenditures of \$1,028,738 were recognized for post employment health care benefits.

### **(14) RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and inverse condemnation. The City began self-insuring its workers' compensation and its general and auto

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liability in 1976. The City has chosen to establish risk financing internal service funds where assets are accumulated for claim settlements associated with the above risks of loss up to certain limits. Excess coverage for the above-mentioned risk categories excluding wrongful termination, sexual harassment and inverse condemnation is provided by policies with various commercial insurance carriers. Self-insurance and insurance company limits are as follows:

| Type of Coverage                                  | Self-Insurance          | Commercial Insurance Carrier     |
|---|-------------------------|----------------------------------|
| General and auto liability                        | \$0 - 250,000 per claim | \$250,000 - 10,000,000 per claim |
| Workers' compensation for public safety employees | 0 - 400,000 per claim   | 400,000 - 10,000,000 per claim   |
| Workers' compensation for general employees       | 0 - 300,000 per claim   | 300,000 - 10,000,000 per claim   |

Losses greater than \$10 million per claim are not insured. Property damage risks are covered on an occurrence basis up to \$25,000,000 by commercial insurance purchased from independent third parties. All properties are insured at full replacement values. During the fiscal year ended June 30, 2002, there were no significant reductions in any of the City insurance coverage and no settlement amounts exceeded the self-insurance coverage.

The unpaid claims liabilities included in each of the self-insurance internal service funds are based on case reserves and include amounts for claims incurred but not reported (IBNR).

At June 30, 2003, the estimated claims payable of \$17,132,000, consisting of reserves for both reported and IBNR losses, as well as allocated loss adjustment expenses, has been recorded in the internal service funds. Changes in the claims liabilities for the years ended June 30, 2003 and 2002 were as follows:

|   | 2003                 | 2002                 | 2001                 |
|---|----------------------|----------------------|----------------------|
| Claims liabilities, beginning of year   | \$ 13,355,000        | \$ 18,555,000        | \$ 27,955,178        |
| Claims and changes in estimates         | 5,901,358            | (2,935,886)          | (4,674,147)          |
| Claim payments                          | (4,652,980)          | (4,627,031)          | (5,430,856)          |
| Legal administrative and other expenses | 2,528,622            | 2,362,917            | 704,825              |
| <b>Claims liabilities, end of year</b>  | <b>\$ 17,132,000</b> | <b>\$ 13,355,000</b> | <b>\$ 18,555,000</b> |

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**(15) COMMITMENTS AND CONTINGENCIES**

**Construction in Progress**

The City has committed to spend approximately \$194,677,000 on a number of capital improvement projects as described in the City's Five Year Capital Improvement Plan for 1999-2004.

**Litigation**

The City is involved in various claims and litigation resulting from its normal operations. The ultimate outcome of these matters is not presently determinable. In City management's opinion, these matters will not have significant adverse effect of the City's financial position.

**(16) SUBSEQUENT EVENTS**

**Richmond Joint Powers Financing Authority Reassessment Revenue Bonds, 2003 Series A**

On July 1, 2003, the Richmond Joint Powers Financing Authority issued Reassessment Revenue Bonds, 2003 Series A in the amount of \$11,075,000. The bonds were issued to acquire the Reassessment Bonds from the City of Richmond, the proceeds of which will refund the City of Richmond Limited Obligation Refunding Improvement Bonds Reassessment District No. 855, fund a Reserve Fund for the bonds, and pay certain costs of issuance of the Bonds. The bonds consist of serial bonds that mature annually through 2019, in amounts ranging \$545,000 to \$840,000. Interest rates vary from 1.85% to a maximum of 5.55%. The bonds are limited obligation of the Authority payable solely from the revenues of the Authority, consisting primarily of payments received by the Authority from the District pursuant to the Reassessment Bonds.

**Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series A and B**

On August 14, 2003, the Richmond Joint Powers Financing Authority issued Tax Allocation Revenue Bonds in the amount of \$16,080,000 of Series 2003 A Tax Exempt and \$12,500,000 of Series 2003 B Taxable. Series A and B bond proceeds will be used to finance certain capital improvements for the Richmond Redevelopment Agency, fund a separate Reserve Account and capitalized interest for Series A and B, pay the amounts of \$13,000,000 for Series A and \$5,000,000 for Series B to the City in partial payments of the Prior Obligations and pay costs of issuance of the bonds. The Series A Bonds consist of serial bonds of \$5,685,000 which bear interest rates from 3% to 4.625% and mature annually through 2018, term bonds of \$4,320,000 and \$4,050,000 with an interest rate of 5.25% due September 1, 2022 and September 1, 2025

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respectively, and term bonds of \$2,025,000 with an interest rate of 5% due September 1, 2025. The Series B Bonds consist of serial bonds of \$2,380,000 which bear interest rates from 4.16% to 5.41% and mature annually through 2013, term bonds of \$2,635,000 with an interest rate of 5.86% due September 1, 2018, term bonds of \$7,485,000 with an interest of 6.3% due September 1, 2025. The bonds are limited obligation of the Authority and secured by certain amounts payable by the Agency to the Authority pursuant to a Loan Agreement by and between the Authority and the Agency, dated as of August 1, 2003. The Agency obligations are secured by a pledge of certain tax increment revenues derived from taxable property within certain redevelopment project areas.

**(17) CITY'S FINANCIAL CONDITION**

The City experienced declining cash balances and has a significant structural deficit in the operations of its general fund principally as a result of slow or no revenue growth, increasing employee medical, workers compensation and retirement costs, and the slowdown in the area economy. A detailed explanation of the City's cash overdraft is on page 48.

The City established a cash management team to stabilize cash disbursements. The City also hired several firms to assist with the development of short term and long term action plans to address cash shortfalls and the structural nature of the general fund and to assist in negotiating with labor to share in any labor cost reductions identified as part of the action plan.

Richmond's general fund began the 2003/2004 fiscal year with an \$8.3 million negative cash balance. At a City Council meeting held March 9, 2004, the Richmond City Council adopted a series of short-term, one-time corrections in an effort to infuse the City's general fund with cash and make up a significant portion of the City's current general fund cash shortfall. The one-time corrections will make up approximately \$28.1 million of the City's current \$35.2 million cash shortfall. These actions, which do not affect City services, programs or personnel levels, will be set in motion immediately in order to make up this portion of the City's current budget shortfall, which needs to be met by June 30, 2004. The one-time corrections were part of the City's Action Plan which was presented to Council by City staff at its March 4, 2004 meeting.

As employee retirement, medical and workers compensation costs continue to increase, the City faces a major restructuring of its general fund and the resulting reduction in services provided by the fund.

The City's municipal sewer fund had a cash overdraft of \$4.4 million at June 30, 2003. This overdraft is partially due to a timing difference between expenses and collection of property taxes. The sewer service rate structure includes annual increases through the 2008/09 fiscal years, which include 20% increases for the fiscal years 2003/04, and 2005/06. Negative cash balances should be eliminated through these rate increases.

Expenses for the Port of Richmond exceeded revenues by \$492,000 during the 2002/03 fiscal year, resulting from a decrease of \$1.1 million in revenues from the previous year. The Port's

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cash balance remained positive, at \$6.2 million at June 30, 2003. Current year revenues are on target to reach the levels achieved during the 2001/02 fiscal year.

The general capital improvement fund ended the year with a \$7.1 million negative cash balance, while expenditures of the fund exceeded its revenues by \$8.3 million which was partially offset by debt proceeds of \$5.9 million and net operating transfers of \$2.3 million. The net fund balance decreased by \$4.7 million. Staff is currently analyzing restricted capital improvement funds in order to replenish unrestricted cash used for expenditures of the capital improvement programs.

Richmond's general debt service's cash overdraft for the year was \$2 million. The fund's expenditures exceeded revenues by \$4.5 million, which was offset by operating transfers, leaving a deficit fund balance of \$2 million for the year ended June 30, 2003. The deficit is expected to be mitigated through the City's ongoing efforts to restructure debt, which should increase the availability of working capital.

The community development block grant ended the fiscal year with a negative cash balance of \$1.3 million, and a deficit balance in unreserved special revenue funds of \$2.3 million. The cash overdrafts have been significantly reduced during the current fiscal year through City staff's efforts to draw down cash from grantor agencies in a more timely manner.

The employment and training grants ended the 2002/03 fiscal year with a negative cash balance of \$3.7 million, and a deficit balance of \$2.4 million in unreserved special revenue funds. Expenditures exceeded revenues by \$397,000 for the year. Significant reductions in staffing subsequent to June 30, 2003, and efforts toward more timely cash reimbursement from grantor agencies will help to reduce this operating deficit moving forward.

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**Budgetary Comparison Schedule, General Fund**

|  | Budgeted Amounts      |                      | Actual<br>Amounts    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-----------------------|----------------------|----------------------|---|
|  | Original              | Final                |                      |   |
| <b>Revenues</b>  |                       |                      |                      |   |
| Property tax   | \$ 23,674,777         | \$ 22,955,743        | \$ 27,805,491        | \$ 4,849,748  |
| Sales tax  | 13,839,074            | 12,639,825           | 12,282,691           | (357,134)   |
| Utility user fees  | 21,804,115            | 23,974,115           | 23,463,409           | (510,706)   |
| Other taxes  | 6,565,852             | 6,935,852            | 8,919,115            | 1,983,263   |
| Licenses, permits and fees   | 5,881,424             | 5,103,511            | 5,196,848            | 93,337  |
| Fines, forfeitures and penalty                                       | 320,000               | 520,914              | 570,823              | 49,909  |
| Investment earnings  | 7,450,000             | 5,102,549            | 3,385,808            | (1,716,741)   |
| Intergovernmental  | 8,692,365             | 7,062,419            | 1,786,872            | (5,275,547)   |
| Charges for services   | 1,887,339             | 237,032              | 4,070,303            | 3,833,271   |
| Rent   | 158,826               | 132,683              | 2,576,490            | 2,443,807   |
| Other  | 828,851               | 749,708              | 993,094              | 243,386   |
| <b>Total Revenues</b>  | <u>91,102,623</u>     | <u>85,414,351</u>    | <u>91,050,944</u>    | <u>5,636,593</u>  |
| <b>Expenditures</b>  |                       |                      |                      |   |
| General government   | 14,759,342            | 14,976,842           | 17,981,557           | (3,004,715)   |
| Public safety  | 48,183,000            | 51,158,146           | 52,503,986           | (1,345,840)   |
| Highways and streets   | 10,065,631            | 14,248,146           | 13,341,976           | 906,170   |
| Community development  | 3,655,818             | 3,796,937            | 2,006,897            | 1,790,040   |
| Cultural and recreational  | 12,743,835            | 16,382,762           | 11,585,860           | 4,796,902   |
| Other  | 2,372,779             | 2,372,779            | -                    | 2,372,779   |
| Capital outlay   |                       | -                    | 821,463              | (821,463)   |
| Debt service:  |                       |                      |                      |   |
| Interest and fiscal charges  |                       |                      | 252,214              | (252,214)   |
| <b>Total Expenditures</b>  | <u>91,780,405</u>     | <u>102,935,612</u>   | <u>98,493,953</u>    | <u>4,441,659</u>  |
| <b>Excess (Deficiency) Of Revenues<br/>Over (Under) Expenditures</b> | <u>(677,782)</u>      | <u>(17,521,261)</u>  | <u>(7,443,009)</u>   | <u>10,078,252</u>                                       |
| <b>Other Financing Resources (Uses):</b>                             |                       |                      |                      |   |
| Sale of property   |                       |                      | 43,113               | 43,113  |
| Operating transfers in   | 3,328,449             | 4,775,643            | 1,169,088            | (3,606,555)   |
| Operating transfers out  | (4,120,908)           | (2,341,648)          | (8,199,828)          | (5,858,180)   |
| <b>Total other financing sources (uses)</b>                          | <u>(792,459)</u>      | <u>2,433,995</u>     | <u>(6,987,627)</u>   | <u>(9,421,622)</u>                                      |
| <b>Net Change In Fund Balance</b>                                    | (1,470,241)           | (15,087,266)         | (14,430,636)         | 656,630   |
| Fund balances, beginning   | 103,132,628           | 83,903,607           | 45,857,057           | (38,046,550)  |
| Prior period adjustments   |                       |                      | 1,074,335            | 1,074,335   |
| <b>Fund Balances, Ending</b>   | <u>\$ 101,662,387</u> | <u>\$ 68,816,341</u> | <u>\$ 32,500,756</u> | <u>\$ (36,315,585)</u>                                  |

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**Budgetary Comparison Schedule, Redevelopment Agency Fund**

|  | Budgeted Amounts    |                     | Actual<br>Amounts   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
|  | Original            | Final               |                     |   |
| <b>Revenues</b>  |                     |                     |                     |   |
| Property Taxes   | \$ 11,250,000       | \$ 12,014,790       | \$ 12,010,629       | \$ (4,161)  |
| Intergovernmental  | 15,500,000          | 14,243,084          | 14,248,084          | 5,000   |
| Investment Income  | 2,121,403           | 2,121,403           | 2,222,920           | 101,517   |
| Other  | 395,309             | 395,309             | 781,042             | 385,733   |
| <b>Total Revenues</b>  | <b>29,266,712</b>   | <b>28,774,586</b>   | <b>29,262,675</b>   | <b>488,089</b>  |
| <b>Expenditures</b>  |                     |                     |                     |   |
| Housing and Redevelopment  | 21,494,167          | 21,494,167          | 21,494,167          | -   |
| Capital Outlay   | 4,156,868           | 4,156,868           | 4,156,868           | -   |
| Debt service:  |                     |                     |                     | -   |
| Principal  | 873,816             | 873,816             | 873,816             | -   |
| Interest and fiscal charges  | 3,020,595           | 3,020,595           | 3,020,595           | -   |
| Other  | 64,699              | 64,699              | 64,699              | -   |
| <b>Total Expenditures</b>  | <b>29,610,145</b>   | <b>29,610,145</b>   | <b>29,610,145</b>   | <b>-</b>  |
| <b>Excess (Deficiency) Of Revenues<br/>Over (Under) Expenditures</b> | <b>(343,433)</b>    | <b>(835,559)</b>    | <b>(347,470)</b>    | <b>488,089</b>  |
| <b>Other Financing Resources (Uses):</b>                             |                     |                     |                     |   |
| Proceeds of long term debt   |                     |                     | 587,063             | (587,063)   |
| Operating transfers in   | 20,187,181          | 20,187,181          | 20,187,181          | -   |
| Operating transfers out  | (19,411,307)        | (19,411,307)        | (19,411,307)        | -   |
| <b>Total other financing sources (uses)</b>                          | <b>775,874</b>      | <b>775,874</b>      | <b>1,362,937</b>    | <b>(587,063)</b>  |
| <b>Net Change In Fund Balance</b>                                    | <b>432,441</b>      | <b>(59,685)</b>     | <b>1,015,467</b>    | <b>1,075,152</b>  |
| Fund balances, beginning   | 7,569,135           | 6,471,516           | 8,138,304           | 1,666,788   |
| <b>Fund Balances, Ending</b>   | <b>\$ 8,001,576</b> | <b>\$ 6,411,831</b> | <b>\$ 9,153,771</b> | <b>\$ 2,741,940</b>                                     |

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## **NOTES TO BUDGETARY COMPARISON SCHEDULES**

### **Budgets and Budgetary Accounting**

The City adopts a budget annually to be effective July 1 for the ensuing fiscal year. Budgeted expenditures are adopted through the passage of a resolution. This resolution constitutes the maximum authorized expenditures for the fiscal year and cannot legally be exceeded except by subsequent amendments of the budget by the City Council.

The City uses an encumbrance system as an extension of normal budgetary accounting for the General Fund, special revenue funds, and capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end.

An operating budget is adopted each fiscal year for the General Fund and special revenue funds. Public hearings are conducted on the proposed budgets to review all appropriations and sources of financing. Capital projects funds are budgeted by the Mayor and City Council over the term of the individual projects. Since capital projects are not budgeted on an annual basis, they are not included in the budgetary data. Debt service funds are not budgeted.

Expenditures are controlled at the fund level for all budgeted departments within the City. This is the level at which expenditures may not legally exceed appropriations. Budgeted amounts for the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual include budget amendments approved by City Council.

The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) with two exceptions relating to budgetary accounting in the General Fund:

1. The portion of the property tax override proceeds that is earmarked for the General Fund is recorded directly in the General Fund as property tax revenue for budgetary purposes. For GAAP reporting, such revenue is recorded in the Pension Reserve Fund with a corresponding operating transfer of the tax revenue earmarked for the General Fund.
2. Workers' compensation and litigation expenses are reported as operating transfers from the General Fund to the Internal Service Fund for budgetary purposes. For GAAP purposes, such costs are recorded as General Fund expenditures.

Neither of these accounting differences affects the General Fund balance.

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Any amendments or transfers of appropriations between object group levels within the same department must be authorized by the City Manager. Any amendments to the total level of appropriations for a fund or transfers between funds must be approved by the City Council. Supplemental appropriations financed by unanticipated revenues during the year must be approved by City Council.

**SCHEDULE OF FUNDING PROGRESS – CALPERS**

**Miscellaneous Plan**

| Valuation<br>Date | Actuarial<br>Accrued<br>Liability | Actuarial<br>Value of<br>Assets | Over Funded<br>Accrued<br>Liability<br>(UAAL) | Funded<br>Ratio | Annual<br>Covered<br>Payroll | UAAL as a<br>Percent of<br>Payroll |
|-------------------|-----------------------------------|---------------------------------|---|-----------------|------------------------------|------------------------------------|
| 6/30/2000         | 165,655,742                       | 204,690,769                     | 39,035,027                                    | 123.6%          | 32,230,107                   | 121.1%                             |
| 6/30/2001         | 194,384,756                       | 210,595,601                     | 16,210,845                                    | 108.3%          | 32,404,278                   | 50.0%                              |
| 6/30/2002         | 213,161,253                       | 200,398,659                     | (12,762,594)                                  | 94.0%           | 38,719,369                   | -33.0%                             |

**Safety Plan**

| Valuation<br>Date | Actuarial<br>Accrued<br>Liability | Actuarial<br>Value of<br>Assets | Over Funded<br>Accrued<br>Liability<br>(UAAL) | Funded<br>Ratio | Annual<br>Covered<br>Payroll | UAAL as a<br>Percent of<br>Payroll |
|-------------------|-----------------------------------|---------------------------------|---|-----------------|------------------------------|------------------------------------|
| 6/30/2000         | 213,020,279                       | 238,387,406                     | 25,367,127                                    | 111.9%          | 22,168,331                   | 114.4%                             |
| 6/30/2001         | 241,985,613                       | 244,757,148                     | 2,771,535                                     | 101.1%          | 23,255,088                   | 11.9%                              |
| 6/30/2002         | 263,068,016                       | 231,762,933                     | (31,305,083)                                  | 88.1%           | 25,052,876                   | -125.0%                            |

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**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**General Pension Plan**

| Fiscal Year | Required<br>Contribution | Contributed<br>by City | Percentage<br>Contributed |
|-------------|--------------------------|------------------------|---------------------------|
| 1994/95     | 181,114                  | 338,000                | 187%                      |
| 1995/96     | 181,114                  | 338,000                | 187%                      |
| 1996/97     | 181,114                  | -                      | 0%                        |
| 1997/98     | 391,106                  | 340,000                | 87%                       |
| 1998/99     | 304,206                  | 404,000                | 133%                      |
| 1999/00     | 307,250                  | 777,244                | 253%                      |
| 2000/01     | 355,480                  | -                      | 0%                        |
| 2001/02     | 348,626                  | -                      | 0%                        |
| 2002/03     | 329,048                  | 756,402                | 230%                      |

**Police and Firemen's Plan**

| Fiscal Year | Annual<br>Required<br>Contribution | Total<br>Contributed<br>by City | Percentage<br>Contributed |
|-------------|------------------------------------|---------------------------------|---------------------------|
| 1994/95     | 5,488,036                          | 4,538,000                       | 83%                       |
| 1995/96     | 5,488,036                          | 4,555,000                       | 83%                       |
| 1996/97     | 5,488,036                          | 5,243,000                       | 96%                       |
| 1997/98     | 5,723,406                          | 4,673,000                       | 82%                       |
| 1998/99     | 4,502,050                          | 4,779,000                       | 106%                      |
| 1999/00     | 4,063,853                          | 4,832,063                       | 119%                      |
| 2000/01     | 249,239                            | -                               | 0%                        |
| 2001/02     | 762,611                            | -                               | 0%                        |
| 2002/03     | 2,174,274                          | -                               | 0%                        |

**City of Richmond**  
**Required Supplementary Information**  
**June 30, 2003**

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**NOTES TO SCHEDULES OF FUNDING PROGRESS  
AND EMPLOYER CONTRIBUTIONS**

**Actuarial Assumptions**

|                                      | General Pension Plan   | Police and Firemen's Plan   |
|--------------------------------------|--|---|
| Interest rate                        | 5.0% per annum   | 6.5% per annum  |
| Mortality:                           |  |   |
| Healthy retirees and beneficiaries   | The California PERS mortality tables used with allowance for future mortality improvement (utilizing Scale AA) | The California PERS mortality rates for service retirements (Scale AA) and PERS industrial disabilities per Male Scale AA |
| Disabled police and firemen retirees | N/A  | Incorporation in both tables of an allowance for future mortality improvement   |
| Cost of living increase              | 5% per annum   | 3.75% per annum   |
| Asset valuation                      | Assets are valued at fair market value   | Assets are valued at fair market value  |
| Actuarial cost method                | Entry Age Normal Cost Method   | Entry Age Normal Cost Method  |

# COMBINING NONMAJOR GOVERNMENTAL FUNDS

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**City of Richmond**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2003**

|  | Special Revenue<br>Funds | Debt Service<br>Funds | Capital Projects<br>Funds | Totals               |
|--|--------------------------|-----------------------|---------------------------|----------------------|
| <b>ASSETS</b>                              |                          |                       |                           |                      |
| Cash, cash equivalents and investments     | \$ 7,268,132             | \$ 100,771            | \$ 4,239,236              | \$ 11,608,139        |
| Restricted cash investments:               | 1,363,348                | 71                    | 4,258,063                 | 5,621,482            |
| Receivables:                               |                          |                       |                           |                      |
| Accounts, net                              | 1,735,693                | -                     | -                         | 1,735,693            |
| Interest                                   | 10,413                   | 129                   | 4,498                     | 15,040               |
| Grants                                     | 3,074,517                | -                     | 83,272                    | 3,157,789            |
| Loans                                      | 4,802,310                | -                     | -                         | 4,802,310            |
| Other                                      | 2,364                    | -                     | -                         | 2,364                |
| Prepays and other assets                   | -                        | 2,800                 | -                         | 2,800                |
| <b>Total assets</b>                        | <b>\$ 18,256,777</b>     | <b>\$ 103,771</b>     | <b>\$ 8,585,069</b>       | <b>\$ 26,945,617</b> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                          |                       |                           |                      |
| <b>Liabilities:</b>                        |                          |                       |                           |                      |
| Cash overdraft (Note 3)                    | \$ 5,293,076             | \$ 2,007,974          | \$ 1,696,845              | \$ 8,997,895         |
| Accounts payable and accrued liabilities   | 520,858                  | -                     | 2,077,898                 | 2,598,756            |
| Refundable deposits                        | 98,609                   | -                     | -                         | 98,609               |
| Due to other funds                         | 464,131                  | -                     | -                         | 464,131              |
| Deferred revenue                           | 5,338,577                | -                     | -                         | 5,338,577            |
| <b>Total liabilities</b>                   | <b>11,715,251</b>        | <b>2,007,974</b>      | <b>3,774,743</b>          | <b>17,497,968</b>    |
| <b>Fund Balances:</b>                      |                          |                       |                           |                      |
| Reserved for:                              |                          |                       |                           |                      |
| Encumbrances                               | 4,689,657                | -                     | 10,289                    | 4,699,946            |
| Unreserved for:                            |                          |                       |                           |                      |
| Special revenue funds                      | 1,851,869                | -                     | -                         | 1,851,869            |
| Debt service funds                         | -                        | (1,904,203)           | -                         | (1,904,203)          |
| Capital project funds                      | -                        | -                     | 4,800,037                 | 4,800,037            |
| <b>Total fund balances</b>                 | <b>6,541,526</b>         | <b>(1,904,203)</b>    | <b>4,810,326</b>          | <b>9,447,649</b>     |
| <b>Total liabilities and fund balances</b> | <b>\$ 18,256,777</b>     | <b>\$ 103,771</b>     | <b>\$ 8,585,069</b>       | <b>\$ 26,945,617</b> |

# City of Richmond

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Nonmajor Governmental Funds

For the year ended June 30, 2003

|  | Special Revenue<br>Funds | Debt Service<br>Funds | Capital Project<br>Funds | Totals              |
|--|--------------------------|-----------------------|--------------------------|---------------------|
| <b>REVENUES:</b>   |                          |                       |                          |                     |
| Other taxes  | \$ 1,891,528             | \$ -                  | \$ -                     | \$ 1,891,528        |
| Licenses, permits and fees   | 70,720                   | -                     | -                        | 70,720              |
| Investment earnings  | 1,299,656                | 69,858                | 63,695                   | 1,433,209           |
| Intergovernmental  | 8,666,879                | -                     | 740,222                  | 9,407,101           |
| Charges for services   | 2,427,424                | -                     | -                        | 2,427,424           |
| Reimbursement from pension fund  | -                        | 3,928,959             | -                        | 3,928,959           |
| Other  | 1,096,120                | 1,460,861             | -                        | 2,556,981           |
| Rent   | 53,371                   | -                     | -                        | 53,371              |
| <b>Total revenues</b>  | <b>15,505,698</b>        | <b>5,459,678</b>      | <b>803,917</b>           | <b>21,769,293</b>   |
| <b>EXPENDITURES:</b>   |                          |                       |                          |                     |
| Current:   |                          |                       |                          |                     |
| Public safety  | 665,858                  | -                     | -                        | 665,858             |
| Highways and streets   | 1,415,694                | -                     | 19,178                   | 1,434,872           |
| Community development  | 6,549,739                | -                     | -                        | 6,549,739           |
| Housing and redevelopment  | 3,445,955                | -                     | -                        | 3,445,955           |
| Capital outlay   | 159,601                  | -                     | -                        | 159,601             |
| Debt service:  |                          |                       |                          |                     |
| Principal retirement   | -                        | 4,056,735             | -                        | 4,056,735           |
| Interest and fiscal charges  | -                        | 5,905,354             | -                        | 5,905,354           |
| <b>Total expenditures</b>  | <b>12,236,847</b>        | <b>9,962,089</b>      | <b>19,178</b>            | <b>22,218,114</b>   |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b>  | <b>3,268,851</b>         | <b>(4,502,411)</b>    | <b>784,739</b>           | <b>(448,821)</b>    |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                          |                       |                          |                     |
| Sale of property   | 18,511                   | -                     | -                        | 18,511              |
| Operating transfers in   | 125,000                  | 5,862,977             | 519                      | 5,988,496           |
| Operating transfers out  | (1,883,195)              | -                     | (775,874)                | (2,659,069)         |
| <b>Total other financing sources (uses)</b>  | <b>(1,739,684)</b>       | <b>5,862,977</b>      | <b>(775,355)</b>         | <b>3,347,938</b>    |
| <b>REVENUES AND OTHER<br/>FINANCING SOURCES OVER<br/>(UNDER) EXPENDITURES AND<br/>OTHER FINANCING USES</b> | <b>1,529,167</b>         | <b>1,360,566</b>      | <b>9,384</b>             | <b>2,899,117</b>    |
| <b>FUND BALANCES:</b>  |                          |                       |                          |                     |
| Beginning of year  | 5,329,440                | (3,264,769)           | 7,945,502                | 10,010,173          |
| Prior period adjustments   | (317,081)                | -                     | (3,144,560)              | (3,461,641)         |
| <b>End of year</b>   | <b>\$ 6,541,526</b>      | <b>\$ (1,904,203)</b> | <b>\$ 4,810,326</b>      | <b>\$ 9,447,649</b> |

# NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds account for certain revenue sources that are legally restricted to be spent for specified purposes. Other restricted sources are accounted for in fiduciary, debt service, and capital projects funds.

**State Gas Tax Fund** accounts for the subventions received from state gas taxes under the provision of the Streets and Highways Code. State gas taxes are restricted to uses for street construction activities including location of underground utilities, geotechnical work relating to identification of soil and groundwater contamination, materials sampling and testing.

**General Purpose Funds** account for other restricted monies that are to be used for the specific purposes for which the funds were set up.

**Maintenance Funds** were set up to account for maintenance services in the nature of landscaping, lighting, cleaning provided to the Hilltop parking lot area and the Marina Way Development area.

**Paratransit Operations Fund** accounts for monies used to provide subsidized, accessible transportation to the seniors and disabled residents of the City of Richmond and the adjacent unincorporated areas of West Contra Costa County.

**Community Development Block Grant** is set up to record the receipt of grant monies and the use of it. The grant is to be used to provide, within the City of Richmond, new affordable housing, improve existing housing conditions, assist homeless and disabled with housing, and to expand economic opportunities in business, and employment for low and moderate income residents.

**Parks, Recreation, and Environment Funds** record receipt of developers' fees and Impact fees received by the City of Richmond.

**Employment & Training Fund** is a fund set up to plan, administer and operate job training programs for the adult and youth residents of Richmond.

**Police and Crime Prevention Funds** record the receipt and use of grant monies under the Local Law Enforcements Block Grant Program, Office of Traffic Safety Grants, OES Grants, FEMA Grants and various other grants.

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**City of Richmond**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**June 30, 2003**

|  | State<br>Gas Tax    | General<br>Purpose | Maintenance      | Paratransit<br>Operations |
|--|---------------------|--------------------|------------------|---------------------------|
| <b>ASSETS</b>                              |                     |                    |                  |                           |
| Cash, cash equivalents and investments     | \$ 3,801,903        | \$ 364,911         | \$ -             | \$ 93,719                 |
| Restricted cash investments:               | -                   | -                  | -                | -                         |
| Receivables:                               |                     |                    |                  |                           |
| Accounts, net                              | -                   | 387,684            | -                | 1,865                     |
| Interest                                   | 5,504               | 1,049              | -                | 17                        |
| Grants                                     | 69,014              | -                  | -                | 118,608                   |
| Loans                                      | -                   | -                  | -                | -                         |
| Other                                      | -                   | -                  | -                | 1,446                     |
| <b>Total assets</b>                        | <b>\$ 3,876,421</b> | <b>\$ 753,644</b>  | <b>\$ -</b>      | <b>\$ 215,655</b>         |
| <b>LIABILITIES AND FUND BALANCES</b>       |                     |                    |                  |                           |
| <b>Liabilities:</b>                        |                     |                    |                  |                           |
| Cash overdraft                             | \$ -                | \$ -               | \$ 282,027       | \$ -                      |
| Accounts payable and accrued liabilities   | (2,021)             | 1,009              | -                | 18,534                    |
| Refundable deposits                        | -                   | 37,986             | -                | -                         |
| Due to other funds                         | -                   | 464,131            | -                | -                         |
| Deferred revenue                           | -                   | -                  | -                | -                         |
| <b>Total liabilities</b>                   | <b>(2,021)</b>      | <b>503,126</b>     | <b>282,027</b>   | <b>18,534</b>             |
| <b>Fund Balances:</b>                      |                     |                    |                  |                           |
| Reserved for:                              |                     |                    |                  |                           |
| Encumbrances                               | 203,745             | 1,734              | -                | 20,918                    |
| Unreserved for:                            |                     |                    |                  |                           |
| Special revenue funds                      | 3,674,697           | 248,784            | (282,027)        | 176,203                   |
| <b>Total fund balances</b>                 | <b>3,878,442</b>    | <b>250,518</b>     | <b>(282,027)</b> | <b>197,121</b>            |
| <b>Total liabilities and fund balances</b> | <b>\$ 3,876,421</b> | <b>\$ 753,644</b>  | <b>\$ -</b>      | <b>\$ 215,655</b>         |

| <u>Community<br/>Development<br/>Block Grant</u> | <u>Parks,<br/>Recreation and<br/>Environment</u> | <u>Employment<br/>and Training</u> | <u>Police<br/>and Crime<br/>Prevention</u> | <u>Totals</u>        |
|--|--|------------------------------------|--|----------------------|
| \$ -   | \$ 2,326,308                                     | \$ -                               | \$ 681,291                                 | \$ 7,268,132         |
| 1,363,348  | -  | -                                  | -  | 1,363,348            |
| -  | (5,884)  | 1,352,028                          | -  | 1,735,693            |
| -  | 2,607  | -                                  | 1,236                                      | 10,413               |
| 757,341  | -  | 1,552,750                          | 576,804                                    | 3,074,517            |
| 4,802,310  | -  | -                                  | -  | 4,802,310            |
| -  | -  | 918                                | -  | 2,364                |
| <u>\$ 6,922,999</u>                              | <u>\$ 2,323,031</u>                              | <u>\$ 2,905,696</u>                | <u>\$ 1,259,331</u>                        | <u>\$ 18,256,777</u> |

|                  |               |                  |                |                   |
|------------------|---------------|------------------|----------------|-------------------|
| \$ 1,278,503     | \$ -          | \$ 3,732,546     | \$ -           | \$ 5,293,076      |
| 81,066           | 35,821        | 351,622          | 34,827         | 520,858           |
| -                | 60,623        | -                | -              | 98,609            |
| -                | -             | -                | -              | 464,131           |
| 4,804,693        | -             | -                | 533,884        | 5,338,577         |
| <u>6,164,262</u> | <u>96,444</u> | <u>4,084,168</u> | <u>568,711</u> | <u>11,715,251</u> |

|                     |                     |                     |                     |                      |
|---------------------|---------------------|---------------------|---------------------|----------------------|
| 3,120,170           | -                   | 1,259,574           | 83,516              | 4,689,657            |
| (2,361,433)         | 2,226,587           | (2,438,046)         | 607,104             | 1,851,869            |
| 758,737             | 2,226,587           | (1,178,472)         | 690,620             | 6,541,526            |
| <u>\$ 6,922,999</u> | <u>\$ 2,323,031</u> | <u>\$ 2,905,696</u> | <u>\$ 1,259,331</u> | <u>\$ 18,256,777</u> |

**City of Richmond**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**For the year ended June 30, 2003**

|  | State<br>Gas Tax    | General<br>Purpose | Maintenance         | Paratransit<br>Operations |
|--|---------------------|--------------------|---------------------|---------------------------|
| <b>REVENUES:</b>   |                     |                    |                     |                           |
| Other taxes  | \$ 1,891,528        | \$ -               | \$ -                | \$ -                      |
| Licenses, permits and fees   | -                   | 70,720             | -                   | -                         |
| Investment earnings  | 23,933              | 3,845              | -                   | 495                       |
| Intergovernmental  | 262,434             | 163,011            | -                   | 609,532                   |
| Charges for services   | -                   | 751,211            | -                   | -                         |
| Other  | -                   | -                  | -                   | 3,263                     |
| Rent   | -                   | -                  | -                   | 53,371                    |
| <b>Total revenues</b>  | <u>2,177,895</u>    | <u>988,787</u>     | <u>-</u>            | <u>666,661</u>            |
| <b>EXPENDITURES:</b>   |                     |                    |                     |                           |
| Current:   |                     |                    |                     |                           |
| Public safety  | -                   | -                  | -                   | -                         |
| Highways and streets   | 105,135             | 586,333            | -                   | 724,226                   |
| Community development  | -                   | 131,075            | -                   | -                         |
| Housing and redevelopment  | -                   | 165,750            | -                   | -                         |
| Capital outlay   | -                   | -                  | -                   | -                         |
| <b>Total expenditures</b>  | <u>105,135</u>      | <u>883,158</u>     | <u>-</u>            | <u>724,226</u>            |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b>  | <u>2,072,760</u>    | <u>105,629</u>     | <u>-</u>            | <u>(57,565)</u>           |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                     |                    |                     |                           |
| Sale of property   | -                   | -                  | -                   | -                         |
| Operating transfers in   | -                   | -                  | -                   | 125,000                   |
| Operating transfers out  | (1,603,195)         | (100,000)          | -                   | -                         |
| <b>Total other financing sources (uses)</b>  | <u>(1,603,195)</u>  | <u>(100,000)</u>   | <u>-</u>            | <u>125,000</u>            |
| <b>REVENUES AND OTHER<br/>FINANCING SOURCES OVER<br/>(UNDER) EXPENDITURES AND<br/>OTHER FINANCING USES</b> | 469,565             | 5,629              | -                   | 67,435                    |
| <b>FUND BALANCES:</b>  |                     |                    |                     |                           |
| Beginning of year  | 3,408,877           | 549,548            | (282,027)           | 129,686                   |
| Prior period adjustments   | -                   | (304,659)          | -                   | -                         |
| <b>End of year</b>   | <u>\$ 3,878,442</u> | <u>\$ 250,518</u>  | <u>\$ (282,027)</u> | <u>\$ 197,121</u>         |

| <u>Community<br/>Development<br/>Block Grant</u> | <u>Parks,<br/>Recreation &amp;<br/>Environment</u> | <u>Employment<br/>and Training</u> | <u>Police<br/>&amp; Crime<br/>Prevention</u> | <u>Totals</u>       |
|--|--|------------------------------------|--|---------------------|
| \$ -   | \$ -   | \$ -                               | \$ -   | \$ 1,891,528        |
| -  | -  | -                                  | -  | 70,720              |
| 1,255,129  | 9,188  | -                                  | 7,066  | 1,299,656           |
| 2,394,414  | -  | 4,349,658                          | 887,830                                      | 8,666,879           |
| -  | 10,718   | 1,665,495                          | -  | 2,427,424           |
| 4,679  | 906,530  | 6,493                              | 175,155                                      | 1,096,120           |
| -  | -  | -                                  | -  | 53,371              |
| <u>3,654,222</u>                                 | <u>926,436</u>                                     | <u>6,021,646</u>                   | <u>1,070,051</u>                             | <u>15,505,698</u>   |
| -  | -  | -                                  | 665,858                                      | 665,858             |
| -  | -  | -                                  | -  | 1,415,694           |
| -  | -  | 6,418,664                          | -  | 6,549,739           |
| 3,280,205  | -  | -                                  | -  | 3,445,955           |
| -  | -  | -                                  | 159,601                                      | 159,601             |
| <u>3,280,205</u>                                 | <u>-</u>   | <u>6,418,664</u>                   | <u>825,459</u>                               | <u>12,236,847</u>   |
| <u>374,017</u>                                   | <u>926,436</u>                                     | <u>(397,018)</u>                   | <u>244,592</u>                               | <u>3,268,851</u>    |
| -  | -  | -                                  | 18,511                                       | 18,511              |
| -  | -  | -                                  | -  | 125,000             |
| -  | -  | -                                  | (180,000)                                    | (1,883,195)         |
| -  | -  | -                                  | (161,489)                                    | (1,739,684)         |
| 374,017  | 926,436  | (397,018)                          | 83,103                                       | 1,529,167           |
| 384,720  | 1,306,467  | (775,348)                          | 607,517                                      | 5,329,440           |
| -  | (6,316)  | (6,106)                            | -  | (317,081)           |
| <u>\$ 758,737</u>                                | <u>\$ 2,226,587</u>                                | <u>\$ (1,178,472)</u>              | <u>\$ 690,620</u>                            | <u>\$ 6,541,526</u> |

# CITY OF RICHMOND

## Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Special Revenue Funds June 30, 2003

|  | State Gas Tax      |                    |                    |   | General Purpose  |                  |                   |   |
|--|--------------------|--------------------|--------------------|---|------------------|------------------|-------------------|---|
|  | Budgeted Amounts   |                    | Actual<br>Amounts  | Variance with<br>Final Budget<br>Positive<br>(Negative) | Budgeted Amounts |                  | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|  | Original           | Final              |                    |   | Original         | Final            |                   |   |
| <b>Revenues</b>  |                    |                    |                    |   |                  |                  |                   |   |
| Other Taxes  | 4,079,501          | 3,366,442          | 1,891,528          | (1,474,914)   | -                | -                | -                 | -   |
| Licenses, permits and fees   | -                  | -                  | -                  | -   | 200,000          | 200,000          | 70,720            | (129,280)   |
| Investment earnings  | 165,213            | 138,928            | 23,933             | (114,995)   | -                | -                | 3,845             | 3,845   |
| Intergovernmental  |                    | 713,059            | 262,434            | (450,625)   | 1,364,375        | 1,364,375        | 163,011           | (1,201,364)   |
| Charges for services   |                    |                    |                    |   | 12,900           | 12,900           | 751,211           | 738,311   |
| <b>Total Revenues</b>  | <u>4,244,714</u>   | <u>4,218,429</u>   | <u>2,177,895</u>   | <u>(2,040,534)</u>                                      | <u>1,577,275</u> | <u>1,577,275</u> | <u>988,787</u>    | <u>(588,488)</u>  |
| <b>Expenditures</b>  |                    |                    |                    |   |                  |                  |                   |   |
| General Government   |                    |                    |                    |   | 29,536           | 29,536           |                   | 29,536  |
| Highways and Streets   | 2,763,644          | 2,763,644          | 105,135            | 2,658,509   |                  |                  | 586,333           | (586,333)   |
| Community Development  |                    |                    |                    |   | 193,269          | 193,269          | 131,075           | 62,194  |
| Cultural and Recreational  |                    |                    |                    |   | 1,305,300        | 1,305,300        |                   | 1,305,300   |
| Housing and Redevelopment  |                    |                    |                    |   |                  |                  | 165,750           | (165,750)   |
| Capital Outlay   |                    |                    |                    |   | 12,900           | 12,900           |                   |   |
| <b>Total Expenditures</b>  | <u>2,763,644</u>   | <u>2,763,644</u>   | <u>105,135</u>     | <u>2,658,509</u>  | <u>1,541,005</u> | <u>1,541,005</u> | <u>883,158</u>    | <u>644,947</u>  |
| <b>Excess (Deficiency) Of Revenues<br/>Over (Under) Expenditures</b> | <u>1,481,070</u>   | <u>1,454,785</u>   | <u>2,072,760</u>   | <u>617,975</u>  | <u>36,270</u>    | <u>36,270</u>    | <u>105,629</u>    | <u>56,459</u>   |
| <b>Other Financing Resources (Uses):</b>                             |                    |                    |                    |   |                  |                  |                   |   |
| Operating transfers out  | (1,603,195)        | (1,603,195)        | (1,603,195)        | -   | (100,000)        | (100,000)        | (100,000)         | -   |
| <b>Total other financing sources (uses)</b>                          | <u>(1,603,195)</u> | <u>(1,603,195)</u> | <u>(1,603,195)</u> | <u>-</u>  | <u>(100,000)</u> | <u>(100,000)</u> | <u>(100,000)</u>  | <u>-</u>  |
| <b>Net Change In Fund Balance</b>                                    | <u>(122,125)</u>   | <u>(148,410)</u>   | <u>469,565</u>     | <u>617,975</u>  | <u>(63,730)</u>  | <u>(63,730)</u>  | <u>5,629</u>      | <u>56,459</u>   |
| Fund balances, beginning   | 3,408,877          | 3,408,877          | 3,408,877          |   | 244,889          | 244,889          | 244,889           |   |
| <b>Fund Balances, Ending</b>   | <u>3,286,752</u>   | <u>3,260,467</u>   | <u>3,878,442</u>   | <u>617,975</u>  | <u>181,159</u>   | <u>181,159</u>   | <u>250,518</u>    | <u>56,459</u>   |

continued

# CITY OF RICHMOND

## Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Special Revenue Funds June 30, 2003

|  | Paratransit Operations |                  |                   |   | Community Development Block Grant |                  |                   |   |
|--|------------------------|------------------|-------------------|---|-----------------------------------|------------------|-------------------|---|
|  | Budgeted Amounts       |                  | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) | Budgeted Amounts                  |                  | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|  | Original               | Final            |                   |   | Original                          | Final            |                   |   |
| <b>Revenues</b>  |                        |                  |                   |   |                                   |                  |                   |   |
| Investment earnings  | 10,000                 | 10,000           | 495               | (9,505)   |                                   |                  | 1,255,129         | 1,255,129   |
| Intergovernmental  | 504,244                | 504,244          | 609,532           | 105,288   | 3,549,437                         | 3,549,437        | 2,394,414         | (1,155,023)   |
| Other  | 174,215                | 174,215          | 3,263             | (170,952)   |                                   |                  |                   | -   |
| Rent   | 41,000                 | 41,000           | 53,371            | 12,371  |                                   |                  | 4,679             | 4,679   |
| <b>Total Revenues</b>  | <u>729,459</u>         | <u>729,459</u>   | <u>666,661</u>    | <u>(62,798)</u>   | <u>3,549,437</u>                  | <u>3,549,437</u> | <u>3,654,222</u>  | <u>104,785</u>  |
| <b>Expenditures</b>  |                        |                  |                   |   |                                   |                  |                   |   |
| Highways and Streets   | 854,459                | 869,923          | 890,842           | (20,919)  |                                   |                  |                   | -   |
| Community Development  |                        |                  |                   | -   | 3,549,437                         | 3,549,437        | 3,280,205         | 269,232   |
| <b>Total Expenditures</b>  | <u>854,459</u>         | <u>869,923</u>   | <u>890,842</u>    | <u>(20,919)</u>   | <u>3,549,437</u>                  | <u>3,549,437</u> | <u>3,280,205</u>  | <u>269,232</u>  |
| <b>Excess (Deficiency) Of Revenues<br/>Over (Under) Expenditures</b> | <u>(125,000)</u>       | <u>(140,464)</u> | <u>(224,181)</u>  | <u>(83,717)</u>   | <u>-</u>                          | <u>-</u>         | <u>374,017</u>    | <u>374,017</u>  |
| <b>Other Financing Resources (Uses):</b>                             |                        |                  |                   |   |                                   |                  |                   |   |
| Operating transfers in   | 125,000                | 125,000          | 125,000           | -   |                                   |                  |                   | -   |
| <b>Total other financing sources (uses)</b>                          | <u>125,000</u>         | <u>125,000</u>   | <u>125,000</u>    | <u>-</u>  | <u>-</u>                          | <u>-</u>         | <u>-</u>          | <u>-</u>  |
| <b>Net Change In Fund Balance</b>                                    | <u>-</u>               | <u>(15,464)</u>  | <u>(99,181)</u>   | <u>(83,717)</u>   | <u>-</u>                          | <u>-</u>         | <u>374,017</u>    | <u>374,017</u>  |
| Fund balances, beginning   | 129,686                | 129,686          | 129,686           |   | 384,720                           | 384,720          | 384,720           |   |
| <b>Fund Balances, Ending</b>   | <u>129,686</u>         | <u>114,222</u>   | <u>30,505</u>     | <u>(83,717)</u>   | <u>384,720</u>                    | <u>384,720</u>   | <u>758,737</u>    | <u>374,017</u>  |

continued

**CITY OF RICHMOND**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Special Revenue Funds  
June 30, 2003**

|  | Parks, Rec & Environment |                  |                   |   | Employment & Training |                  |                    |   |
|--|--------------------------|------------------|-------------------|---|-----------------------|------------------|--------------------|---|
|  | Budgeted Amounts         |                  | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) | Budgeted Amounts      |                  | Actual<br>Amounts  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|  | Original                 | Final            |                   |   | Original              | Final            |                    |   |
| <b>Revenues</b>  |                          |                  |                   |   |                       |                  |                    |   |
| Investment earnings  |                          |                  | 9,188             | 9,188   |                       |                  |                    | -   |
| Intergovernmental  |                          |                  |                   | -   | 5,304,294             | 6,048,677        | 4,349,658          | (1,699,019)   |
| Charges for services   | 5,900                    | 5,900            | 10,718            | 4,818   |                       |                  | 1,665,495          | 1,665,495   |
| Other  |                          |                  | 906,530           | 906,530   |                       |                  | 6,493              | 6,493   |
| <b>Total Revenues</b>  | <b>5,900</b>             | <b>5,900</b>     | <b>926,436</b>    | <b>920,536</b>  | <b>5,304,294</b>      | <b>6,048,677</b> | <b>6,021,646</b>   | <b>(27,031)</b>   |
| <b>Expenditures</b>  |                          |                  |                   |   |                       |                  |                    |   |
| Community Development  |                          |                  |                   | -   | 6,048,677             | 6,048,677        | 6,418,664          | (369,987)   |
| Cultural and Recreational  | 5,900                    | 8,800            |                   | 8,800   |                       |                  |                    | -   |
| <b>Total Expenditures</b>  | <b>5,900</b>             | <b>8,800</b>     | <b>-</b>          | <b>8,800</b>  | <b>6,048,677</b>      | <b>6,048,677</b> | <b>6,418,664</b>   | <b>(369,987)</b>  |
| <b>Excess (Deficiency) Of Revenues<br/>Over (Under) Expenditures</b> | <b>-</b>                 | <b>(2,900)</b>   | <b>926,436</b>    | <b>911,736</b>  | <b>(744,383)</b>      | <b>-</b>         | <b>(397,018)</b>   | <b>(397,018)</b>  |
| <b>Other Financing Resources (Uses):</b>                             |                          |                  |                   |   |                       |                  |                    |   |
| <b>Total other financing sources (uses)</b>                          | <b>-</b>                 | <b>-</b>         | <b>-</b>          | <b>-</b>  | <b>-</b>              | <b>-</b>         | <b>-</b>           | <b>-</b>  |
| <b>Net Change In Fund Balance</b>                                    | <b>-</b>                 | <b>(2,900)</b>   | <b>926,436</b>    | <b>911,736</b>  | <b>(744,383)</b>      | <b>-</b>         | <b>(397,018)</b>   | <b>(397,018)</b>  |
| Fund balances, beginning   | 1,300,151                | 1,300,151        | 1,300,151         |   | (781,454)             | (781,454)        | (781,454)          |   |
| <b>Fund Balances, Ending</b>   | <b>1,300,151</b>         | <b>1,297,251</b> | <b>2,226,587</b>  | <b>911,736</b>  | <b>(1,525,837)</b>    | <b>(781,454)</b> | <b>(1,178,472)</b> | <b>(397,018)</b>  |

continued

# CITY OF RICHMOND

## Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Special Revenue Funds June 30, 2003

|  | Police & Crime Prevention |                  |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------------|------------------|-------------------|---|
|  | Budgeted Amounts          |                  | Actual<br>Amounts |   |
|  | Original                  | Final            |                   |   |
| <b>Revenues</b>  |                           |                  |                   |   |
| Investment earnings  |                           |                  | 7,066             | 7,066   |
| Intergovernmental  | 54,336                    | 953,023          | 887,830           | (65,193)  |
| Other  | 1,385,359                 | 205,900          | 175,155           | (30,745)  |
| <b>Total Revenues</b>  | <b>1,439,695</b>          | <b>1,158,923</b> | <b>1,070,051</b>  | <b>(88,872)</b>   |
| <b>Expenditures</b>  |                           |                  |                   |   |
| General Government   | 1,385,359                 | 825,353          |                   | 825,353   |
| Public Safety  | 54,336                    | 1,044,362        | 665,858           | 378,504   |
| Capital Outlay   | -                         | -                | 159,601           | (159,601)   |
| <b>Total Expenditures</b>  | <b>1,439,695</b>          | <b>1,869,715</b> | <b>825,459</b>    | <b>1,044,256</b>  |
| <b>Excess (Deficiency) Of Revenues<br/>Over (Under) Expenditures</b> | <b>-</b>                  | <b>(710,792)</b> | <b>244,592</b>    | <b>955,384</b>  |
| <b>Other Financing Resources (Uses):</b>                             |                           |                  |                   |   |
| Sale of property   | 10,000                    | 10,000           | 18,511            | 18,511  |
| Operating transfers in   | 49,365                    | 49,365           |                   | 49,365  |
| Operating transfers out  | (180,000)                 | (180,000)        | (180,000)         | -   |
| <b>Total other financing sources (uses)</b>                          | <b>(120,635)</b>          | <b>(120,635)</b> | <b>(161,489)</b>  | <b>67,876</b>   |
| <b>Net Change In Fund Balance</b>                                    | <b>(120,635)</b>          | <b>(831,427)</b> | <b>83,103</b>     | <b>1,023,260</b>  |
| Fund balances, beginning   | 607,517                   | 607,517          | 607,517           |   |
| <b>Fund Balances, Ending</b>   | <b>486,882</b>            | <b>(223,910)</b> | <b>690,620</b>    | <b>1,023,260</b>  |

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# NONMAJOR DEBT SERVICE FUNDS

Debt service funds account for the accumulation of resources to be used for the payment of general long-term debt principal and interest.

**Parking Authority Debt Service Fund** was set up to record monies received in connection with the issue of the \$1,100,000 Parking Lease Revenue Bonds, Series A in 1977. The bonds were issued for the construction of a three level parking facility with 225 spaces in the downtown area of Richmond. The debt was paid off in 1999.

**General Debt Service Funds** accounts for monies received in connection with Caltrans Homes, Viron Energy Debt Service, Hilltop Mall Exterior Renovation, 2001 Series A, 1995 Series A, and 1999 Series A General Obligation Bonds and the related payments on such debt. The Caltrans loan was for the purchase of 43 homes from them in order to provide housing to low income people. Viron Energy loan is for the purchase of energy efficient equipment, while the Hilltop Mall loan was to finance the City's share of capital improvement costs of the Hilltop Shopping Center. The 2001 Series A bonds were issued to finance improvements to City facilities including the street and storm water improvements, the 1995 Series A were to refinance the cost of public capital improvements, and the 1999 Series A bonds were issued to fund a portion of the unfunded accrued actuarial liability in the Pension Fund.

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**City of Richmond**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Debt Service Funds**  
**June 30, 2003**

|  | Parking<br>Authority | General<br>Debt Service | Totals             |
|--|----------------------|-------------------------|--------------------|
| <b>ASSETS</b>                              |                      |                         |                    |
| Cash, cash equivalents and investments     | \$ 100,771           | \$ -                    | \$ 100,771         |
| Restricted cash investments:               | -                    | 71                      | 71                 |
| Receivables:                               |                      |                         | -                  |
| Interest                                   | 107                  | 22                      | 129                |
| Prepays and other assets                   | -                    | 2,800                   | 2,800              |
| <b>Total assets</b>                        | <u>\$ 100,878</u>    | <u>\$ 2,893</u>         | <u>\$ 103,771</u>  |
| <b>LIABILITIES AND FUND BALANCES</b>       |                      |                         |                    |
| <b>Liabilities:</b>                        |                      |                         |                    |
| Cash overdraft (Note 3)                    | -                    | \$ 2,007,974            | 2,007,974          |
| <b>Total liabilities</b>                   | <u>-</u>             | <u>2,007,974</u>        | <u>2,007,974</u>   |
| <b>Fund Balances:</b>                      |                      |                         |                    |
| Unreserved for:                            |                      |                         |                    |
| Debt service funds                         | 100,878              | (2,005,081)             | (1,904,203)        |
| <b>Total fund balances</b>                 | <u>100,878</u>       | <u>(2,005,081)</u>      | <u>(1,904,203)</u> |
| <b>Total liabilities and fund balances</b> | <u>\$ 100,878</u>    | <u>\$ 2,893</u>         | <u>\$ 103,771</u>  |

# City of Richmond

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Nonmajor Governmental Funds - Debt Service Funds

For the year ended June 30, 2003

|  | Parking<br>Authority | General<br>Debt Service | Totals                |
|--|----------------------|-------------------------|-----------------------|
| <b>REVENUES:</b>   |                      |                         |                       |
| Investment earnings  | \$ 558               | \$ 69,300               | \$ 69,858             |
| Reimbursement from pension fund  | -                    | 3,928,959               | 3,928,959             |
| Other  | -                    | 1,460,861               | 1,460,861             |
| <b>Total revenues</b>  | <b>558</b>           | <b>5,459,120</b>        | <b>5,459,678</b>      |
| <b>EXPENDITURES:</b>   |                      |                         |                       |
| Debt service:  |                      |                         |                       |
| Principal retirement   | -                    | 4,056,735               | 4,056,735             |
| Interest and fiscal charges  | -                    | 5,905,354               | 5,905,354             |
| <b>Total expenditures</b>  | <b>-</b>             | <b>9,962,089</b>        | <b>9,962,089</b>      |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b>  | <b>558</b>           | <b>(4,502,969)</b>      | <b>(4,502,411)</b>    |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                      |                         |                       |
| Operating transfers in   | -                    | 5,862,977               | 5,862,977             |
| <b>Total other financing sources (uses)</b>  | <b>-</b>             | <b>5,862,977</b>        | <b>5,862,977</b>      |
| <b>REVENUES AND OTHER<br/>FINANCING SOURCES OVER<br/>(UNDER) EXPENDITURES AND<br/>OTHER FINANCING USES</b> | <b>558</b>           | <b>1,360,008</b>        | <b>1,360,566</b>      |
| <b>FUND BALANCES:</b>  |                      |                         |                       |
| Beginning of year  | 100,320              | (3,365,089)             | (3,264,769)           |
| End of year  | <u>\$ 100,878</u>    | <u>\$ (2,005,081)</u>   | <u>\$ (1,904,203)</u> |

**CITY OF RICHMOND**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Debt Service Funds  
June 30, 2003**

|  | Joint Powers Financing Authority (JPFA) |                    |                   |   | General Debt Service |                    |                    |   |
|--|---|--------------------|-------------------|---|----------------------|--------------------|--------------------|---|
|  | Budgeted Amounts                        |                    | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) | Budgeted Amounts     |                    | Actual<br>Amounts  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|  | Original                                | Final              |                   |   | Original             | Final              |                    |   |
| <b>Revenues</b>  |   |                    |                   |   |                      |                    |                    |   |
| Investment earnings  | 146,000                                 | 330,000            | 1,230,090         | 900,090   |                      | 69,300             | 69,300             |   |
| Lease income   | 4,748,081                               | 4,748,081          | 3,017,548         | (1,730,533)   |                      |                    |                    |   |
| Reimbursement from Pension Fund                                      |   |                    |                   |   | 1,675,032            | 1,675,032          | 3,928,959          | 2,253,927   |
| Other  |   |                    | 1,563,237         | 1,563,237   |                      |                    | 1,460,861          | 1,460,861   |
| <b>Total Revenues</b>  | <b>4,894,081</b>                        | <b>5,078,081</b>   | <b>5,810,875</b>  | <b>732,794</b>  | <b>1,675,032</b>     | <b>1,675,032</b>   | <b>5,459,120</b>   | <b>3,784,088</b>  |
| <b>Expenditures</b>  |   |                    |                   |   |                      |                    |                    |   |
| Other  |   | 38,252             |                   | 38,252  |                      |                    |                    |   |
| Debt service:  |   |                    |                   |   |                      |                    |                    |   |
| Principal  | 3,005,000                               | 3,005,000          | 1,315,001         | 1,689,999   | 5,375,383            | 5,375,383          | 4,056,735          | 1,318,648   |
| Interest and fiscal charges  | 5,146,713                               | 5,105,391          | 4,752,152         | 353,239   | 2,551,012            | 2,551,012          | 5,905,354          | (3,354,342)   |
| <b>Total Expenditures</b>  | <b>8,151,713</b>                        | <b>8,148,643</b>   | <b>6,067,153</b>  | <b>2,081,490</b>  | <b>7,926,395</b>     | <b>7,926,395</b>   | <b>9,962,089</b>   | <b>(2,035,694)</b>                                      |
| <b>Excess (Deficiency) Of Revenues<br/>Over (Under) Expenditures</b> | <b>(3,257,632)</b>                      | <b>(3,070,562)</b> | <b>(256,278)</b>  | <b>2,814,284</b>  | <b>(6,251,363)</b>   | <b>(6,251,363)</b> | <b>(4,502,969)</b> | <b>1,748,394</b>  |
| <b>Other Financing Resources (Uses):</b>                             |   |                    |                   |   |                      |                    |                    |   |
| Operating transfers in   | 3,345,632                               | 3,345,632          | 145,591           | 3,200,041   | 5,862,977            | 5,862,977          | 5,862,977          | -   |
| Operating transfers out  |   |                    | (519)             | 519   |                      |                    |                    | -   |
| <b>Total other financing sources (uses)</b>                          | <b>3,345,632</b>                        | <b>3,345,632</b>   | <b>145,072</b>    | <b>3,200,560</b>  | <b>5,862,977</b>     | <b>5,862,977</b>   | <b>5,862,977</b>   | <b>-</b>  |
| <b>Net Change In Fund Balance</b>                                    | <b>88,000</b>                           | <b>275,070</b>     | <b>(111,206)</b>  | <b>(386,276)</b>  | <b>(388,386)</b>     | <b>(388,386)</b>   | <b>1,360,008</b>   | <b>1,748,394</b>  |
| Fund balances, beginning   | 20,220,942                              | 11,086,121         | 7,819,518         | (3,266,603)   | (3,365,089)          | (3,365,089)        | (3,365,089)        | -   |
| Prior period adjustments   |   |                    | 5,676             | 5,676   |                      |                    |                    | -   |
| <b>Fund Balances, Ending</b>   | <b>20,308,942</b>                       | <b>11,361,191</b>  | <b>7,713,988</b>  | <b>(3,647,203)</b>                                      | <b>(3,753,475)</b>   | <b>(3,753,475)</b> | <b>(2,005,081)</b> | <b>1,748,394</b>  |

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# NONMAJOR CAPITAL PROJECTS FUNDS

Capital projects funds account for financial resources to be used for the acquisition, construction or improvement of major capital facilities, except those financed by enterprise funds.

**Atlas Road Improvements Funds** are used to record the City's share of the cost of acquisition of land and the construction of the interchange to connect the Richmond Parkway and Interstate 80.

**Marina Westshore Fund** records the acquisition and construction of certain public improvements to service property located in the Marina Westshore Development Projects District and complete certain soil remediation activities within the District.

**Measure C Funds** were set up when the voters of Contra Costa County approved Measure C providing for the creation of the Contra Costa County Transportation Authority. The Authority collects one-half of one percent sales and use tax. Twenty percent of this tax is allocated to the City of Richmond to be used for the improvement of local transportation, including streets and roads in accordance with Measure C compliance.

**Harbor Navigation Fund** records the expenses relating to the construction of certain public improvements relating to the Port of Richmond consisting of dredging and deepening of the Richmond Harbor.

**Port Remediation Fund** records capital improvement expenses incurred to carry out repairs to the Port of Richmond.

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**City of Richmond**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Capital Projects**  
**June 30, 2003**

|  | <u>Atlas Road<br/>Improvements</u> | <u>Marina<br/>Westshore</u> | <u>Measure C</u>    | <u>Harbor<br/>Navigation</u> |
|--|------------------------------------|-----------------------------|---------------------|------------------------------|
| <b>ASSETS</b>                              |                                    |                             |                     |                              |
| Cash, cash equivalents and investments     | \$ 1,452,845                       | \$ -                        | \$ 2,786,391        | \$ -                         |
| Restricted cash investments:               | -                                  | 910,815                     | -                   | 3,347,248                    |
| Receivables:                               |                                    |                             |                     |                              |
| Interest                                   | 1,534                              | -                           | 2,964               | -                            |
| Grants                                     | -                                  | -                           | 83,272              | -                            |
| <b>Total assets</b>                        | <u>\$ 1,454,379</u>                | <u>\$ 910,815</u>           | <u>\$ 2,872,627</u> | <u>\$ 3,347,248</u>          |
| <b>LIABILITIES AND FUND BALANCES</b>       |                                    |                             |                     |                              |
| <b>Liabilities:</b>                        |                                    |                             |                     |                              |
| Cash overdraft (Note 3)                    | -                                  | 29,904                      | -                   | 1,531,482                    |
| Accounts payable and accrued liabilities   | 2,077,898                          | -                           | -                   | -                            |
| <b>Total liabilities</b>                   | <u>2,077,898</u>                   | <u>29,904</u>               | <u>-</u>            | <u>1,531,482</u>             |
| <b>Fund Balances:</b>                      |                                    |                             |                     |                              |
| Reserved for:                              |                                    |                             |                     |                              |
| Encumbrances                               | -                                  | -                           | 10,289              | -                            |
| Unreserved for:                            |                                    |                             |                     |                              |
| Capital project funds                      | (623,519)                          | 880,911                     | 2,862,338           | 1,815,766                    |
| <b>Total fund balances</b>                 | <u>(623,519)</u>                   | <u>880,911</u>              | <u>2,872,627</u>    | <u>1,815,766</u>             |
| <b>Total liabilities and fund balances</b> | <u>\$ 1,454,379</u>                | <u>\$ 910,815</u>           | <u>\$ 2,872,627</u> | <u>\$ 3,347,248</u>          |

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| <u>Port<br/>Remediation</u> | <u>Totals</u>       |
|-----------------------------|---------------------|
| \$ -                        | \$ 4,239,236        |
| -                           | 4,258,063           |
| -                           | 4,498               |
| -                           | 83,272              |
| <u>\$ -</u>                 | <u>\$ 8,585,069</u> |

|                |                  |
|----------------|------------------|
| 135,459        | \$ 1,696,845     |
| -              | 2,077,898        |
| <u>135,459</u> | <u>3,774,743</u> |

|                  |                     |
|------------------|---------------------|
| -                | 10,289              |
| <u>(135,459)</u> | <u>4,800,037</u>    |
| <u>(135,459)</u> | <u>4,810,326</u>    |
| <u>\$ -</u>      | <u>\$ 8,585,069</u> |

**City of Richmond**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds - Capital Projects**  
**For the year ended June 30, 2003**

|  | Atlas Road<br>Improvements | Marina<br>Westshore | Measure<br>C        | Harbor<br>Navigation |
|--|----------------------------|---------------------|---------------------|----------------------|
| <b>REVENUES:</b>   |                            |                     |                     |                      |
| Investment earnings  | \$ 8,061                   | \$ 40,029           | \$ 15,605           | \$ -                 |
| Intergovernmental  | -                          | -                   | 693,043             | 47,179               |
| <b>Total revenues</b>  | <b>8,061</b>               | <b>40,029</b>       | <b>708,648</b>      | <b>47,179</b>        |
| <b>EXPENDITURES:</b>   |                            |                     |                     |                      |
| Current:   |                            |                     |                     |                      |
| Highways and streets   | -                          | -                   | 10,824              | 8,354                |
| <b>Total expenditures</b>  | <b>-</b>                   | <b>-</b>            | <b>10,824</b>       | <b>8,354</b>         |
| <b>REVENUES OVER (UNDER)</b>   |                            |                     |                     |                      |
| <b>EXPENDITURES</b>  | <b>8,061</b>               | <b>40,029</b>       | <b>697,824</b>      | <b>38,825</b>        |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                            |                     |                     |                      |
| Operating transfers in   | -                          | -                   | -                   | 519                  |
| Operating transfers out  | -                          | (775,874)           | -                   | -                    |
| <b>Total other financing sources (uses)</b>  | <b>-</b>                   | <b>(775,874)</b>    | <b>-</b>            | <b>519</b>           |
| <b>REVENUES AND OTHER<br/>FINANCING SOURCES OVER<br/>(UNDER) EXPENDITURES AND<br/>OTHER FINANCING USES</b> | <b>8,061</b>               | <b>(735,845)</b>    | <b>697,824</b>      | <b>39,344</b>        |
| <b>FUND BALANCES:</b>  |                            |                     |                     |                      |
| Beginning of year  | 2,512,980                  | 1,616,756           | 2,174,803           | 1,776,422            |
| Prior period adjustments   | (3,144,560)                | -                   | -                   | -                    |
| End of year  | <b>\$ (623,519)</b>        | <b>\$ 880,911</b>   | <b>\$ 2,872,627</b> | <b>\$ 1,815,766</b>  |

| Port<br>Remediation | Totals              |
|---------------------|---------------------|
| \$ -                | \$ 63,695           |
| -                   | 740,222             |
| -                   | 803,917             |
| -                   | 19,178              |
| -                   | 19,178              |
| -                   | 784,739             |
| -                   | 519                 |
| -                   | (775,874)           |
| -                   | (775,355)           |
| -                   | 9,384               |
| (135,459)           | 7,945,502           |
| -                   | (3,144,560)         |
| <u>\$ (135,459)</u> | <u>\$ 4,810,326</u> |

**CITY OF RICHMOND**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Capital Projects Funds  
June 30, 2003**

|  | Harbor Navigation |                  |                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------|------------------|---------------------|---|
|  | Budgeted Amounts  |                  | Actual<br>Amounts   |   |
|  | Original          | Final            |                     |   |
| <b>Revenues</b>  |                   |                  |                     |   |
| Intergovernmental  | \$ 21,500         | \$ 21,500        | \$ 47,179           | \$ 25,679   |
| <b>Total Revenues</b>  | <u>21,500</u>     | <u>21,500</u>    | <u>47,179</u>       | <u>25,679</u>   |
| <b>Expenditures</b>  |                   |                  |                     |   |
| Highways and Streets   | 11,500            | 11,500           | 8,354               | 3,146   |
| <b>Total Expenditures</b>  | <u>11,500</u>     | <u>11,500</u>    | <u>8,354</u>        | <u>3,146</u>  |
| <b>Excess (Deficiency) Of Revenues<br/>Over (Under) Expenditures</b> | <u>10,000</u>     | <u>10,000</u>    | <u>38,825</u>       | <u>28,825</u>   |
| <b>Other Financing Resources (Uses):</b>                             |                   |                  |                     |   |
| Operating transfers in   |                   |                  | 519                 | (519)   |
| <b>Total other financing sources (uses)</b>                          | <u>-</u>          | <u>-</u>         | <u>519</u>          | <u>(519)</u>  |
| <b>Net Change In Fund Balance</b>                                    | 10,000            | 10,000           | 39,344              | 29,344  |
| Fund balances, beginning   |                   |                  | 1,776,422           |   |
| <b>Fund Balances, Ending</b>   | <u>\$ 10,000</u>  | <u>\$ 10,000</u> | <u>\$ 1,815,766</u> | <u>\$ 29,344</u>  |

# NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to report any activity for which a fee is charged to external users for goods and services provided.

**Richmond Marina Fund** records revenues collected from berth rentals and the use of the marina facilities. The fund also records expenses incurred for the operation of the facility and for the payment of the loan from the California Department of Boating and Waterways.

**Storm Sewer Fund** records the revenues from storm water fees and transfers from operations reserves. It also records the expenses of maintaining a clean storm sewer system so that the City is in compliance with the federally mandated Storm Water Pollution Prevention Program.

**Cable TV Fund** was set up for the administration and enforcement of the franchise agreements with two cable television systems, management of municipal cable channel, departmental video services, media and public information, and telecommunications planning. The fund records revenue received from franchise fees and indirect charges to other funds and administration expenses incurred in operating the system.

**Convention Center Fund** records revenue received from the rental of the facility and the administrative and maintenance expenses incurred in the operation of the facility.

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# CITY OF RICHMOND

## Combining Statement of Net Assets Nonmajor Enterprise Funds June 30, 2003

|   | Nonmajor Enterprise Funds |                      |                   |                      | Total                |
|---|---------------------------|----------------------|-------------------|----------------------|----------------------|
|   | Richmond<br>Marina        | Storm<br>Sewer       | Cable<br>TV       | Convention<br>Center |                      |
| <b>ASSETS</b>                                       |                           |                      |                   |                      |                      |
| Current assets:                                     |                           |                      |                   |                      |                      |
| Cash and investments                                | \$ 1,985,065              | \$ 246,303           | \$ -              | \$ -                 | \$ 2,231,368         |
| Restricted cash investments                         | -                         | -                    | 226,809           | -                    | 226,809              |
| Receivables:  |                           |                      |                   |                      |                      |
| Accounts  | 68,552                    | 26,720               | 173,245           | 60,487               | 329,004              |
| Interest  | 2,013                     | 1,650                | -                 | -                    | 3,663                |
| Other   | -                         | 1,539                | 116,809           | 3,440                | 121,788              |
| <b>Total current assets</b>                         | <b>2,055,630</b>          | <b>276,212</b>       | <b>516,863</b>    | <b>63,927</b>        | <b>2,912,632</b>     |
| Noncurrent assets:                                  |                           |                      |                   |                      |                      |
| Capital assets:                                     |                           |                      |                   |                      |                      |
| Non depreciable assets                              | 4,430                     | 1,663,608            | -                 | -                    | 1,668,038            |
| Depreciable assets, net of accumulated depreciation | 2,758,374                 | 12,590,682           | 110,743           | -                    | 15,459,799           |
| <b>Total capital assets</b>                         | <b>2,762,804</b>          | <b>14,254,290</b>    | <b>110,743</b>    | <b>-</b>             | <b>17,127,837</b>    |
| <b>Total noncurrent assets</b>                      | <b>2,762,804</b>          | <b>14,254,290</b>    | <b>110,743</b>    | <b>-</b>             | <b>17,127,837</b>    |
| <b>Total assets</b>                                 | <b>4,818,434</b>          | <b>14,530,502</b>    | <b>627,606</b>    | <b>63,927</b>        | <b>20,040,469</b>    |
| <b>LIABILITIES</b>                                  |                           |                      |                   |                      |                      |
| Liabilities:  |                           |                      |                   |                      |                      |
| Current liabilities:                                |                           |                      |                   |                      |                      |
| Cash overdraft (Note 3)                             | \$ -                      | \$ -                 | \$ 348,484        | \$ 124,408           | \$ 472,892           |
| Accounts payable and accrued liabilities            | -                         | 34,136               | 22,363            | 5,395                | 61,894               |
| Interest payable                                    | 147,386                   | -                    | -                 | -                    | 147,386              |
| Refundable deposits                                 | 60,000                    | -                    | -                 | 11,799               | 71,799               |
| Deferred revenue                                    | -                         | -                    | -                 | 30,009               | 30,009               |
| Compensated absences                                | -                         | 16,658               | 32,428            | 25,202               | 74,288               |
| Current portion long-term debt                      | 46,030                    | -                    | -                 | -                    | 46,030               |
| <b>Total current liabilities</b>                    | <b>253,416</b>            | <b>50,794</b>        | <b>403,275</b>    | <b>196,813</b>       | <b>904,298</b>       |
| Noncurrent liabilities:                             |                           |                      |                   |                      |                      |
| Advances from other funds                           | 120,000                   | -                    | -                 | -                    | 120,000              |
| Long-term debt                                      | 3,526,969                 | -                    | -                 | -                    | 3,526,969            |
| <b>Total noncurrent liabilities</b>                 | <b>3,646,969</b>          | <b>-</b>             | <b>-</b>          | <b>-</b>             | <b>3,646,969</b>     |
| <b>Total liabilities</b>                            | <b>3,900,385</b>          | <b>50,794</b>        | <b>403,275</b>    | <b>196,813</b>       | <b>4,551,267</b>     |
| <b>NET ASSETS</b>                                   |                           |                      |                   |                      |                      |
| Invested in capital assets net of related debt      | (764,165)                 | 14,254,290           | 110,743           | -                    | 13,600,868           |
| Unrestricted  | 1,682,214                 | 225,418              | 113,588           | (132,886)            | 1,888,334            |
| <b>Total net assets</b>                             | <b>\$ 918,049</b>         | <b>\$ 14,479,708</b> | <b>\$ 224,331</b> | <b>\$ (132,886)</b>  | <b>\$ 15,489,202</b> |

# CITY OF RICHMOND

## Combining Statement of Revenues, Expenses and Changes in Net Assets

### Nonmajor Enterprise Funds

For the year ended June 30, 2003

|   | Nonmajor Enterprise Funds |                      |                   |                      | Total                |
|---|---------------------------|----------------------|-------------------|----------------------|----------------------|
|   | Richmond<br>Marina        | Storm<br>Sewer       | Cable<br>TV       | Convention<br>Center |                      |
| <b>OPERATING REVENUES:</b>                      |                           |                      |                   |                      |                      |
| Rental  | \$ -                      | \$ -                 | \$ -              | \$ 170,908           | \$ 170,908           |
| Sewer service charges                           | -                         | 1,476,536            | 676,102           | -                    | 2,152,638            |
| Lease income                                    | 336,288                   | -                    | -                 | -                    | 336,288              |
| Other   | 30,000                    | 1,317                | 1,212             | 1,885                | 34,414               |
| <b>Total operating revenues</b>                 | <b>366,288</b>            | <b>1,477,853</b>     | <b>677,314</b>    | <b>172,793</b>       | <b>2,694,248</b>     |
| <b>OPERATING EXPENSES:</b>                      |                           |                      |                   |                      |                      |
| Salaries and wages                              | -                         | 1,100,732            | 672,298           | 248,060              | 2,021,090            |
| General and administrative                      | -                         | 375,065              | 72,341            | 70,529               | 517,935              |
| Maintenance                                     | 317,908                   | 2,375                | -                 | 477                  | 320,760              |
| Depreciation                                    | 91,823                    | 968,571              | 19,099            | -                    | 1,079,493            |
| <b>Total operating expenses</b>                 | <b>409,731</b>            | <b>2,446,743</b>     | <b>763,738</b>    | <b>319,066</b>       | <b>3,939,278</b>     |
| <b>OPERATING INCOME (LOSS)</b>                  | <b>(43,443)</b>           | <b>(968,890)</b>     | <b>(86,424)</b>   | <b>(146,273)</b>     | <b>(1,245,030)</b>   |
| <b>NONOPERATING REVENUES AND EXPENSES:</b>      |                           |                      |                   |                      |                      |
| Investment income                               | 11,079                    | 7,757                | 2,674             | -                    | 21,510               |
| Interest expense                                | (168,639)                 | -                    | -                 | -                    | (168,639)            |
| Gain (loss) on sale of fixed assets             | -                         | -                    | (7,031)           | -                    | (7,031)              |
| <b>Total nonoperating revenues and expenses</b> | <b>(157,560)</b>          | <b>7,757</b>         | <b>(4,357)</b>    | <b>-</b>             | <b>(154,160)</b>     |
| <b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b> | <b>(201,003)</b>          | <b>(961,133)</b>     | <b>(90,781)</b>   | <b>(146,273)</b>     | <b>(1,399,190)</b>   |
| <b>OPERATING TRANSFERS:</b>                     |                           |                      |                   |                      |                      |
| Operating transfers in                          | -                         | 1,768,217            | -                 | -                    | 1,768,217            |
| Operating transfers out                         | -                         | -                    | (49,483)          | -                    | (49,483)             |
| <b>Total operating transfers</b>                | <b>-</b>                  | <b>1,768,217</b>     | <b>(49,483)</b>   | <b>-</b>             | <b>1,718,734</b>     |
| <b>Net income (loss)</b>                        | <b>(201,003)</b>          | <b>807,084</b>       | <b>(140,264)</b>  | <b>(146,273)</b>     | <b>319,544</b>       |
| <b>NET ASSETS:</b>                              |                           |                      |                   |                      |                      |
| Beginning of year                               | 1,093,573                 | 13,681,574           | 364,595           | 13,387               | 15,153,129           |
| Prior period adjustments                        | 25,479                    | (8,950)              | -                 | -                    | 16,529               |
| <b>End of year</b>                              | <b>\$ 918,049</b>         | <b>\$ 14,479,708</b> | <b>\$ 224,331</b> | <b>\$ (132,886)</b>  | <b>\$ 15,489,202</b> |

# CITY OF RICHMOND

## Combining Statement of Cash Flows Nonmajor Enterprise Funds For the year ended June 30, 2003

|   | Nonmajor Enterprise Funds |                     |                     |                      | Total               |
|---|---------------------------|---------------------|---------------------|----------------------|---------------------|
|   | Richmond<br>Marina        | Storm<br>Sewer      | Cable<br>TV         | Convention<br>Center |                     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                           |                     |                     |                      |                     |
| Cash received from customers/other funds  | \$ 323,374                | \$ 1,449,816        | \$ 576,213          | \$ 182,639           | \$ 2,532,042        |
| Cash payments to suppliers for goods and services   | (317,908)                 | (831,216)           | (64,579)            | (86,760)             | (1,300,463)         |
| Cash payments to employees for services   | -                         | (1,084,074)         | (23,057)            | -                    | (1,107,131)         |
| Intergovernmental revenue received (expenses paid)  | -                         | (212,093)           | (677,657)           | (236,037)            | (1,125,787)         |
| Other operating revenues  | 30,000                    | 1,317               | 1,212               | 1,885                | 34,414              |
| <b>Net cash provided (used) by operating activities</b>   | <b>35,466</b>             | <b>(676,250)</b>    | <b>(187,868)</b>    | <b>(138,273)</b>     | <b>(966,925)</b>    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>   |                           |                     |                     |                      |                     |
| Operating transfers in  | -                         | 1,768,217           | -                   | -                    | 1,768,217           |
| Operating transfers (out)   | -                         | -                   | (49,483)            | -                    | (49,483)            |
| <b>Net cash provided (used) by noncapital financing activities</b>                                    | <b>-</b>                  | <b>1,768,217</b>    | <b>(49,483)</b>     | <b>-</b>             | <b>1,718,734</b>    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                      |                           |                     |                     |                      |                     |
| Repayment of long-term borrowing  | (64,586)                  | -                   | -                   | -                    | (64,586)            |
| Net change in capital assets  | -                         | (783,282)           | -                   | -                    | (783,282)           |
| <b>Net cash provided (used) by capital and related financing activities</b>                           | <b>(64,586)</b>           | <b>(783,282)</b>    | <b>-</b>            | <b>-</b>             | <b>(847,868)</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                           |                     |                     |                      |                     |
| Interest revenue  | 14,107                    | 10,273              | 2,674               | -                    | 27,054              |
| Interest expense  | (142,230)                 | -                   | -                   | -                    | (142,230)           |
| Purchase of investments with fiscal agent   | -                         | -                   | (2,151)             | -                    | (2,151)             |
| <b>Net cash provided (used) by investing activities</b>   | <b>(128,123)</b>          | <b>10,273</b>       | <b>523</b>          | <b>-</b>             | <b>(117,327)</b>    |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>(157,243)</b>          | <b>318,958</b>      | <b>(236,828)</b>    | <b>(138,273)</b>     | <b>(213,386)</b>    |
| <b>CASH AND CASH EQUIVALENTS:</b>   |                           |                     |                     |                      |                     |
| Beginning of year   | 2,142,308                 | (72,655)            | (111,656)           | 13,865               | 1,971,862           |
| End of year   |                           |                     |                     |                      |                     |
| Cash and investment   | 1,985,065                 | 246,303             | -                   | -                    | 2,231,368           |
| Cash overdraft  | -                         | -                   | (348,484)           | (124,408)            | (472,892)           |
| <b>Net Cash and investment</b>  | <b>\$ 1,985,065</b>       | <b>\$ 246,303</b>   | <b>\$ (348,484)</b> | <b>\$ (124,408)</b>  | <b>\$ 1,758,476</b> |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |                           |                     |                     |                      |                     |
| Operating income (loss)   | \$ (43,443)               | \$ (968,890)        | \$ (86,424)         | \$ (146,273)         | \$ (1,245,030)      |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                           |                     |                     |                      |                     |
| Prior period adjustments  | 25,479                    | (8,950)             | -                   | -                    | 16,529              |
| Depreciation  | 91,823                    | 968,571             | 19,099              | -                    | 1,079,493           |
| Changes in operating assets and liabilities:  |                           |                     |                     |                      |                     |
| Accounts receivable   | (12,914)                  | (17,770)            | (14,147)            | (59,303)             | (104,134)           |
| Other receivable  | -                         | -                   | (85,743)            | 71,034               | (14,709)            |
| Accounts payable  | -                         | (665,869)           | (15,295)            | 3,071                | (678,093)           |
| Refundable deposits   | (25,479)                  | -                   | -                   | (21,875)             | (47,354)            |
| Deferred revenue  | -                         | -                   | -                   | 3,050                | 3,050               |
| Compensated absences  | -                         | 16,658              | (5,358)             | 12,023               | 23,323              |
| Total adjustments   | 78,909                    | 292,640             | (101,444)           | 8,000                | 278,105             |
| <b>Net cash provided (used) by operating activities</b>   | <b>\$ 35,466</b>          | <b>\$ (676,250)</b> | <b>\$ (187,868)</b> | <b>\$ (138,273)</b>  | <b>\$ (966,925)</b> |

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# INTERNAL SERVICE FUNDS

Internal service funds account for operations that provide goods or services to other City departments and agencies, or to other governments, on a cost-reimbursement basis.

**Workers' Compensation Fund** is used to report activities related to employee's claims due to industrial injuries.

**General Liability Fund** is used to report activities related to general claims against the City for damages incurred.

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**CITY OF RICHMOND**

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**Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2003**

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|   | Workers'<br>Compensation | General<br>Liability  | Total                  |
|---|--------------------------|-----------------------|------------------------|
| <b>ASSETS</b>                                   |                          |                       |                        |
| Current assets:                                 |                          |                       |                        |
| Cash and investments                            | \$ 4,131,829             | \$ 2,124,198          | \$ 6,256,027           |
| Receivables:                                    |                          |                       |                        |
| Interest  | 3,617                    | 193                   | 3,810                  |
| Total current assets                            | <u>4,135,446</u>         | <u>2,124,391</u>      | <u>6,259,837</u>       |
| Noncurrent assets:                              |                          |                       |                        |
| Capital assets, net of accumulated depreciation | -                        | 35,316                | 35,316                 |
| Total noncurrent assets                         | <u>-</u>                 | <u>35,316</u>         | <u>35,316</u>          |
| <b>Total assets</b>                             | <u>4,135,446</u>         | <u>2,159,707</u>      | <u>6,295,153</u>       |
| <b>LIABILITIES</b>                              |                          |                       |                        |
| Liabilities:                                    |                          |                       |                        |
| Current liabilities:                            |                          |                       |                        |
| Accounts payable and accrued liabilities        | \$ 52,467                | \$ 68                 | \$ 52,535              |
| Compensated absences - due within one year      | 25,743                   | -                     | 25,743                 |
| Accrued claims liabilities                      | 6,801,500                | 1,764,500             | 8,566,000              |
| Total current liabilities                       | <u>6,879,710</u>         | <u>1,764,568</u>      | <u>8,644,278</u>       |
| Noncurrent liabilities:                         |                          |                       |                        |
| Compensated absences - due after one year       | 31,464                   | -                     | 31,464                 |
| Accrued claims liabilities                      | 6,801,500                | 1,764,500             | 8,566,000              |
| Total noncurrent liabilities                    | <u>6,832,964</u>         | <u>1,764,500</u>      | <u>8,597,464</u>       |
| <b>Total liabilities</b>                        | <u>13,712,674</u>        | <u>3,529,068</u>      | <u>17,241,742</u>      |
| <b>NET ASSETS</b>                               |                          |                       |                        |
| Invested in capital assets net of related debt  | -                        | 35,316                | 35,316                 |
| Unrestricted                                    | (9,577,228)              | (1,404,677)           | (10,981,905)           |
| <b>Total net assets</b>                         | <u>\$ (9,577,228)</u>    | <u>\$ (1,369,361)</u> | <u>\$ (10,946,589)</u> |

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**CITY OF RICHMOND**

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**Combining Statement of Revenues, Expenses and Changes in Net Assets  
Internal Service Funds  
For the year ended June 30, 2003**

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|   | Workers'<br>Compensation | General<br>Liability  | Total                  |
|---|--------------------------|-----------------------|------------------------|
| <b>OPERATING REVENUES:</b>                      |                          |                       |                        |
| Charges for services                            | \$ 3,044,121             | \$ 544,501            | \$ 3,588,622           |
| <b>Total operating revenues</b>                 | <u>3,044,121</u>         | <u>544,501</u>        | <u>3,588,622</u>       |
| <b>OPERATING EXPENSES:</b>                      |                          |                       |                        |
| General and administrative                      | 807,073                  | 1,749,891             | 2,556,964              |
| Depreciation                                    | 401                      | 11,772                | 12,173                 |
| Claims losses                                   | 6,563,019                | 1,895,317             | 8,458,336              |
| <b>Total operating expenses</b>                 | <u>7,370,493</u>         | <u>3,656,980</u>      | <u>11,027,473</u>      |
| <b>OPERATING INCOME (LOSS)</b>                  | <u>(4,326,372)</u>       | <u>(3,112,479)</u>    | <u>(7,438,851)</u>     |
| <b>NONOPERATING REVENUES AND EXPENSES:</b>      |                          |                       |                        |
| Investment income                               | 17,431                   | 7,313                 | 24,744                 |
| Gain (loss) on sale of fixed assets             | (3,408)                  | -                     | (3,408)                |
| <b>Total nonoperating revenues and expenses</b> | <u>14,023</u>            | <u>7,313</u>          | <u>21,336</u>          |
| <b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b> | <u>(4,312,349)</u>       | <u>(3,105,166)</u>    | <u>(7,417,515)</u>     |
| <b>OPERATING TRANSFERS:</b>                     |                          |                       |                        |
| Operating transfers in                          | 1,000,000                | 2,000,000             | 3,000,000              |
| <b>Total operating transfers</b>                | <u>1,000,000</u>         | <u>2,000,000</u>      | <u>3,000,000</u>       |
| <b>Net income (loss)</b>                        | <u>(3,312,349)</u>       | <u>(1,105,166)</u>    | <u>(4,417,515)</u>     |
| <b>NET ASSETS (DEFICIT):</b>                    |                          |                       |                        |
| Beginning of year                               | (6,130,780)              | (264,195)             | (6,394,975)            |
| Prior period adjustments                        | (134,099)                | -                     | (134,099)              |
| <b>End of year</b>                              | <u>\$ (9,577,228)</u>    | <u>\$ (1,369,361)</u> | <u>\$ (10,946,589)</u> |

# CITY OF RICHMOND

## Combining Statement of Cash Flows Internal Service Funds For the year ended June 30, 2003

|   | Workers'<br>Compensation | General<br>Liability  | Total                 |
|---|--------------------------|-----------------------|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                          |                       |                       |
| Cash received from customers/other funds  | \$ 3,047,498             | 582,470               | \$ 3,629,968          |
| Cash payments to suppliers for goods and services   | (160,425)                | (1,584,622)           | (1,745,047)           |
| Cash payments to employees for services   | (613,312)                | (192,978)             | (806,290)             |
| Payments for claims   | (3,573,019)              | (1,108,316)           | (4,681,335)           |
| <b>Net cash provided (used) by operating activities</b>   | <b>(1,299,258)</b>       | <b>(2,303,446)</b>    | <b>(3,602,704)</b>    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>   |                          |                       |                       |
| Operating transfers in  | 1,000,000                | 2,000,000             | 3,000,000             |
| <b>Net cash provided (used) by noncapital financing activities</b>                                    | <b>1,000,000</b>         | <b>2,000,000</b>      | <b>3,000,000</b>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                          |                       |                       |
| Interest revenue  | 29,201                   | 15,544                | 44,745                |
| <b>Net cash provided (used) by investing activities</b>   | <b>29,201</b>            | <b>15,544</b>         | <b>44,745</b>         |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>(270,057)</b>         | <b>(287,902)</b>      | <b>(557,959)</b>      |
| <b>CASH AND CASH EQUIVALENTS:</b>   |                          |                       |                       |
| Beginning of year   | 4,401,886                | 2,412,100             | 6,813,986             |
| End of year   | <u>\$ 4,131,829</u>      | <u>\$ 2,124,198</u>   | <u>\$ 6,256,027</u>   |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</b>   |                          |                       |                       |
| <b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>  |                          |                       |                       |
| Operating income (loss)   | \$ (4,326,372)           | \$ (3,112,479)        | \$ (7,438,851)        |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                          |                       |                       |
| Depreciation  | 401                      | 11,772                | 12,173                |
| Changes in operating assets and liabilities:  |                          |                       |                       |
| Accounts receivable   | 3,377                    | 37,969                | 41,346                |
| Accounts payable  | 19,827                   | (18,498)              | 1,329                 |
| Compensated absences  | 13,509                   | (9,210)               | 4,299                 |
| Claims liabilities  | 2,990,000                | 787,000               | 3,777,000             |
| Total adjustments   | 3,027,114                | 809,033               | 3,836,147             |
| <b>Net cash provided (used) by operating activities</b>   | <b>\$ (1,299,258)</b>    | <b>\$ (2,303,446)</b> | <b>\$ (3,602,704)</b> |

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# FIDUCIARY FUNDS

Fiduciary funds, including pension and private purpose trusts, account for resources held by the City which must be spent as provided in legal trust agreements and related state laws. Agency funds account for assets held for other funds, governments, private organizations or individuals. Agency funds do not measure the results of operations and generally serve as clearing accounts.

**Pension Reserve Fund** records the receipt of Pension Tax override collected through property taxes for payment of pension contributions.

**General Pension Fund** records the activity of the General Pension Plan, a defined benefit pension plan that covers 41 former City employees not covered by PERS, all of whom have retired.

**Police and Firemen's Pension Fund** records the activity of the Police and Firemen's Pension Plan, a defined benefit pension plan that covers 109 police and fire personnel employed prior to October 1964.

**Garfield Pension Fund** records the activity of the Garfield Pension Plan, a defined contribution pension plan that was set up for a retired police chief.

**Agency Funds** are used to maintain records of assets and the fund's financial activities on behalf of a third party. The City does not make any decisions relating to the uses of the assets neither can it be used for City operations.

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**CITY OF RICHMOND**

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**Combining Statement of Fiduciary Net Assets****Pension Trust Funds****June 30, 2003**

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|  | Pension Trust Funds |                     |                              |                   | Total                |
|--|---------------------|---------------------|------------------------------|-------------------|----------------------|
|  | Pension Reserve     | General Pension     | Police and Fireman's Pension | Garfield Pension  |                      |
| <b>ASSETS</b>  |                     |                     |                              |                   |                      |
| Cash, cash equivalents and investments                   | \$ 15,617,009       | \$ (1,180,654)      | \$ (332,028)                 | \$ (67,865)       | \$ 14,036,462        |
| Restricted cash investments:                             |                     |                     |                              |                   |                      |
| Held by fiscal agents                                    | -                   | 2,307,695           | 22,188,464                   | 496,680           | 24,992,839           |
| Receivable from city                                     |                     | 1,180,654           |                              |                   | 1,180,654            |
| Interest receivable                                      | 22,732              | -                   | -                            | 2,187             | 24,919               |
| <b>Total assets</b>                                      | <u>15,639,741</u>   | <u>2,307,695</u>    | <u>21,856,436</u>            | <u>431,002</u>    | <u>40,234,874</u>    |
| <b>LIABILITIES</b>                                       |                     |                     |                              |                   |                      |
| <b>Liabilities:</b>                                      |                     |                     |                              |                   |                      |
| Accounts payable and accrued liabilities                 | \$ -                | \$ -                | \$ 33,746                    | \$ -              | \$ 33,746            |
| Deferred property tax override                           | 15,343,040          | -                   | -                            | -                 | 15,343,040           |
| Net pension obligation (asset)                           | -                   | (35,851)            | 5,741,424                    | -                 | 5,705,573            |
| <b>Total liabilities</b>                                 | <u>15,343,040</u>   | <u>(35,851)</u>     | <u>5,775,170</u>             | <u>-</u>          | <u>21,082,359</u>    |
| <b>Net Assets Held in Trust<br/>for Pension Benefits</b> | <u>\$ 296,701</u>   | <u>\$ 2,343,546</u> | <u>\$ 16,081,266</u>         | <u>\$ 431,002</u> | <u>\$ 19,152,515</u> |

# CITY OF RICHMOND

## Combining Statement of Changes in Fiduciary Net Assets

### Pension Trust Funds

For the year ended June 30, 2003

|   | Pension Trust Funds |                     |                              |                   | Total                |
|---|---------------------|---------------------|------------------------------|-------------------|----------------------|
|   | Pension Reserve     | General Pension     | Police and Fireman's Pension | Garfield Pension  |                      |
| <b>ADDITIONS:</b>                                     |                     |                     |                              |                   |                      |
| Investment earnings (loss)                            | \$ 84,641           | \$ (117,752)        | \$ (2,694,735)               | \$ 10,926         | \$ (2,716,920)       |
| Property taxes  | 3,925,869           | -                   | -                            | -                 | 3,925,869            |
| Other   | -                   | 756,401             | -                            | -                 | 756,401              |
| <b>Total additions</b>                                | <b>4,010,510</b>    | <b>638,649</b>      | <b>(2,694,735)</b>           | <b>10,926</b>     | <b>1,965,350</b>     |
| <b>DEDUCTIONS:</b>                                    |                     |                     |                              |                   |                      |
| Pension benefits                                      | -                   | 1,111,680           | 7,955,887                    | 70,764            | 9,138,331            |
| Other   | -                   | -                   | 139,345                      | -                 | 139,345              |
| Payments to City for debt service                     | 3,928,959           | -                   | -                            | -                 | 3,928,959            |
| <b>Total deductions</b>                               | <b>3,928,959</b>    | <b>1,111,680</b>    | <b>8,095,232</b>             | <b>70,764</b>     | <b>13,206,635</b>    |
| <b>Net increase (decrease)</b>                        | <b>81,551</b>       | <b>(473,031)</b>    | <b>(10,789,967)</b>          | <b>(59,838)</b>   | <b>(11,241,285)</b>  |
| <b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:</b> |                     |                     |                              |                   |                      |
| Beginning of year                                     | 2,115,151           | 2,392,325           | 24,971,232                   | 490,840           | 29,969,548           |
| Prior period adjustments                              | (1,900,001)         | 424,252             | 1,900,001                    | -                 | 424,252              |
| End of year   | <u>\$ 296,701</u>   | <u>\$ 2,343,546</u> | <u>\$ 16,081,266</u>         | <u>\$ 431,002</u> | <u>\$ 19,152,515</u> |

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**CITY OF RICHMOND**

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**Statement of Changes in Assets and Liabilities****All Agency Funds****For the year ended June 30, 2003**

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|  | Balance<br>July 1, 2002 | Additions         | Deletions           | Balance<br>June 30, 2003 |
|--|-------------------------|-------------------|---------------------|--------------------------|
| <u>All Agency Funds</u>                  |                         |                   |                     |                          |
| <b>Assets:</b>                           |                         |                   |                     |                          |
| Cash, cash equivalents and investments   | \$ 5,319,229            | \$ 35             | \$ (903,939)        | \$ 4,415,325             |
| Restricted cash and cash equivalents     | 3,062,320               | 240,432           | -                   | 3,302,752                |
| Interest receivable                      | 54,210                  | 9                 | (38,982)            | 15,237                   |
| <b>Total assets</b>                      | <u>\$ 8,435,759</u>     | <u>\$ 240,476</u> | <u>\$ (942,921)</u> | <u>\$ 7,733,314</u>      |
| <b>Liabilities:</b>                      |                         |                   |                     |                          |
| Accounts payable and accrued liabilities | \$ (28,250)             | \$ 89,436         | \$ 116              | \$ 61,302                |
| Refundable deposits                      | 8,464,009               | -                 | (791,997)           | 7,672,012                |
| <b>Total liabilities</b>                 | <u>\$ 8,435,759</u>     | <u>\$ 89,436</u>  | <u>\$ (791,881)</u> | <u>\$ 7,733,314</u>      |

# CITY OF RICHMOND

## Combining Statement of Changes in Assets and Liabilities

### Agency Funds

For the year ended June 30, 2003

|  | Balance<br>July 1, 2002 | Additions         | Deletions           | Balance<br>June 30, 2003 |
|--|-------------------------|-------------------|---------------------|--------------------------|
| <b><u>Special Assessment</u></b>         |                         |                   |                     |                          |
| <b>Assets:</b>                           |                         |                   |                     |                          |
| Cash, cash equivalents and investments   | \$ 4,448,717            | \$ -              | \$ (781,780)        | \$ 3,666,937             |
| Restricted cash and cash equivalents     | 3,062,320               | 240,432           | -                   | 3,302,752                |
| Interest receivable                      | 51,203                  | -                 | (36,714)            | 14,489                   |
| <b>Total assets</b>                      | <b>\$ 7,562,240</b>     | <b>\$ 240,432</b> | <b>\$ (818,494)</b> | <b>\$ 6,984,178</b>      |
| <b>Liabilities:</b>                      |                         |                   |                     |                          |
| Accounts payable and accrued liabilities | \$ 3,534                | \$ 28,447         | \$ -                | \$ 31,981                |
| Refundable deposits                      | 7,558,706               | -                 | (606,509)           | 6,952,197                |
| <b>Total liabilities</b>                 | <b>\$ 7,562,240</b>     | <b>\$ 28,447</b>  | <b>\$ (606,509)</b> | <b>\$ 6,984,178</b>      |
| <b><u>General Agency</u></b>             |                         |                   |                     |                          |
| <b>Assets:</b>                           |                         |                   |                     |                          |
| Cash, cash equivalents and investments   | \$ 802,731              | \$ -              | \$ (109,490)        | \$ 693,241               |
| Interest receivable                      | 2,667                   | -                 | (2,026)             | 641                      |
| <b>Total assets</b>                      | <b>\$ 805,398</b>       | <b>\$ -</b>       | <b>\$ (111,516)</b> | <b>\$ 693,882</b>        |
| <b>Liabilities:</b>                      |                         |                   |                     |                          |
| Accounts payable and accrued liabilities | \$ 2,306                | \$ 60,989         | \$ -                | \$ 63,295                |
| Refundable deposits                      | 803,092                 | -                 | (172,505)           | 630,587                  |
| <b>Total liabilities</b>                 | <b>\$ 805,398</b>       | <b>\$ 60,989</b>  | <b>\$ (172,505)</b> | <b>\$ 693,882</b>        |
| <b><u>Cafeteria Option</u></b>           |                         |                   |                     |                          |
| <b>Assets:</b>                           |                         |                   |                     |                          |
| Cash, cash equivalents and investments   | \$ (37,339)             | \$ -              | \$ -                | \$ (37,339)              |
| Interest receivable                      | -                       | -                 | -                   | -                        |
| <b>Total assets</b>                      | <b>\$ (37,339)</b>      | <b>\$ -</b>       | <b>\$ -</b>         | <b>\$ (37,339)</b>       |
| <b>Liabilities:</b>                      |                         |                   |                     |                          |
| Accounts payable and accrued liabilities | \$ (36,987)             | \$ -              | \$ -                | \$ (36,987)              |
| Refundable deposits                      | (352)                   | -                 | -                   | (352)                    |
| <b>Total liabilities</b>                 | <b>\$ (37,339)</b>      | <b>\$ -</b>       | <b>\$ -</b>         | <b>\$ (37,339)</b>       |

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**CITY OF RICHMOND**

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**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the year ended June 30, 2003**

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|  | Balance<br>July 1, 2002 | Additions    | Deletions         | Balance<br>June 30, 2003 |
|--|-------------------------|--------------|-------------------|--------------------------|
| <b><u>Johnson Library</u></b>            |                         |              |                   |                          |
| <b>Assets:</b>                           |                         |              |                   |                          |
| Cash, cash equivalents and investments   | \$ 7,988                | \$ 35        | \$ -              | \$ 8,023                 |
| Interest receivable                      | -                       | 9            | -                 | 9                        |
| <b>Total assets</b>                      | <b>\$ 7,988</b>         | <b>\$ 44</b> | <b>\$ -</b>       | <b>\$ 8,032</b>          |
| <b>Liabilities:</b>                      |                         |              |                   |                          |
| Refundable deposits                      | \$ 7,988                | \$ -         | \$ 44             | \$ 8,032                 |
| <b>Total liabilities</b>                 | <b>\$ 7,988</b>         | <b>\$ -</b>  | <b>\$ 44</b>      | <b>\$ 8,032</b>          |
| <br><b><u>Senior Center</u></b>          |                         |              |                   |                          |
| <b>Assets:</b>                           |                         |              |                   |                          |
| Cash, cash equivalents and investments   | \$ 79,639               | \$ -         | \$ (9,250)        | \$ 70,389                |
| Interest receivable                      | 279                     | -            | (196)             | 83                       |
| <b>Total assets</b>                      | <b>\$ 79,918</b>        | <b>\$ -</b>  | <b>\$ (9,446)</b> | <b>\$ 70,472</b>         |
| <b>Liabilities:</b>                      |                         |              |                   |                          |
| Accounts payable and accrued liabilities | \$ 105                  | \$ -         | \$ 2,908          | \$ 3,013                 |
| Refundable deposits                      | 79,813                  | -            | (12,354)          | 67,459                   |
| <b>Total liabilities</b>                 | <b>\$ 79,918</b>        | <b>\$ -</b>  | <b>\$ (9,446)</b> | <b>\$ 70,472</b>         |
| <br><b><u>Shimada Sister City</u></b>    |                         |              |                   |                          |
| <b>Assets:</b>                           |                         |              |                   |                          |
| Cash, cash equivalents and investments   | \$ 17,493               | \$ -         | \$ (3,419)        | \$ 14,074                |
| Interest receivable                      | 61                      | -            | (46)              | 15                       |
| <b>Total assets</b>                      | <b>\$ 17,554</b>        | <b>\$ -</b>  | <b>\$ (3,465)</b> | <b>\$ 14,089</b>         |
| <b>Liabilities:</b>                      |                         |              |                   |                          |
| Accounts payable and accrued liabilities | \$ 2,792                | \$ -         | \$ (2,792)        | \$ -                     |
| Refundable deposits                      | 14,762                  | -            | (673)             | 14,089                   |
| <b>Total liabilities</b>                 | <b>\$ 17,554</b>        | <b>\$ -</b>  | <b>\$ (3,465)</b> | <b>\$ 14,089</b>         |

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**CAPITAL ASSETS USED  
IN THE OPERATION OF  
GOVERNMENTAL FUNDS**

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**City of Richmond**  
**Capital Assets Used in the Operation of Governmental Funds**  
**June 30, 2003**

**Schedule by Source\***

|  |                                  |
|--|----------------------------------|
| Governmental funds capital assets:                             |                                  |
| Land   | \$ 19,702,886                    |
| Buildings and improvements                                     | 29,426,697                       |
| Machinery and equipment  | 29,138,371                       |
| Infrastructure   | 390,997,349                      |
| Construction in Progress                                       | <u>13,113,820</u>                |
| <br>Total governmental funds capital assets                    | <br><u><u>\$ 482,379,123</u></u> |
| <br>Investment in governmental funds capital assets by source: |                                  |
| General fund   | \$ 450,296,160                   |
| Special Revenue funds  | 11,161,853                       |
| Capital Projects funds   | <u>20,921,110</u>                |
| <br>Total governmental funds capital assets                    | <br><u><u>\$ 482,379,123</u></u> |

**Schedule by Function and Type\***

|   | Land                            | Buildings &<br>Improvements     | Machinery &<br>Equipment        | Infrastructure                   | Construction<br>in Progress     | Total                            |
|---|---------------------------------|---------------------------------|---------------------------------|----------------------------------|---------------------------------|----------------------------------|
| <b>Governmental Funds Capital Assets:</b>           |                                 |                                 |                                 |                                  |                                 |                                  |
| General Government                                  | \$ 13,969,990                   | \$ 14,518                       | \$ 6,729,798                    | \$ -                             | \$ -                            | \$ 20,714,306                    |
| Public Safety                                       | -                               | 6,849,714                       | 14,230,966                      | 232,658                          | -                               | 21,313,338                       |
| Public Services                                     | -                               | 11,422,308                      | 5,290,213                       | 387,494,403                      | -                               | 404,206,924                      |
| Community Development                               | -                               | -                               | 500,134                         | -                                | -                               | 500,134                          |
| Cultural and Recreation                             | -                               | 8,440,610                       | 2,111,700                       | 1,667,304                        | -                               | 12,219,614                       |
| Housing and Redevelopment                           | 5,732,896                       | 2,699,547                       | 275,560                         | 1,602,984                        | -                               | 10,310,987                       |
| Construction in Progress                            | -                               | -                               | -                               | -                                | \$ 13,113,820                   | 13,113,820                       |
| <br><b>Total Governmental Funds Capital Assets:</b> | <br><u><u>\$ 19,702,886</u></u> | <br><u><u>\$ 29,426,697</u></u> | <br><u><u>\$ 29,138,371</u></u> | <br><u><u>\$ 390,997,349</u></u> | <br><u><u>\$ 13,113,820</u></u> | <br><u><u>\$ 482,379,123</u></u> |

**Schedule of Changes by Function\***

|  | Restated Balance<br>June 30, 2002 | Additions                       | Retirements                      | Prior Period<br>Adjustments     | Transfers                  | Balance<br>June 30, 2003         |
|--|-----------------------------------|---------------------------------|----------------------------------|---------------------------------|----------------------------|----------------------------------|
| <b>Function and Activity:</b>                          |                                   |                                 |                                  |                                 |                            |                                  |
| General Government                                     | \$ 15,406,695                     | \$ 849,246                      | \$ (477,811)                     | \$ 4,936,176                    | \$ -                       | \$ 20,714,306                    |
| Public Safety  | 20,142,721                        | 1,345,949                       | (239,716)                        | 64,384                          | -                          | 21,313,338                       |
| Public Services  | 310,897,753                       | 118,306                         | (978,940)                        | 94,177,217                      | (7,412)                    | 404,206,924                      |
| Community Development                                  | 600,373                           | -                               | (100,240)                        | -                               | -                          | 500,134                          |
| Cultural & Recreation                                  | 12,310,897                        | 135,502                         | (226,785)                        | -                               | -                          | 12,219,614                       |
| Housing & Redevelopment                                | 10,190,870                        | -                               | (54,292)                         | 124,184                         | 50,224                     | 10,310,987                       |
| Construction in Progress                               | \$ 4,693,105                      | \$ 7,758,537                    | \$ -                             | \$ 696,591                      | \$ (34,413)                | \$ 13,113,820                    |
| <br><b>Total Governmental Funds<br/>Capital Assets</b> | <br><u><u>\$ 374,242,415</u></u>  | <br><u><u>\$ 10,207,540</u></u> | <br><u><u>\$ (2,077,783)</u></u> | <br><u><u>\$ 99,998,552</u></u> | <br><u><u>\$ 8,399</u></u> | <br><u><u>\$ 482,379,123</u></u> |

\*These schedules present only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds of \$64,015 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

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# STATISTICAL SECTION

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# City of Richmond Statistics

TABLE 1

## GOVERNMENTAL REVENUES BY SOURCE <sup>(1)</sup> (In Thousands)

|                                 | 1994             | 1995             | 1996             | 1997             | 1998             | 1999             | 2000             | 2001             | 2002             | 2003             |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Property Tax</b>             | \$30,625         | \$32,638         | \$28,875         | \$32,521         | \$27,825         | \$29,420         | \$37,211         | \$37,220         | \$37,152         | \$39,816         |
| <b>State Tax</b>                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Sales and Use                   | 8,366            | 9,027            | 9,407            | 8,742            | 9,697            | 10,736           | 12,431           | 14,256           | 13,200           | 12,283           |
| <b>Local Taxes</b>              |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Utility User Tax                | 12,283           | 16,869           | 16,985           | 17,300           | 17,354           | 18,142           | 18,331           | 21,095           | 21,145           | 23,463           |
| Other Taxes                     | 5,040            | 4,720            | 5,107            | 5,379            | 5,952            | 6,151            | 6,661            | 9,756            | 7,579            | 10,811           |
| <b>Total</b>                    | <b>17,323</b>    | <b>21,589</b>    | <b>22,092</b>    | <b>22,679</b>    | <b>23,306</b>    | <b>24,293</b>    | <b>24,992</b>    | <b>30,851</b>    | <b>28,724</b>    | <b>34,274</b>    |
| <b>Total Taxes</b>              | <b>56,314</b>    | <b>63,254</b>    | <b>60,374</b>    | <b>63,942</b>    | <b>60,828</b>    | <b>64,449</b>    | <b>74,634</b>    | <b>82,327</b>    | <b>79,076</b>    | <b>86,373</b>    |
| Investment Earnings             | 5,245            | 5,659            | 6,591            | 6,229            | 12,377           | 6,117            | 5,562            | 8,522            | 11,950           | 9,711            |
| Licenses and Permits            | 1,794            | 1,992            | 2,020            | 2,087            | 2,155            | 2,502            | 2,955            | 3,854            | 6,460            | 5,268            |
| Fines and Penalties             | 416              | 524              | 311              | 287              | 311              | 630              | 805              | 760              | 455              | 571              |
| Rent                            | 3,659            | 3,567            | 6,670            | 3,610            | 2,296            | 2,576            | ---              | 2,794            | 4,245            | 2,630            |
| Charges for Services            | 13,136           | 12,382           | 14,427           | 14,097           | 14,087           | 5,511            | 8,546            | 4,824            | 6,159            | 6,775            |
| Intergovernmental               | 69,593           | 59,740           | 49,230           | 40,791           | 16,489           | 18,663           | 23,669           | 19,540           | 15,391           | 26,727           |
| Lease Income                    | ---              | ---              | ---              | ---              | ---              | ---              | 3,659            | 1,306            | 3,013            | 3,017            |
| Reimbursement from Pension Fund | ---              | ---              | ---              | ---              | ---              | ---              | ---              | ---              | 4,017            | 3,929            |
| Other                           | 28,300           | 6,275            | 5,283            | 2,025            | 1,854            | 2,358            | 2,362            | 3,971            | 2,365            | 6,185            |
| <b>TOTAL</b>                    | <b>\$178,457</b> | <b>\$153,393</b> | <b>\$144,906</b> | <b>\$133,068</b> | <b>\$110,397</b> | <b>\$102,806</b> | <b>\$122,192</b> | <b>\$127,898</b> | <b>\$133,131</b> | <b>\$151,186</b> |

<sup>(1)</sup>Reflects revenues of the General, Special Revenue, Debt Service, Capital Projects Funds and Richmond Redevelopment Agency.

Source: City of Richmond, Finance Department

# City of Richmond Statistics

TABLE 2

## GOVERNMENTAL EXPENDITURES <sup>(1)</sup> (In Thousands)

|  | 1994             | 1995             | 1996             | 1997             | 1998             | 1999             | 2000             | 2001             | 2002             | 2003             |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Expenditures</b>                      |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Current:</b>                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General Government                       | \$15,394         | \$16,485         | \$18,055         | \$17,221         | \$18,341         | \$18,824         | \$25,213         | \$19,657         | \$17,316         | \$17,982         |
| Highways & Streets                       | 5,615            | 5,879            | 6,817            | 6,652            | 6,415            | 5,124            | 5,576            | 7,793            | 24,690           | 18,345           |
| Health and Sanitation                    | 4,915            | 4,735            | 5,338            | 5,013            | 5,225            | ---              | 296              | 956              | ---              | ---              |
| Housing & Redevelopment                  | 16,001           | 16,106           | 16,425           | 17,358           | 5,877            | 5,829            | 7,821            | 1,990            | 9,861            | 24,940           |
| Public Safety                            | 32,129           | 31,625           | 32,827           | 35,773           | 36,155           | 37,515           | 38,812           | 40,337           | 44,309           | 53,170           |
| Cultural & Recreational                  | 7,280            | 7,344            | 7,301            | 7,684            | 8,281            | 8,625            | 9,877            | 9,741            | 10,707           | 11,586           |
| Community Development                    | 5,213            | 5,537            | 5,031            | 6,119            | 6,440            | 6,969            | 8,572            | 9,600            | 6,140            | 8,557            |
| Other                                    | 2,804            | 1,467            | 2,550            | (7,283)          | 2,503            | 901              | 1,429            | 11,166           | 81               | 76               |
| Capital Outlay                           | 60,292           | 67,674           | 44,746           | 31,414           | 21,080           | 16,629           | 17,492           | 15,894           | 8,462            | 13,171           |
| <b>Debt Service</b>                      |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Principal Retirement                     | 2,590            | 3,607            | 12,939           | 7,062            | 10,985           | 5,671            | 14,827           | 13,437           | 12,989           | 6,245            |
| Interest & Fiscal Charges                | 8,159            | 9,351            | 9,353            | 8,153            | 14,830           | 6,586            | 7,796            | 12,004           | 13,939           | 13,930           |
| <b>Total Expenditures <sup>(1)</sup></b> | <b>\$160,392</b> | <b>\$169,810</b> | <b>\$161,382</b> | <b>\$135,166</b> | <b>\$136,132</b> | <b>\$112,673</b> | <b>\$137,711</b> | <b>\$142,575</b> | <b>\$148,494</b> | <b>\$168,002</b> |

<sup>(1)</sup> Reflects expenditures of the General, Special Revenue, Debt Service, Capital Projects Funds and Richmond Redevelopment Agency.

Source: City of Richmond, Finance Department

# City of Richmond

## Statistics

TABLE 3

### PROPERTY TAX LEVIES AND COLLECTIONS

*(In Thousands)*

| 1% TAX ROLL <sup>(1)</sup>                     | 1994     | 1995     | 1996     | 1997     | 1998     | 1999     | 2000     | 2001     | 2002     | 2003     |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Total Tax Levied and Collected                 | \$24,582 | \$25,359 | \$25,793 | \$26,458 | \$25,635 | \$26,379 | \$27,341 | \$28,125 | \$32,193 | \$32,890 |
| % of Increase (decrease)                       | -1.54%   | 3.16%    | 1.71%    | 2.58%    | -3.11%   | 2.90%    | 3.65%    | 2.87%    | 14.46%   | 2.17%    |
| <br>   |          |          |          |          |          |          |          |          |          |          |
| VOTER APPROVED<br>DEBT TAX ROLL <sup>(2)</sup> | 1994     | 1995     | 1996     | 1997     | 1998     | 1999     | 2000     | 2001     | 2002     | 2003     |
| Total Tax Levied and Collected                 | \$7,584  | \$7,739  | \$8,086  | \$8,317  | \$8,197  | \$8,202  | \$7,782  | \$9,129  | \$9,867  | \$10,656 |
| % of Increase (decrease)                       | 2.46%    | 2.04%    | 4.48%    | 2.86%    | -1.44%   | 0.06%    | -5.12%   | 17.31%   | 8.08%    | 8.00%    |

<sup>(1)</sup> The maximum tax rate is 1% of the assessed value or \$1/\$100 of the assessed value, excluding the tax rate for debt service.

<sup>(2)</sup> Voter approved tax roll for debt is in addition to the 1% rate shown in note (1).

Source: County of Contra Costa, Office of the Auditor-Controller.

# City of Richmond Statistics

TABLE 4

## ASSESSED VALUE OF PROPERTY (In Thousands)

|                                      | 1994               | 1995               | 1996               | 1997               | 1998               | 1999               | 2000               | 2001               | 2002               | 2003               |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>ASSESSED VALUE <sup>(1)</sup></b> |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Land                                 | \$1,453,862        | \$1,517,172        | \$1,553,620        | \$1,577,452        | \$1,597,176        | \$1,691,023        | \$1,772,263        | \$1,918,926        | \$2,111,424        | \$2,324,645        |
| Improvements                         | 4,018,299          | 4,350,186          | 4,421,284          | 4,563,209          | 4,456,155          | 4,498,749          | 4,591,723          | 4,784,954          | 5,616,334          | 5,626,587          |
| <b>Total Real Property</b>           | <b>\$5,472,161</b> | <b>\$5,867,358</b> | <b>\$5,974,904</b> | <b>\$6,140,661</b> | <b>\$6,053,331</b> | <b>\$6,189,772</b> | <b>\$6,363,986</b> | <b>\$6,703,880</b> | <b>\$7,727,758</b> | <b>\$7,951,232</b> |
| Personal Property                    | 474,024            | 452,669            | 463,630            | 476,532            | 372,732            | 375,648            | 453,809            | 491,488            | 496,737            | 522,772            |
| <b>TOTAL</b>                         | <b>\$5,946,185</b> | <b>\$6,320,027</b> | <b>\$6,438,534</b> | <b>\$6,617,193</b> | <b>\$6,426,063</b> | <b>\$6,565,420</b> | <b>\$6,817,795</b> | <b>\$7,195,368</b> | <b>\$8,224,495</b> | <b>\$8,474,004</b> |
| <b>EXEMPTIONS <sup>(2)</sup></b>     |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Homeowners <sup>(3)</sup>            | \$111,261          | \$112,398          | \$112,105          | \$111,660          | \$111,212          | \$111,686          | \$112,543          | \$114,012          | \$115,472          | \$116,607          |
| Other <sup>(3)</sup>                 | 98,658             | 103,693            | 132,008            | 165,908            | 190,382            | 198,631            | 209,783            | 208,302            | 240,583            | 245,704            |
| <b>TOTAL</b>                         | <b>\$209,919</b>   | <b>\$216,091</b>   | <b>\$244,113</b>   | <b>\$277,568</b>   | <b>\$301,594</b>   | <b>\$310,317</b>   | <b>\$322,326</b>   | <b>\$322,314</b>   | <b>\$356,055</b>   | <b>\$362,311</b>   |
| <b>ASSESSED VALUE</b>                |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| (Net of Exemptions)                  | \$5,736,266        | \$6,103,936        | \$6,194,421        | \$6,339,625        | \$6,124,469        | \$6,255,103        | \$6,495,469        | \$6,873,054        | \$7,868,440        | \$8,111,693        |
| <b>Less:</b>                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Redevelopment Tax</b>             |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Increments <sup>(3)</sup></b>     | 578,483            | 651,471            | 615,197            | 614,172            | 601,425            | 714,929            | 729,227            | 792,046            | 903,230            | 1,020,387          |
| <b>NET ASSESSED VALUE</b>            | <b>\$5,157,783</b> | <b>\$5,452,465</b> | <b>\$5,579,224</b> | <b>\$5,725,453</b> | <b>\$5,523,044</b> | <b>\$5,540,174</b> | <b>\$5,766,242</b> | <b>\$6,081,008</b> | <b>\$6,965,210</b> | <b>\$7,091,306</b> |
| <b>NET INCREASE (DECREASE)</b>       | <b>N/A</b>         | <b>\$294,682</b>   | <b>\$126,759</b>   | <b>\$146,229</b>   | <b>(\$202,409)</b> | <b>\$17,130</b>    | <b>\$226,068</b>   | <b>\$314,766</b>   | <b>\$884,202</b>   | <b>\$126,096</b>   |
| <b>% OF INCREASE (DECREASE)</b>      | <b>N/A</b>         | <b>5.71%</b>       | <b>2.32%</b>       | <b>2.62%</b>       | <b>-3.54%</b>      | <b>0.31%</b>       | <b>4.08%</b>       | <b>5.46%</b>       | <b>14.54%</b>      | <b>1.81%</b>       |

<sup>(1)</sup> Assessed value (full cash value) of taxable property represents all property within the City. For the fiscal year 1981-82 and thereafter, the assessed value is 100% of the full cash value in accordance with State legislation. The maximum tax rate is 1% of the full cash value or \$1/\$100 of the assessed value, excluding the tax rate for debt service.

<sup>(2)</sup> Exemptions are summarized as follows:

- (a) Homeowners' exemption arises from Article XIII(25) which reimburses local governments for revenues lost through the homeowners' exemption in Article XIII(3)(k).
- (b) Other exemptions are revenues lost to the City because of provisions of California Constitution, Article XIII(3).

<sup>(3)</sup> Tax increments are allocations made to the Redevelopment Agency under authority of California Constitution, Article XVI.

Source: County of Contra Costa, Office of the Auditor-Controller

# City of Richmond

## Statistics

TABLE 5

### PROPERTY TAX RATES

Direct and Overlapping Governments  
(per \$1,000 in Assessed Value)

|                                       | 1994   | 1995   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   | 2003   |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>CITY OF RICHMOND</b>               |        |        |        |        |        |        |        |        |        |        |
| General Fund                          | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1981 Pension Liability <sup>(1)</sup> | 0.1400 | 0.1400 | 0.1400 | 0.1400 | 0.1400 | 0.1400 | 0.1400 | 0.1400 | 0.1400 | 0.1400 |
| <b>Total</b>                          | 1.1400 | 1.1400 | 1.1400 | 1.1400 | 1.1400 | 1.1400 | 1.1400 | 1.1400 | 1.1400 | 1.1400 |
| <b>OTHER GOVERNMENTS</b>              |        |        |        |        |        |        |        |        |        |        |
| BART                                  | ---    | 0.0235 | 0.0230 | 0.0225 | 0.0220 | 0.0167 | ---    | ---    | ---    | ---    |
| West Contra Costa<br>Unified 1998     | ---    | ---    | ---    | ---    | ---    | 0.0061 | 0.0125 | 0.0204 | 0.0181 | 0.0161 |
| East Bay Regional<br>Parks District   | ---    | 0.0066 | 0.0094 | 0.0080 | 0.0081 | 0.0092 | 0.0088 | 0.0065 | 0.0072 | 0.0065 |
| West Contra Costa<br>Unified 2000     | ---    | ---    | ---    | ---    | ---    | ---    | ---    | ---    | 0.0069 | 0.0250 |
| West Contra Costa<br>Unified 2002     | ---    | ---    | ---    | ---    | ---    | ---    | ---    | ---    | ---    | 0.0115 |
| Community College<br>2002             | ---    | ---    | ---    | ---    | ---    | ---    | ---    | ---    | ---    | 0.0040 |
| <b>Total</b>                          | 0.0000 | 0.0301 | 0.0324 | 0.0305 | 0.0301 | 0.0320 | 0.0213 | 0.0269 | 0.0322 | 0.0631 |
| <b>Total Tax Rate</b>                 | 1.1400 | 1.1701 | 1.1724 | 1.1705 | 1.1701 | 1.1720 | 1.1613 | 1.1669 | 1.1722 | 1.2031 |

<sup>(1)</sup> Voter approved debt.

Source: County of Contra Costa, Office of the Auditor-Controller.

# City of Richmond

## Statistics

TABLE 6

### PRINCIPAL PROPERTY TAXPAYERS

| Property Taxpayer                        | Type of Business               | 2003<br>Assessed<br>Valuation | Tax Levy           | Percentage<br>of Total<br>Assessed<br>Valuation(1) |
|--|--------------------------------|-------------------------------|--------------------|--|
| Chevron USA                              | Petroleum/Coal Products        | \$2,449,586,603               | \$6,981,724        | 30.20  |
| Berlex Laboratories                      | Chemical Production            | 133,843,876                   | 340,371            | 1.65   |
| Kaiser Permanente                        | Hospitals                      | 95,606,750                    | 272,603            | 1.18   |
| United States of America                 | General Government             | 77,131,670                    | 219,917            | 0.95   |
| ICI Americas                             | Commercial/Industrial Property | 73,122,889                    | 208,477            | 0.90   |
| Watch Holdings                           | Apartments                     | 53,935,517                    | 137,165            | 0.66   |
| Marina Lakes Venture                     | Apartments                     | 45,172,905                    | 128,803            | 0.56   |
| Security Capital Pacific Trust           | Apartments                     | 42,703,037                    | 121,761            | 0.53   |
| MSC Pinole Point Steel                   | Primary Metal Industry         | 46,125,738                    | 117,304            | 0.57   |
| California Oils Corporation              | Food Products                  | 39,195,137                    | 111,759            | 0.48   |
| <b>ASSESSED PROPERTY VALUATION - NET</b> |                                | <b>\$3,056,424,122</b>        | <b>\$8,639,884</b> | <b>37.68</b>                                       |

(1) Based on total assessed value of \$8,111,692,985  
Source: Bret Harmon of Muni Services.

# City of Richmond

## Statistics

TABLE 7

### SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS

*(In Thousands)*

|                          | 1994            | 1995            | 1996            | 1997            | 1998            | 1999            | 2000            | 2001            | 2002            | 2003            |
|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Hilltop Assessments A-F  | \$ 1,956        | \$ 1,947        | \$ 1,955        | \$ 1,929        | \$ 1,921        | \$ 1,926        | \$ 711          | \$ 706          | \$ 700          | \$ 328          |
| Richmond Atlas West      | 191             | 190             | 191             | 192             | 0               | 0               | 0               | 0               | 0               | 0               |
| Pt. Richmond #812        | 11              | 13              | 12              | 0               | 0               | 0               | 0               | 0               | 0               | 0               |
| Seaport A.D. #816        | 36              | 41              | 39              | 42              | 40              | 41              | 38              | 0               | 0               | 0               |
| Richmond Assmt Dist 851  | ---             | 795             | 787             | 1,041           | 0               | 0               | 0               | 0               | (50)            | 0               |
| Richmond Assmt Dist 853  | ---             | 1,308           | 1,306           | 1,067           | 0               | 0               | 0               | 0               | (141)           | 0               |
| Richmond Assmt Dist 854  | ---             | 38              | 36              | 35              | 34              | 37              | 36              | 37              | 35              | 36              |
| Richmond Assmt Dist 852  | ---             | 778             | 746             | 725             | 727             | 730             | 729             | 732             | 732             | 732             |
| Harbor Navigation Impvmt | ---             | ---             | ---             | ---             | 264             | 225             | 224             | 224             | 222             | 225             |
| Richmond Atlas Refunding | ---             | ---             | ---             | ---             | 1,338           | 1,341           | 1,374           | 1,041           | 1,048           | 1,076           |
| Country Club Vista       | ---             | ---             | ---             | ---             | ---             | ---             | ---             | 1,011           | 962             | 964             |
| <b>Total Collected</b>   | <b>\$ 2,194</b> | <b>\$ 5,110</b> | <b>\$ 5,072</b> | <b>\$ 5,031</b> | <b>\$ 4,324</b> | <b>\$ 4,300</b> | <b>\$ 3,112</b> | <b>\$ 3,751</b> | <b>\$ 3,508</b> | <b>\$ 3,361</b> |

Source: Contra Costa County, Property Tax Settlement

**City of Richmond**  
**Statistics**

TABLE 8

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**COMPUTATION OF LEGAL DEBT MARGIN**  
(in Thousands)

|   |                            |
|---|----------------------------|
| Total assessed valuation (net of exemptions)    | \$ 8,111,693               |
| Less redevelopment tax increments               | <u>1,020,387</u>           |
| Basis of levy                                   | <u><u>7,091,306</u></u>    |
| <br>  |                            |
| Debt limit                                      |                            |
| 15 percent of valuation subject to taxation (1) | 1,063,696                  |
| Less amount of debt applicable to debt limit    | <u>49,549</u>              |
| Legal debt margin                               | <u><u>\$ 1,014,147</u></u> |

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<sup>(1)</sup> Section 43605 California Government Code

**City of Richmond  
Statistics**

TABLE 9

**PERCENTAGE OF NET GENERAL OBLIGATION  
BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA**

|   | 1994        | 1995        | 1996        | 1997        | 1998        | 1999        | 2000        | 2001        | 2002        | 2003        |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Population <sup>(1)*</sup>                            | 93          | 93          | 94          | 95          | 96          | 98          | 99          | 102         | 101         | 101         |
| Assessed Value <sup>(2)*</sup>                        | \$5,736,266 | \$6,103,936 | \$6,194,421 | \$6,339,625 | \$6,124,469 | \$6,255,103 | \$6,495,469 | \$6,873,054 | \$7,868,440 | \$8,111,693 |
| Gross Bonded Debt <sup>(3)*</sup>                     | 10,970      | 10,505      | 10,020      | 9,510       | 25,023      | 24,408      | 60,313      | 56,688      | 54,593      | 52,453      |
| Less:<br>Debt Service Fund <sup>(4)*</sup>            | 1,619       | 2,984       | 4,853       | 1,330       | 2,981       | 4,251       | 2,316       | 3,882       | 2,899       | 2,904       |
| Debt Payable *<br>From Enterprise Revenues            | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| Net Bonded Debt *                                     | 9,351       | 7,521       | 5,167       | 8,180       | 22,042      | 20,157      | 57,997      | 52,806      | 51,694      | 49,549      |
| Percentage of Net<br>Bonded Debt to<br>Assessed Value | 0.163%      | 0.123%      | 0.083%      | 0.129%      | 0.360%      | 0.322%      | 0.893%      | 0.768%      | 0.657%      | 0.611%      |
| Net Bonded Debt<br>per Capita                         | \$101       | \$81        | \$55        | \$86        | \$230       | \$206       | \$586       | \$518       | \$512       | \$491       |

\* In Thousands

<sup>(1)</sup> Source: State of California, Department of Finance, 1990 from the United States

<sup>(2)</sup> From the Assessed Value of Property Table.

<sup>(3)</sup> Amount does not include special assessment bonds and revenue bonds.

<sup>(4)</sup> Includes monies restricted for debt service payments and reserves set aside as required by bond indentures.

# City of Richmond

## Statistics

TABLE 10

### PERCENTAGE OF ANNUAL DEBT SERVICE EXPENDITURES TO TOTAL GENERAL GOVERNMENT EXPENDITURES

|  | 1994      | 1995      | 1996      | 1997      | 1998      | 1999      | 2000      | 2001      | 2002      | 2003      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Debt Service <sup>(1)</sup>                            |           |           |           |           |           |           |           |           |           |           |
| Principal  | \$2,590   | \$3,607   | \$12,939  | \$7,062   | \$10,985  | \$5,671   | \$14,827  | \$13,437  | \$12,989  | \$9,614   |
| Interest   | 8,159     | 9,351     | 9,353     | 8,153     | 14,830    | 6,586     | 7,796     | 12,004    | 13,939    | 12,612    |
| Total Debt Service                                     | \$10,749  | \$12,958  | \$22,292  | \$15,215  | \$25,815  | \$12,257  | \$22,623  | \$25,441  | \$26,928  | \$22,226  |
| Total Expenditures                                     | \$160,392 | \$169,810 | \$161,382 | \$135,166 | \$136,132 | \$112,673 | \$137,711 | \$142,575 | \$148,494 | \$168,002 |
| Percentage of Debt<br>Service to Total<br>Expenditures | 6.70%     | 7.63%     | 13.81%    | 11.26%    | 18.96%    | 10.88%    | 16.43%    | 17.84%    | 18.13%    | 13.23%    |

<sup>(1)</sup> Includes General, Special Revenue, Debt Service Capital Projects Funds and Richmond Redevelopment Agency.

Source: City of Richmond, Finance Department.

**City of Richmond**  
**Statistics**

TABLE 11

**DIRECT AND OVERLAPPING BONDED DEBT**

| <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>                                   | <u>% Applicable</u> | <u>Debt 7/1/03</u> |     |
|---|---------------------|--------------------|-----|
| Contra Costa Community College District                                       | 8.14%               | 4,071,500          |     |
| West Contra Costa Unified School District                                     | 54.81%              | 118,638,946        |     |
| East Bay Municipal Utility District   | 6.93%               | 331,648            |     |
| East Bay Municipal Utility District, Special District No. 1                   | 0.87%               | 363,051            |     |
| East Bay Regional Park District   | 3.64%               | 5,841,472          |     |
| City of Richmond Community Facilities District No. 1998-1                     | 100.00%             | 4,340,000          |     |
| City of Richmond 1915 Act Bonds   | 100.00%             | 27,911,934         |     |
| <b>TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT</b>                        |                     | <b>161,498,551</b> |     |
| Less: East Bay Municipal Utility District (100% self-supporting)              |                     | <u>(331,648)</u>   |     |
| <b>TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT</b>                          |                     | <b>161,166,903</b> |     |
| <br>  |                     |                    |     |
| <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>                   |                     |                    |     |
| Contra Costa County General Fund Obligations                                  | 8.14%               | 26,251,211         |     |
| Contra Costa County Pension Obligations                                       | 8.14%               | 47,776,219         |     |
| Contra Costa County Board of Education Certificates of Participation          | 8.14%               | 195,264            |     |
| Alameda-Contra Costa Transit District Certificates of Participation           | 7.12%               | 1,589,497          |     |
| Contra Costa Community College District Certificates of Participation         | 8.14%               | 110,338            |     |
| West Contra Costa Unified School District Certificates of Participation       | 54.81%              | 5,623,506          |     |
| <b>City of Richmond Port Terminal Authority</b>                               | <b>100.00%</b>      | <b>13,310,000</b>  |     |
| <b>City of Richmond General Fund Obligations</b>                              | <b>100.00%</b>      | <b>36,286,929</b>  | (1) |
| <b>City of Richmond Pension Obligations</b>                                   | <b>100.00%</b>      | <b>29,660,000</b>  |     |
| Contra Costa County Mosquito Abatement District Certificates of Participation | 8.14%               | 66,308             |     |
| <b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>              |                     | <b>160,869,272</b> |     |
| <br>  |                     |                    |     |
| <b>GROSS COMBINED TOTAL DEBT</b>  |                     | <b>322,367,823</b> | (2) |
| <b>NET COMBINED TOTAL DEBT</b>  |                     | <b>322,036,175</b> |     |

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

Ratios to 2002-03 Assessed Valuation:

|   |       |
|---|-------|
| Total Gross Overlapping Tax and Assessment Debt | 1.96% |
| Total Net Overlapping Tax and Assessment Debt   | 1.96% |

Ratios to Adjusted Assessed Valuation:

|  |              |
|--|--------------|
| <b>Combined Direct Debt (\$79,256,929)</b> | <b>1.10%</b> |
| Gross Combined Total Debt                  | 4.47%        |
| Net Combined Total Debt                    | 4.47%        |

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/02: \$0

Source: California Municipal Statistics, Inc. as of 7/1/03

# City of Richmond

## Statistics

TABLE 12

### ECONOMIC INDICES

|                                       | 1994         | 1995         | 1996          | 1997         | 1998         | 1999         | 2000         | 2001         | 2002         | 2003         |
|---------------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Port Activity                         |              |              |               |              |              |              |              |              |              |              |
| Revenue Tons <sup>(1)</sup>           | \$25,873,770 | \$18,769,456 | \$20,696,622  | \$20,872,133 | \$20,457,433 | \$22,827,043 | \$20,445,110 | \$21,936,281 | \$19,933,701 | N/A          |
| Building Permits                      |              |              |               |              |              |              |              |              |              |              |
| Issued                                | 1,440        | 1,677        | 2,026         | 1,891        | 2,084        | 2,002        | 1,927        | 1,912        | 1,856        | 2,073        |
| Authorized New Dwelling Units         | 36           | 64           | 55            | 101          | 122          | 96           | 474          | 548          | 242          | 410          |
| Public Buildings Value <sup>(1)</sup> | \$305,000    | \$100,000    | \$1,582,659   | \$161,000    | \$1,280,000  | \$1,113,140  | \$2,390,400  | \$300,000    | ---          | \$1,580,000  |
| Condominiums <sup>(1)</sup>           | ---          | \$5,346,995  | \$4,668,570   | \$1,787,228  | \$6,942,562  | \$2,720,994  | \$9,843,239  | ---          | ---          | ---          |
| Commercial Value <sup>(1)</sup>       | \$50,277,908 | \$48,181,552 | \$131,544,122 | \$31,148,318 | \$42,895,396 | \$43,197,295 | \$57,265,471 | \$80,346,754 | \$51,915,022 | \$71,194,023 |
| Residential Value <sup>(1)</sup>      | \$12,121,828 | \$12,845,513 | \$28,450,622  | \$22,873,245 | \$20,531,266 | \$23,117,161 | \$52,316,006 | \$84,566,774 | \$56,020,905 | \$83,471,814 |
| Taxable Retail Sales <sup>(1)</sup>   | \$768,339    | \$808,981    | \$742,847     | \$796,523    | \$876,379    | \$1,032,898  | \$1,156,218  | \$1,137,552  | \$1,071,887  | \$734,727    |
| No. of banks                          |              |              |               |              |              |              |              |              |              |              |
| Mechanics                             | 1            | 1            | 1             | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| No. of branches                       |              |              |               |              |              |              |              |              |              |              |
| Mechanics                             | 3            | 3            | 3             | 3            | 3            | 3            | 3            | 3            | 3            | 3            |
| Bank of America                       | 3            | 3            | 3             | 3            | 3            | 3            | 3            | 3            | 3            | 3            |
| First Republic                        | 1            | 1            | 1             | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Bank of the Orient                    |              |              |               |              |              |              |              |              |              |              |
| World Savings                         | 1            | 1            | 1             | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Bank of the West                      | 1            | 1            | 1             | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Citibank FSB                          | 1            | 1            | 1             | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Washington Mutual                     | 2            | 2            | 2             | 2            | 2            | 2            | 2            | 2            | 2            | 2            |
| Wells Fargo                           | 1            | 1            | 1             | 1            | 1            | 1            | 1            | 1            | 1            | 1            |

<sup>(1)</sup> In Thousands

Source: City of Richmond, Building Regulations Department

# City of Richmond Statistics

TABLE 13

## DEMOGRAPHIC STATISTICS

|  | 1994   | 1995   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001    | 2002    | 2003    |
|--|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|
| Population <sup>(1)</sup>                            | 93,000 | 93,000 | 93,500 | 94,800 | 96,300 | 97,800 | 99,216 | 101,716 | 101,076 | 101,373 |
| Population Percent Change                            | 0.80%  | 0.00%  | 0.54%  | 1.39%  | 1.58%  | 1.56%  | 1.45%  | 2.52%   | -0.63%  | 0.29%   |
| Public School Enrollment <sup>(2)</sup>              | 11,780 | 11,940 | 12,214 | 12,742 | 13,597 | 14,575 | 14,481 | 14,672  | 14,911  | 14,404  |
| Private School Enrollment <sup>(3)</sup>             | N/A    | N/A    | N/A    | N/A    | N/A    | N/A    | 2,015  | 1,892   | 1,976   | 1,907   |
| Contra Costa County Unemployment Rate <sup>(4)</sup> | 6.1%   | 5.7%   | 4.9%   | 4.1%   | 3.6%   | 3.0%   | 2.7%   | 3.3%    | 5.2%    | 5.5%    |

<sup>(1)</sup> Estimated by Contra Costa County Census

<sup>(2)</sup> West Contra Costa Unified School District

<sup>(3)</sup> Greatschools.net

<sup>(4)</sup> State of California Employment Development Department

# City of Richmond Statistics

TABLE 14

## MISCELLANEOUS STATISTICS

|  |                           |
|--|---------------------------|
| Date of Incorporation as a City  | August 7, 1905            |
| Form of government   | Council/Manager           |
| Number of authorized full-time employees   | 941                       |
| Elected officials  | 9                         |
| Land area in square miles  | 33.8                      |
| Water area in square miles   | 22.3                      |
| City of Richmond facilities and services   |                           |
| Miles of streets   | 270                       |
| Number of street lights  | 7,000                     |
| Culture and Recreation   |                           |
| Library branches   | 3                         |
| Library mobile units   | 1                         |
| Recreation centers   | 9                         |
| Parks (40 with playgrounds and play lots)  | 58                        |
| Park acreage   | 290                       |
| Swimming pools   | 2                         |
| Tennis courts  | 19                        |
| Softball/baseball fields (12 youth, 3 adult)                                       | 15                        |
| Football and soccer fields   | 15                        |
| Headstart centers/day cares (held within the City, one of which is City sponsored) | 5                         |
| Museums  | 1                         |
| Senior Centers   | 2                         |
| Auditorium/Theater   | 1                         |
| Gymnasiums   | 3                         |
| Fire Protection  |                           |
| Number of stations   | 7                         |
| Number of firefighters   | 101                       |
| Number of civilians  | 4                         |
| Number of firefighters and civilians per thousand population                       | 1/1000                    |
| Number of calls answered   | 11,857                    |
| Number of commercial inspections conducted   | 2,500                     |
| Police Protection  |                           |
| Number of stations and substations   | 8                         |
| Number of sworn officers and trainees  | 177                       |
| Number of civilians  | 89                        |
| Number of police officers per thousand population                                  | 1.7                       |
| Number of civilians per thousand population  | 0.9                       |
| Sewerage System  |                           |
| Miles of sanitary sewers   | 300                       |
| Miles of storm sewers  | 500                       |
| Amount of treatment in gallons daily average (based on wheather)                   | 6.78 MGD dry, 16M MGD wet |
| Water System   |                           |
| Number of fire hydrants  | 3,139                     |
| Daily average consumption in gallons per family                                    | 250                       |
| Harbor Facilities  |                           |
| Miles of waterfront  | 32 miles                  |
| Berthing length at wharves   | 9,017                     |
| Harbor area  | 22                        |
| Facilities and services not included in the reporting entity                       |                           |
| Education  |                           |
| West Contra Costa Unified School District  |                           |
| Number of elementary schools   | 17                        |
| Number of secondary schools  | 3                         |
| Number of high schools   | 8                         |
| Number of charter schools  | 2                         |
| Number of private schools  | 12                        |
| Number of special education schools  | 2                         |
| Area community colleges  | 1                         |
| Area universities and colleges   | 1                         |
| Hospitals  |                           |
| Number of hospitals  | 1                         |