



**City of Richmond, California**  
**Comprehensive Annual Financial Report**  
**For The Year Ended June 30, 2013**



**CITY OF RICHMOND, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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**CITY OF RICHMOND  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2013

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# FINANCE DEPARTMENT

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RICHMOND, CA 94804  
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March 18, 2014

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, 2013, 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).

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 aspects.

The City's financial statements have been audited by an independent auditing firm of 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, 2013, 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, 2013. The Independent Auditors' Report is presented as the first component of the Financial Section of this report.

Accounting standards require 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 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. Discretely presented component units, on the other hand, are reported in a separate column in the basic financial statements to emphasize their legal separateness from the City. Each blended component unit has a June 30 year-end. The City's sole discretely presented component unit is RHA Properties and also has a June 30 year-end. 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 Housing Authority, the Richmond Joint Powers Financing Authority, the Richmond Neighborhood Stabilization Corporation, the Richmond Surplus Property Authority and the Hilltop Redemption, Castro Street, Hilltop A-D, Seaport District 816, Point Richmond Parking, Hilltop E, San Pablo 854, Harbor Navigation, Country Club Vista, Cutting/Canal and Atlas Interchange Special Assessment Districts. The City also has one inactive component unit, Richmond Parking Authority.

### **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 103,828. 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 the Richmond Memorial Convention Center and the Port of Richmond.

The City Council is the governing body of the City and has six members elected at-large to alternating 4-year terms. The Mayor is elected at large and is a seventh 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, high-tech, bio-tech and medical technologies, retail centers and a multi-terminal shipping port on San Francisco Bay. Richmond also serves as a government center for western Contra Costa County. The Richmond economy is experiencing growth in light industrial and high technology companies, as well as retail. At the same time, the Port of Richmond has found success in the importation of automobiles.

A number of prime factors appear to be attracting 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 most of the Bay Area;
- Richmond's central location in western Contra Costa County; within a short distance of San Francisco, Oakland, other East Bay cities and Marin County, and a relatively easy commute to and from the State's capitol, Sacramento;
- 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 the Richmond Transit Village featuring an inter-modal station providing easy access to Bay Area Rapid Transit (BART, Amtrak and buses); and
- Availability of relatively affordable housing for employees in a variety of neighborhoods, housing types and price ranges.

Small business firms, with 20 or fewer employees, comprise a very high percentage of Richmond businesses. The City played a major role in building capacity to service this group by establishing the West Contra Costa Business Development Center, which is located in Richmond's historical Downtown. The Center supports the Richmond Main Street Initiative, provides small business loans through a revolving loan fund and a façade improvement program.

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 Lenders 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. Highlights of the City's activities and accomplishments for the fiscal year ended June 30, 2013 include the following:

#### **Public Safety**

- Received a grant award from the U.S. Department of Homeland Security in the amount of \$794,968 through its Port Security Grant Program. These funds have been awarded to fund the purchase of a Marine Patrol Unit (Police Boat)

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

- RichmondBUILD highlighted by the Environmental Protection Agency (EPA) Region 9 as one of their success stories.
- Approved for an \$825,000 Project HIRE grant from the State of California Employment Development Department's Workforce Services Division to provide training and employment services for up to 125 Richmond residents in career pathways aligned with the anticipated Lawrence Berkeley National Lab.
- Awarded \$75,000 from Stephen Bechtel Fund.
- Completed construction of the Bay Area Rapid Transit (BART) Garage complex.

#### **Recreation & Cultural Services**

- Richmond Public Library's Children's Room was featured in Demco Interiors' newest brochure.
- The Disabled Persons Recreation Center and Shields-Reid Community Center received their very own Imagination Playground.

#### **Public Works**

- Acknowledged for significant improvement by the Metropolitan Transportation Commission's (MTC) Annual Report on Bay Area Road Pavement Conditions.

Awarded the Public Works Project of the Year in the Disaster Emergency Construction /Repair category for the Via Verdi Emergence Response Project.

### **Strategic Support**

- Received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for the fiscal year ending June 30, 2012.
- Received the Achievement of Excellence in Procurement (AEP) Award from the National Purchasing Institute - July 2013.
- Received the Distinguished Budget Presentation Award for fiscal year 2012-13 from the Government Finance Officers Association (GFOA).
- Received the California Society of Municipal Finance Officers (CSMFO) Excellence Award in Operating and Capital Budgets for the fiscal year ending June 30, 2013.

### **Long-Term Financial Plan**

- Maintained a \$10 million contingency reserve.
- Completed an updated analysis of five-year historical revenue and expenditure trends.
- Updated five-year financial forecasts based on historical trends and other known factors.
- Adhered to the Debt Policy which reflects general debt service cannot exceed 10% of General Fund Revenue.
- Continued to use one-time moneys for one-time uses, and ensured revenues were adequate to finance the City's operations.

## **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. An updated Investment Policy was adopted by the City Council on July 31, 2012. 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), the Investment Trust of California 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, 2013 was 1.09 percent. 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, a component of the Human Resources Department, is responsible for managing and implementing city employee and retiree benefits in addition to 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.

Up until April 17, 2009, the City self-insured the first \$1 million of its Workers' Compensation program and purchased excess commercial insurance coverage for claims up to \$25 million in excess of the annually determined self-insured retention (\$1 million). Effective April 18, 2009, the City became a member of the California State Associate of Counties – Excess Insurance Authority (CSAC-EIA) to participate in their excess workers' compensation risk pool. The City's self-insured retention was reduced to \$750,000 effective with this change. The excess workers' compensation coverage is now renewed on a fiscal year basis on July 1<sup>st</sup>. 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 the first \$500,000 of liability risk exposures and purchases excess insurance from a governmental risk pool, currently with limits of \$40 million. 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.

The City's Risk Manager works with the City Attorney, outside legal counsel and the City Council to review claims and establish claim management strategies. The Risk Manager also works continuously to identify and coordinate 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 15 for a complete discussion of Richmond's risk management.

## **PENSION AND OTHER POST-EMPLOYMENT BENEFITS**

The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan that covers substantially all eligible City employees. 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. The City also contributes to three closed single-employer plans as follows:

**General Pension Plan** – Retirement and other benefits are paid from Secured Pension Override 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 Secured Pension Override Special Revenue 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.

**Garfield Pension Plan** – Retirement and other benefits are paid from the assets of the Plan and from related investment earnings. Benefit provisions have been established and may be amended upon agreement between the City and Mr. Garfield.

The City established the Secured Pension Override Special Revenue 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 Plans.

In addition to the pension benefits described above in Notes 11 and 12, 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, 2013, 479 retirees met those eligibility requirements. The City has funded these benefits on a pay-as-you-go basis. During fiscal year 2013, expenditures of \$3,185,768 were recognized for post-employment health care benefits. Please see Notes 11, 12, and 13 for a complete discussion of the City’s pension and other post-employment benefits

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current

comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **ACKNOWLEDGEMENTS**

The preparation of this CAFR represents the culmination of a concerted team effort by the entire staff of the Finance Department. They should be commended 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 Maze & Associates, 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,



James C. Goins  
Finance Director/Treasurer



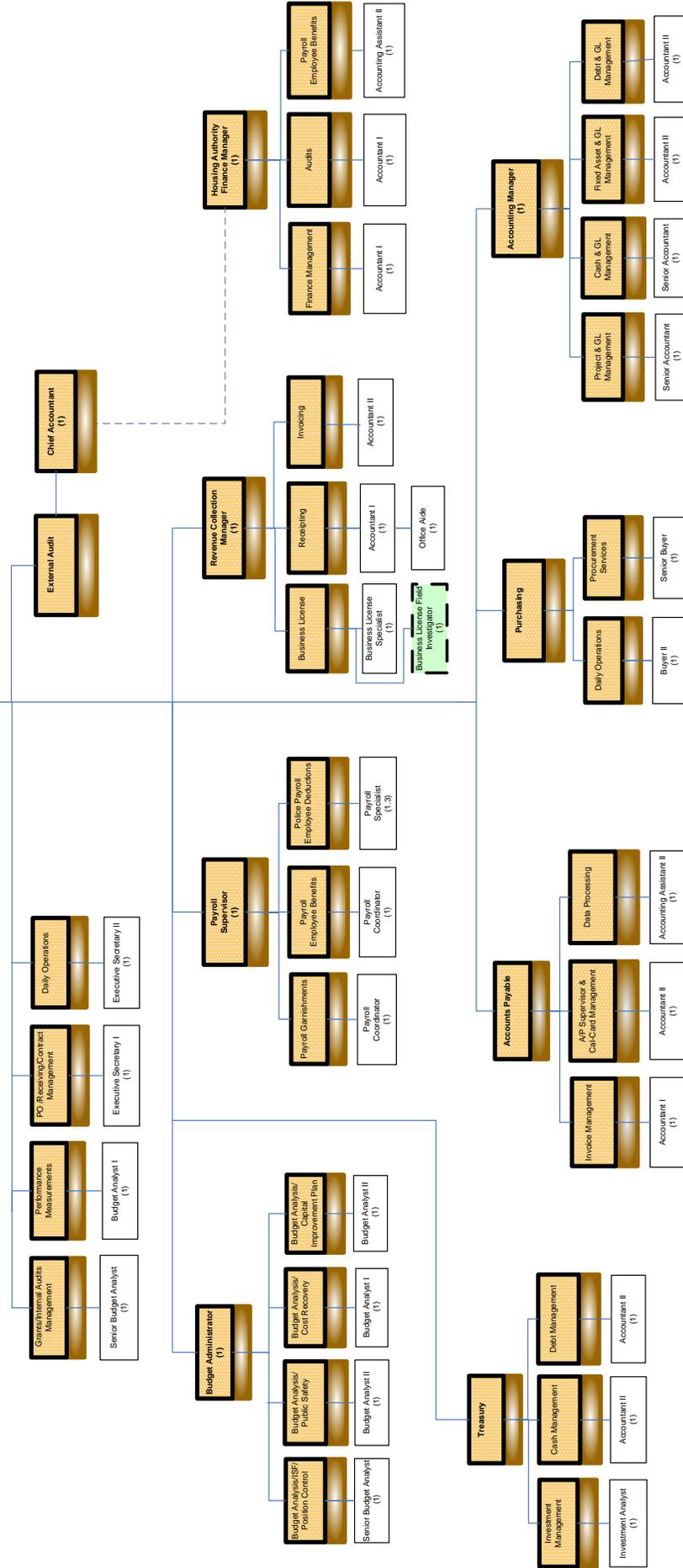
# Finance Department FY2013-15 Organizational Chart

Existing FTE = 31.8, Proposed FTE = 33.8

**Legend:**

- Existing Pos. (Solid box)
- Proposed Pos. (Dashed box)
- Reclassification (Dotted box)
- Main Program (Solid box)
- Sub-Program (Dotted box)

**James Goins**  
Finance Director/Treasurer (1)



The Housing Authority is located in Finance Department but will continue to be supported by their departments budget.

**CITY OFFICIALS**

**JUNE 30, 2013**

**CITY COUNCIL**

Mayor ..... Gayle McLaughlin  
Vice Mayor ..... Courtland "Corky" Boozé  
Councilmember ..... Tom Butt  
Councilmember ..... Nathaniel Bates  
Councilmember ..... Jovanka Beckles  
Councilmember ..... Jim Rogers  
Councilmember ..... Jael Myrick

**ADMINISTRATION AND DEPARTMENT HEADS**

City Manager ..... Bill Lindsay  
Asst. City Manager/Human Resources Director ..... Leslie Knight  
City Attorney ..... Bruce Goodmiller  
City Clerk ..... Diane Holmes  
Employment & Training Director ..... Sal Vaca  
Finance Director/Treasurer ..... James Goins  
Fire Chief ..... Michael Banks  
Housing Director ..... Patrick Lynch  
Information Technology Director ..... Sue Hartman  
Interim Engineer Director ..... Alan Wolken  
Library and Cultural Services Director ..... Katy Curl  
Neighborhood Safety Director ..... Devone Boggan  
Planning Director ..... Richard Mitchell  
Police Chief ..... Christopher Magnus  
Port Director ..... Jim Matzorkis  
Public Housing Director ..... Tim Jones  
Public Works Director ..... Yader Bermudez  
Recreation ..... Keith Jabari

**CITY OF RICHMOND, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For The Fiscal Year Ended June 30, 2013**

**Prepared by the City of Richmond Department of Finance  
Accounting Division**

**PROJECT TEAM**

James C. Goins  
*Finance Director/Treasurer*

General Accounting

Tina Mckenney, *Chief Accountant*  
Latha Ravinder, *Accounting Manager*  
Nena Gapasin, *Senior Accountant*  
Yolanda Skelton, *Senior Accountant*  
Crispin Nunez, *Accountant II*  
Rhonda Jackson, *Accountant II*  
Ted Ferrer, *Senior Accountant*  
Illuminada Hallare, *Senior Accountant*

Other Finance Department Contributors

Administration Division      Accounts Payable Division  
Treasury Division      Purchasing Division      Revenue Division  
Payroll Division      Budget Division  
Capital Projects/Grants Division

Special Assistance from Other Departments

HOUSING & COMMUNITY DEVELOPMENT  
RICHMOND HOUSING AUTHORITY



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Richmond  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

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## INDEPENDENT AUDITOR'S REPORT

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

### ***Report on Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Richmond as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements of RHA Properties, which represent 4.06%, 4.31% and 1.75% of the assets, net position and revenues, respectively, of the primary government. We did not audit the component unit financial statements of the Richmond Housing Authority (Authority), which is both a major fund and 21.16%, 65.74% and 37.05% of the assets, net position and revenues, respectively, of the business-type activities. These component unit financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the report of these other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matters***

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2013 that affected the format and nomenclature of the financial statements:

*Statement 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* See Note 2 to the financial statements for relevant disclosures.

Management early-implemented the provisions of the following Governmental Accounting Standards Board Statement during the year ended June 30, 2013 that also affected the format and nomenclature of the financial statements and required the restatement of net position:

*Statement 65 – Items Previously Report as Assets and Liabilities.* See Notes 2G and 2H to the financial statements for relevant disclosures.

As discussed in Note 18, pursuant to ABx1 26 adopted by the State of California which was validated by the California Supreme Court on December 28, 2011, the Richmond Community Redevelopment Agency was dissolved and its assets turned over to and liabilities assumed by Successor Agencies effective January 31, 2012. Certain transactions undertaken by the Richmond Community Redevelopment Agency prior to the date of dissolution may be subject to review by the State as discussed in Note 18, but the effect of that review cannot be determined as of June 30, 2013.

The City's position on these matters is not a position of settled law and there is considerable legal uncertainty regarding these matters. It is possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue favorably or unfavorably to the City. No provision for liabilities resulting from the outcome of these uncertain matters has been recorded in the accompanying financial statements.

On May 24, 2013, RHA Properties entered into a Purchase and Sale Agreement (PSA) with Menlo Capital Group, LLC (the Buyer) for the disposition of Westridge at Hilltop Apartments for a price of \$40 million. The disposition of Westridge at Hilltop Apartments, its primary asset will cause the liquidation of RHA Properties and discontinuation of the business operation, which raises substantial doubt about RHA Properties' ability to continue as a going concern. Management currently has no further plans for the entity after the property is sold.

As discussed in Note 10F, the Richmond Housing Authority restated the balance of a loan receivable from RHA Properties.

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

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2014, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pleasant Hill, California  
March 18, 2014

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2013**

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, 2013. We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 31.

**FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$232.9 million (net position). Of this amount, \$60.5 million is restricted for specific purposes (restricted net position), \$296.6 million is the net investment in capital assets and \$124.1 million represents a deficit in unrestricted net position.
- During fiscal year 2013, Business-Type Activities Net Position was restated by \$1.9 million changing the City's total net position at July 1, 2012 from \$243.7 million to \$241.8 million. After restatement, the City's total net position decreased by \$8.9 million during the fiscal year. This decrease is the net result of a \$28.6 million decrease and \$19.7 million increase in net position for governmental and business-type activities, respectively. The decrease in the governmental activities is largely due to \$11.5 million deficiency of revenues over expenses in various governmental activities, \$11.6 million of net internal service funds activities and \$4.6 million adjustment to the Other Post-Employment Benefits (OPEB) liability for retiree medical benefits. Conversely, business-type activities reported a positive change in net position in the Port, Richmond Marina, Municipal Sewer, Cable TV and Richmond Housing Authority. Restricted net position for governmental activities decreased \$6.7 million to \$51.3 million. Unrestricted deficit net position for governmental activities increased by \$799 thousand to \$117.8 million. Restricted net position for business-type activities increased by \$1 million to \$9.2 million. Unrestricted deficit net position for business-type activities increased by \$16.6 million to a \$6.3 million deficit.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$62.2 million, a decrease of \$11.4 million in comparison to prior year, primarily due to deficit spending in Cost Recovery, State Gax Tax, Secured Pension Override and various debt service and capital project funds. This decrease of \$11.4 million includes a \$22.1 million decrease in total assets and a \$10.6 million decrease in total liabilities and deferred inflows of resources. The ending fund balance includes \$26.4 million of nonspendable resources, \$38 million of resources restricted for a specific purpose, \$2 million of assigned resources and a deficit \$4.1 million of unassigned resources. The unassigned fund balance decreased

from prior year by \$3.2 million to deficit \$4.1 million. This \$4.1 million deficit is a net result of a positive \$10.2 million balance in General Fund and \$14.4 million in deficits occurring in Cost Recovery and other governmental funds.

- At the end of the fiscal year, the General Fund had a fund balance of \$36.8 million, of which \$26.4 million was nonspendable, \$220 thousand was assigned and the remaining \$10.2 million was unassigned. Total fund balance decreased \$533 thousand from prior year.
- The City implemented GASB Statement 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred inflows/outflows of resources. The City’s business-type activities report one item as Deferred Outflow of Resources which is the loss on refunding resulting from the difference in the carrying value of Wastewater Revenue Bonds, Series 1999 and Series 2006B refunded debt and its reacquisition price under Wastewater Revenue Refunding Bonds Series 2006A and 2008A, respectively. The City also reports Deferred Inflows of Resources in governmental funds from unavailable revenues. In addition, this statement amends GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments* to change the net asset reporting requirement to net position.
- As part of the early implementation of GASB Statement 65 – *Items previously reported as assets and liabilities*, the City restated its net position in business-type activities by \$1.9 million. The net position of the Port and Municipal Sewer were restated by \$2.1 million to adjust bond issuance costs outstanding as of July 1, 2012. Additionally, the Richmond Housing Authority restated its net position by a positive \$198 thousand to account for a previously unrecorded advance for a net \$1.9 million.
- The City reports \$21.5 million in other post-employment benefit (OPEB) liability for this fiscal year which is an increase of \$4.6 million over the \$16.9 million liability reported for fiscal year 2012. The increase represents the current year change in net OPEB obligation and was the result of the actuarially required contributions being in excess of actual contributions.
- The City participates in the miscellaneous and safety plans offered by the California Public Employees Retirement System and the City maintains three City funded single-employer pension plans. The City’s governmental activities report net pension assets of \$100.0 million for fiscal year 2013. This reflects a \$230 thousand increase from \$99.8 million assets reported for fiscal year 2012 due to contributions exceeding actuarially required contributions in the city funded pension plans.

## 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. The City implemented the provisions of GASB Statement 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* which replaced the financial statement term "net assets" with "net position". Additionally, the statement required reporting of deferred outflows of resources and deferred inflows of resources. See Note 2G for further discussion. The government-wide financial statements are now comprised of the *Statement of Net Position and Statement of Activities and Changes in Net Position*.

The *Statement of Net Position* presents information on all of the City's assets plus deferred outflows of resources less liabilities and deferred inflows of resources with the difference between the three reported as net position. Over time, increases or decreases in net position 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 Position* presents information showing how the government's net position changed during the fiscal year. All changes in net position 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 government-wide financial statements include the activities of the City and five blended component units which consist of the Richmond Housing Authority, Richmond Joint Powers Financing Authority, Richmond Neighborhood Stabilization Corporation, Richmond Surplus Property Authority and Richmond Parking Authority. Although legally separate, the City is financially accountable for the activities of these entities which are therefore shown as blended as part of the primary government. As of February 1, 2012, the activity of the Successor Agency to the Redevelopment Community Redevelopment Agency (Successor Agency) is reported with the City's fiduciary funds,

which is not included in the government-wide statements since the resources of those funds are not available to support the City's own programs. The Successor Agency is included as a fiduciary fund as the activities are under control of an Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

***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, Public Works, Community Development, Cultural and Recreational, and Housing & Redevelopment.

***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, Municipal Sewer District, Richmond Marina, Storm Sewer and Cable TV.

***Discretely Presented Component Unit*** - The RHA Properties is a legally separate reporting entity, but is important because the City is financially accountable for it.

The government-wide financial statements can be found on pages 31-33 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 state and other 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 implemented GASB Statement 63- *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* which requires the fund financial statements to report deferred inflows/outflows of resources. See Note 2G for further discussion.

The City has 19 governmental funds, of which three 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 three major funds are the General Fund, Cost Recovery Special Revenue Fund and the Community Development and Loan Programs. The basic governmental fund financial statements can be found on pages 36 through 39 of the financial report. Data from the other sixteen governmental funds are combined into a single, aggregated presentation and separately on pages 158 through 169 of the financial report.

***Proprietary Funds*** – Proprietary funds of the City are two types: (1) enterprise funds; and (2) internal service funds. The City maintains six enterprise funds that provide the same type of information as the government-wide financial statements, only in more detail. The major enterprise funds consist of the Richmond Housing Authority, Port of Richmond and Municipal Sewer. Enterprise funds financial statements can be found on pages 42 through 44 of the financial report.

The three internal service funds are also considered a proprietary fund type. The funds consist of the Insurance Reserves, Equipment Services and Replacement and Police Telecommunications.

***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, Pt. Molate Private-Purpose Trust Fund, Successor Agency to the Richmond Community Redevelopment Agency Private-Purpose Trust Fund 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 46-47.

#### **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 49 through 150 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 budgetary comparison

statements for the General Fund, the Cost Recovery Special Revenue Fund and the Community Development and Loan Programs Special Revenue Fund. Required supplementary information can be found on pages 151 through 154 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Analysis of Net Position:**

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. As of July 1, 2012, the City restated business-type activities thereby reducing it by \$1.9 million to \$60.1 million. The restatement was the net result of the implementation of GASB 65 in which \$2.1 million of previously deferred bond issuance costs, other than prepaid insurance, were treated as having been expensed in the year incurred and increasing net position by \$198 thousand to recognize an unrecorded advance as discussed in Notes 2H and 10F, respectively. After restatement, the City's combined net position (government and business-type activities) totaled \$232.9 million at the close of the fiscal year ending June 30, 2013. The City's net position decreased by \$8.9 million during the current fiscal year. This is a net result of governmental activities decrease of \$28.6 million and an increase in business-type activities of \$19.7 million.

The largest portion of the City's net position is invested in capital assets (e.g. land, streets, sewers, buildings, machinery, and equipment). Investment in capital assets totaled \$296.6 million, representing a \$22.4 million decrease from the prior year. Investment in 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's 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.

\$60.5 million of the City's net position is accounted for as restricted net position and represents resources that are subject to external restrictions on how they may be used. Restricted net position decreased \$5.7 million primarily due to reductions in governmental activities related to capital projects, debt service and resources available to fund pension benefits.

Unrestricted net deficits represent the net unfunded liabilities of the government. Overtime, increases and decreases in this account will allow the reader to determine if the City's condition is improving or deteriorating. The City's combined unrestricted deficit (government and business-type activities) increased by \$19.3 million to a deficit \$124.1 million at the close of the fiscal year ending June 30, 2013. This increase is the net result of \$799 thousand and \$18.5 million increase in governmental and business-type activities, respectively.

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 that provided for the dissolution of all redevelopment agencies in the State of California. In accordance with the timeline set forth in the bill, all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

The Successor Agency is a separate legal entity which was formed to hold the assets of the former Redevelopment Agency pursuant to City Council actions. The activity of the Successor Agency is overseen by an Oversight Board comprised of individuals appointed by various government agencies.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss in the governmental fund financial statements. The receipt of these assets and liabilities were also reported in the private-purpose trust fund as an extraordinary loss. During FY 2013, the State Department of Finance denied the prior year transfer of certain projects in progress to the City and required \$5,328,244 of those projects to be returned to the Successor Agency which has been reported as an extraordinary transfer of Capital Assets from governmental activities to the Successor Agency. See Note 6B for discussion.

**City of Richmond's Net Position**  
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	FY2013	FY2012	FY2013	FY2012 (A)	FY2013	FY2012
<b>Assets:</b>						
Current assets	\$ 219,076	\$ 253,003	\$ 46,732	\$ 33,849	\$ 265,808	\$ 286,852
Capital assets	301,254	310,607	185,022	182,046	486,276	492,653
Total assets	<u>520,330</u>	<u>563,610</u>	<u>231,754</u>	<u>215,895</u>	<u>752,084</u>	<u>779,505</u>
<b>Deferred Outflows of Resources:</b>						
Deferred charge on refunding	-	-	6,560	-	6,560	-
<b>Liabilities:</b>						
Current liabilities	114,170	130,213	17,496	19,738	131,666	149,951
Long-term liabilities	253,107	251,746	140,938	142,941	394,045	394,687
Total liabilities	<u>367,277</u>	<u>381,959</u>	<u>158,434</u>	<u>162,679</u>	<u>525,711</u>	<u>544,638</u>
<b>Net Position:</b>						
Invested in capital assets, net of related debt	219,606	242,281	76,966	76,732	296,572	319,013
Restricted	51,269	57,990	9,196	8,170	60,465	66,160
Unrestricted	(117,822)	(118,621)	(6,282)	(24,760)	(124,104)	(143,381)
Total net position	<u>\$ 153,053</u>	<u>\$ 181,650</u>	<u>\$ 79,880</u>	<u>\$ 60,142</u>	<u>\$ 232,933</u>	<u>\$ 241,792</u>

(A) Restated as discussed in Notes 2H, 8B and 10F

## Analysis of Activities:

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

<b>City of Richmond's Changes in Net Position</b>						
<b>For the Year Ended June 30, 2013</b>						
<b>(in thousands)</b>						
	Governmental		Business-type		Totals	
	Activities	Activities	Activities	Activities	Activities	Activities
	FY2013	FY2012	FY2013	FY2012 (A)	FY2013	FY2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 20,839	\$ 17,649	\$ 33,026	\$ 30,748	\$ 53,865	\$ 48,397
Operating grants/contributions	9,703	11,260	22,323	22,742	32,026	34,002
Capital grants/contributions	11,360	17,238	10,088	3,775	21,448	21,013
General revenues:						
Property taxes-current collections	47,208	52,220			47,208	52,220
Sales taxes	29,866	27,788			29,866	27,788
Utility user taxes	48,398	45,984			48,398	45,984
Documentary transfer taxes	2,958	2,766			2,958	2,766
Other taxes	3,290	3,785			3,290	3,785
Use of money and property	11,332	(22,064)	4,054	(5,331)	15,386	(27,395)
Unrestricted Intergovernmental	45	4,752			45	4,752
Pension stabilization revenue	2,550	2,544			2,550	2,544
Developer revenue sharing	-	56			-	56
Other	3,461	7,918			3,461	7,918
Total revenues	<u>191,010</u>	<u>171,896</u>	<u>69,491</u>	<u>51,934</u>	<u>260,501</u>	<u>223,830</u>
<b>Expenses:</b>						
General government	35,273	32,550			35,273	32,550
Public safety	97,137	100,403			97,137	100,403
Public works	46,012	42,748			46,012	42,748
Community development	4,909	5,846			4,909	5,846
Cultural & recreation	12,130	14,584			12,130	14,584
Housing & redevelopment	2,816	19,769			2,816	19,769
Interest and fiscal charges	15,412	19,633			15,412	19,633
Richmond Housing Authority			28,992	30,989	28,992	30,989
Port of Richmond			9,337	7,869	9,337	7,869
Richmond Marina			267	1,682	267	1,682
Municipal Sewer			16,964	14,656	16,964	14,656
Storm Sewer			2,816	2,745	2,816	2,745
Cable TV			991	1,037	991	1,037
Total expenses	<u>213,689</u>	<u>235,533</u>	<u>59,367</u>	<u>58,978</u>	<u>273,056</u>	<u>294,511</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenses	(22,679)	(63,637)	10,124	(7,044)	(12,555)	(70,681)
Extraordinary item	(5,328)	84,426	9,024		3,696	84,426
Transfers	(590)	1,030	590	(1,030)	-	-
Changes in Net Position	<u>(28,597)</u>	<u>21,819</u>	<u>19,738</u>	<u>(8,074)</u>	<u>(8,859)</u>	<u>13,745</u>
Net position at beginning of year, as restated						
	<u>181,650</u>	<u>159,831</u>	<u>60,142</u>	<u>68,216</u>	<u>241,792</u>	<u>228,047</u>
Net position at end of year	<u>\$ 153,053</u>	<u>\$ 181,650</u>	<u>\$ 79,880</u>	<u>\$ 60,142</u>	<u>\$ 232,933</u>	<u>\$ 241,792</u>

(A) Restated as discussed in Notes 2H, 8B and 10F

## **Governmental Activities:**

Governmental activities decreased the City's net position by \$28.6 million accounting for 321 percent of the City's total decrease in net position of \$8.9 million. Total expenses of \$213.7 million exceeded total revenues of \$191 million by \$22.7 million. Current year revenues (including Extraordinary Item) of \$185.1 million reflect a \$72.3 million decrease from the prior year. The \$72.3 million decrease is the net result of \$114.6 million in decreases offset by \$42.3 million increases in various revenue categories. 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 change in net position for governmental activities are as follows:

### *Revenues, Transfers and Extraordinary Highlights:*

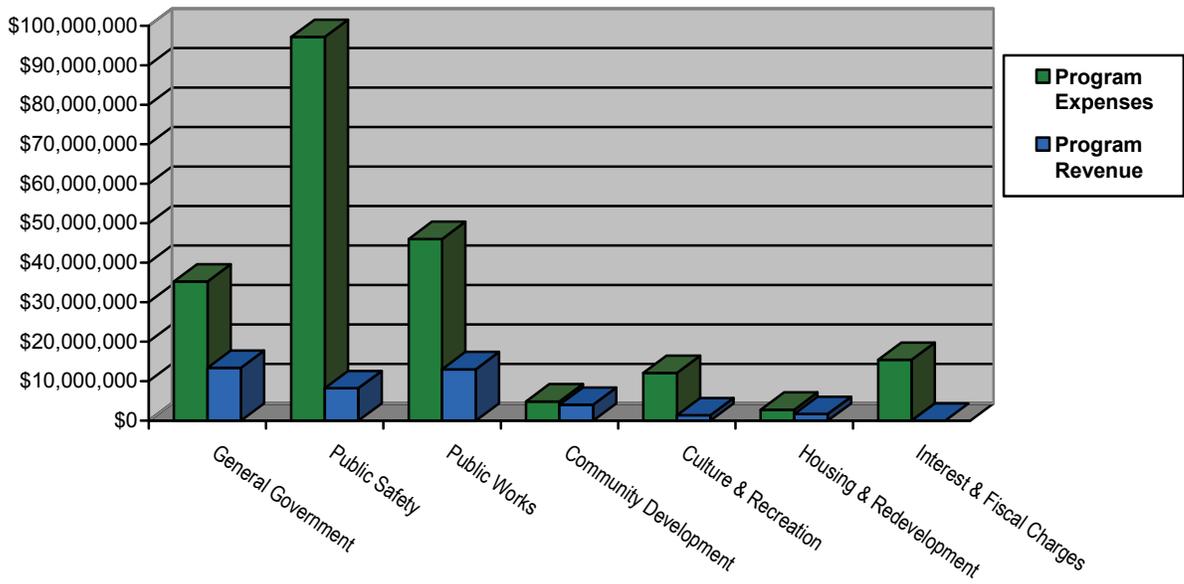
- Transfers and Extraordinary Items decreased by \$91.4 million the bulk of which, \$89.7 million represents the net result of \$84.4 million increase in prior year and \$5.3 million decrease in current year. This reflects the net amount of extraordinary transfers made in conjunction with the Redevelopment Agency dissolution that is fully discussed in Note 18 in each respective year.
- Capital grants of \$11.4 million represent a decrease of \$5.9 million which is the net result of a \$10 million decrease primarily due the reclassification of the former Redevelopment Agency grants to a private-purpose trust fund offset by \$3.8 million increases in public works grants.
- Property taxes (current collections) in the current year were \$47.2 million, a decrease of \$5 million, or approximately 10 percent from prior year receipts. This decrease is primarily due to the \$7.7 million decrease of tax increment associated with the former Redevelopment Agency being redirected to the Successor Agency as of February 1, 2012 offset by property tax increases.
- Operating grants of \$9.7 million represent a decrease of \$1.6 million from the prior year due to a decline in Community Development Block Grant, CalHome grant funding, Neighborhood Stabilization Program and Employment and Training grant funding.
- Unrestricted intergovernmental revenues of \$45 thousand represent a \$4.7 million decrease from prior year.
- Other revenues of \$3.5 million decreased \$4.5 million, or 56 percent from prior year, due to the non-recurring reimbursement of \$1.7 million from the OPEB Trust for fiscal year 2011 premiums and approximately \$1.5 million in Redevelopment Agency revenues that are accounted for in the Successor Agency private-purpose trust fund.
- The use of money and property increased \$33.4 million from prior year. The bulk of this increase was due to changes in the fair value of investment hedges (swap agreements) the City entered into in prior years in order to receive favorable interest rates on several bond issues. The current year \$11.5 million fair value adjustment is an approximately \$34.5 million favorable variance from the prior year unfavorable change of \$23 million.

- Charges for services of \$20.8 million increased \$3.2 million, or 18 percent, from prior year due to an increase in planning projects for a major corporation.
- Utility user taxes of \$48.4 million reflect a \$2.4 million or 5 percent increase from the prior year which is consistent with the terms of a settlement agreement reached with a major property tax taxpayer in the prior fiscal year.
- Current fiscal year receipts from sales tax of \$29.9 million reflect a \$2.1 million, or a 7.5 percent increase from the prior year due to a \$1.5 million increase in VLF swap revenue and a combined \$622 thousand increase in Triple Flip revenue, medical marijuana and State Board of Equalization collections.
- Documentary transfer taxes of \$3 million increased \$192 thousand, or 7 percent from prior year.

*Expense Highlights:*

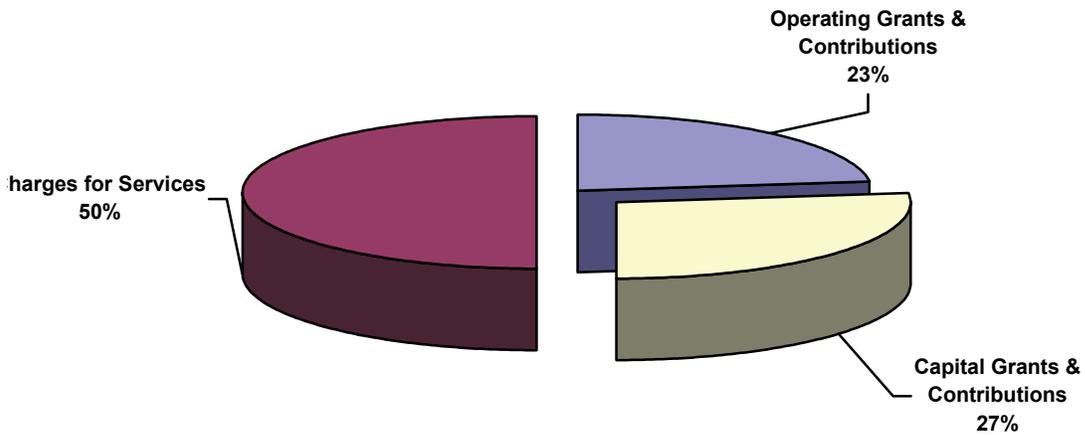
- Expenses of \$213.7 million reflect a \$21.8 million, or an approximately 9 percent, decrease from the prior year. The elements representing the \$21.8 million decrease in expenses are discussed below.
- Housing and redevelopment expenses declined by \$17 million, or 86 percent, along with current year interest and fiscal charges of \$15.4 million which represents a \$4.2 million, or 22 percent decline from the prior year as part of the dissolution of the Redevelopment Agency and subsequent reclassification of the Successor Agency activity to a private-purpose trust fund as of February 1, 2012.
- Public Safety expenses declined by \$3.3 million, or 3% in the prior year primarily due to the reduction in the pension and retiree medical expenses attributable to Public Safety.
- Cultural & Recreational expenses reported a \$2.5 million decrease from the prior year.
- Expenses for General Government and Public Works showed a combined increase of \$6 million which is partially attributed to a \$3 million increase in planning expenses associated with a major corporation's expansion. Additionally, internal service costs attributed to governmental activities increased by \$4.2 million.

### Expenses and Program Revenues Governmental Activities

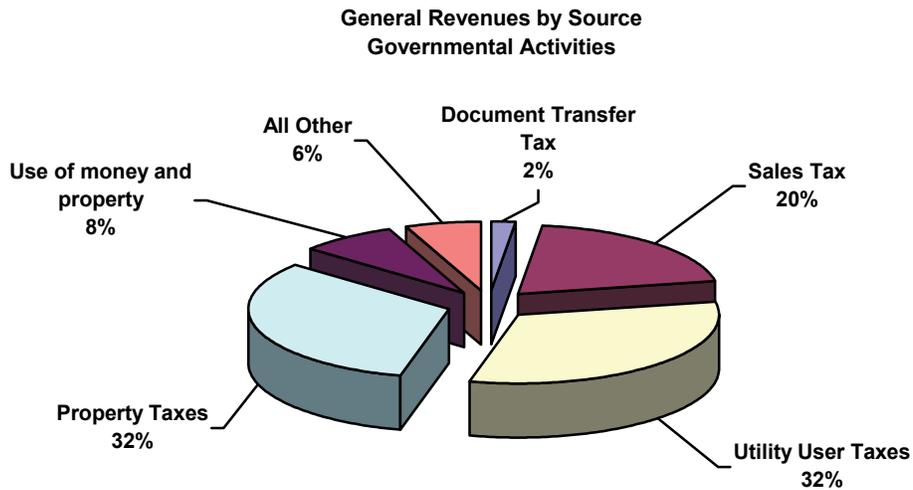


Total governmental activities expenses were \$213.7 million in fiscal year 2013. The largest expenses, in descending order, were for Public Safety, Public Works, General Government, Interest on Long Term Debt, Cultural and Recreation, Community Development and Housing and Redevelopment. These expenses do not include capital outlays, which are reflected in the City’s capital assets.

### Program Revenue by Source Governmental Activities



Total program revenues from governmental activities were \$41.9 million in fiscal year 2013. 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, 50 percent 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. The remaining 50 percent of governmental program revenues come from Operating Grants and Capital Grants Contributions which 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 and include property taxes, sales taxes, utility users’ tax, documentary transfer taxes, investment earnings, grants and contributions not related to specific programs and other miscellaneous general revenues. Total general revenues, transfers and extraordinary items from governmental activities were \$143.2 million in fiscal year 2013. The three largest components of general revenues received during fiscal year 2013 for governmental activities were Utility User Taxes of \$48.4 million, Property Taxes-current collections of \$47.2 million, and Sales Taxes of \$29.9 million. Due to their non-recurring nature, excluded from the chart are \$5.9 million extraordinary transfers to Successor Agency. The percentage breakdown of the remaining \$149.1 million of General Revenues is presented in the chart above.

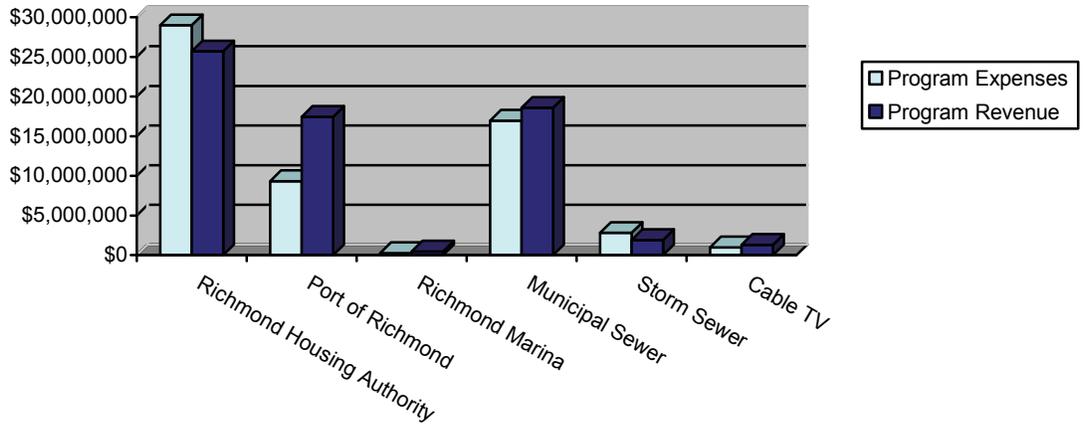
**Business Type Activities:** Business-type activities increased the City’s net position by \$19.7 million. Key factors contributing to the increase in business-type activities are as follows:

- The Richmond Housing Authority (“RHA”) net position increased by \$5.7 million. RHA’s operating loss of \$26.4 million declined \$2.3 million, or 8 percent from prior year due to an \$860 thousand decrease in salaries and benefits, \$960 thousand decrease in inspections, risk assessments and site monitoring maintenance costs and

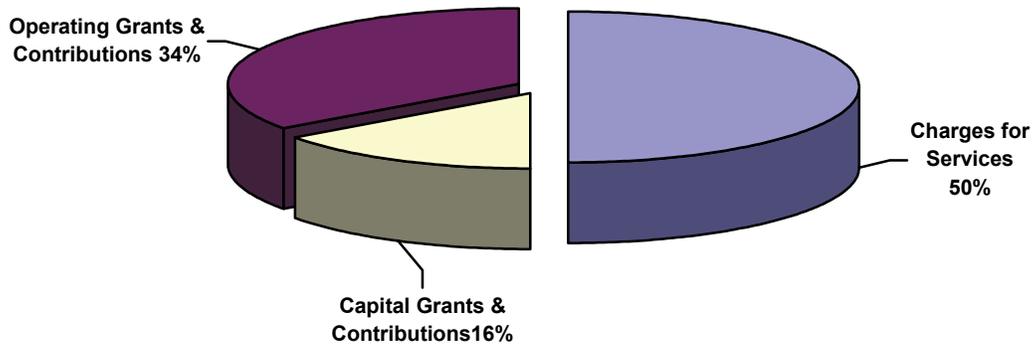
\$441 thousand in bad debt expense that resulted from the write-off in low income Public Housing program. Richmond Housing Authority's operating loss was mitigated by non-operating revenues, including \$22.3 million grants and \$9 million extraordinary transfer of Housing Authority debt that was assumed by RHA properties thus, resulting in the \$5.7 million positive change in net position.

- The Port of Richmond ("Port") reported total operating revenues of \$9 million and total operating expenses of \$5.9 million resulting in operating income of \$3.1 million. During the year, the Port incurred \$3.4 million interest expenses for the 2009A and 2009B Point Potrero Lease Revenue Bonds and received grants totaling \$8.4 million for lighting improvements, fiber optic installation and Security Center remodel resulting in a \$9 million increase in net position compared to the prior year.
- The Municipal Sewer fund reported an increase of \$5.7 million in its net position from the prior year. Although the Municipal Sewer reported operating income of approximately \$5.7 million, down \$2.3 million, or 28 percent, from prior year, there was a \$3.9 million non-operating gain representing an adjustment to interest income for changes in fair value of Swap Agreements attached to the 2006B Wastewater Bonds that offset the fund's \$4.9 million interest expense on the respective debt.
- The Richmond Marina fund reported an increase of \$122 thousand from the prior year mainly attributed to increase in lease income from berthing rentals. The change in net position represents a \$1.5 million increase due to major dredging expenses incurred in the prior year.
- The Cable TV fund also reported an increase of \$184 thousand. This increase can be attributed to an increase in Public Educational Governmental access fees (PEG).
- There was a decrease of \$901 thousand in the Storm Sewer net position from the prior year. The Storm Sewer Fund reported total operating revenues of \$1.8 million and total operating expenses of \$2.7 million resulting in an operating loss of \$901 thousand. The City is continuing to explore additional revenue sources to address the recurring issue of insufficient operating funds faced over the past few years.

### Expenses and Program Revenues Business-Type Activities



### Program Revenues by Source Business-Type Activities



## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

### **Governmental Funds:**

Types of governmental funds reported by the City include the General Fund, special revenue funds, capital projects funds and debt service 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.

Fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The objective is to enhance the usefulness of fund balance information by providing clearer fund balance categories and classifications that can be more consistently applied and understood: nonspendable, restricted, committed, assigned and unassigned. The contingency reserve is shown as a component of unassigned fund balance. The fund balance note disclosures also give users information necessary to understand the processes under which constraints are imposed upon the use of resources and how those constraints may be modified or eliminated. In particular, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$62.2 million, an \$11.4 million decrease from prior year. Of the total fund balance, \$26.4 million is nonspendable, \$38 million is restricted, \$2 million is assigned and the deficit \$4.1 million represents net unassigned fund balance.

The General Fund is the only fund that should report a positive unassigned fund balance. During fiscal year 2013, the General Fund reported an unassigned fund balance of \$10.2 million (which represents the \$10 million contingency reserve reported in current and prior years). All other governmental funds will only report unassigned fund balance if they are showing a deficit. The following governmental funds reported a cumulative \$14.4 million deficit unassigned fund balance at the end of the fiscal year:

- Cost Recovery Fund deficit of \$8.4 million
- Civic Center Debt Service deficit of \$3.5 million
- Developer Impact Fees deficit of \$2.0 million
- Paratransit Operations deficit of \$387 thousand
- General Debt Service deficit of \$13 thousand

The City's major governmental funds are General Fund, Cost Recovery Fund and Community Development and Loan Programs Fund. Financial highlights for the major funds are discussed below.

**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 salaries and administrative expenses.

At the end of the current fiscal year, the total fund balance decreased by \$533 thousand from the prior year to \$36.8 million.

During fiscal year 2013, General Fund revenues exceeded expenditures by \$8 thousand while other financing uses exceeded sources by \$1.3 million. In addition, the General Fund reported a \$745 thousand special item to convert accrued unpaid interest on the Port advance to principal. Altogether, the General Fund reported a \$533 thousand negative change in fund balance that can be partially attributed to a \$685 thousand prefunding of retiree medical expenditures.

General Fund revenues decreased by \$1.5 million, or 1 percent, from prior year while expenditures decreased by \$7.8 million, or 6 percent, from prior year. Additionally, net other financing sources decreased by \$4.4 million from prior year to a net other financing use of \$1.3 million. The combined property tax and sales tax increase of \$6.2 million was offset by the decline in Utility Users Tax and Intergovernmental revenues of \$5.7 million. The overall decrease in the revenues can be attributed to a \$1.7 million non-recurring PARS drawdown that occurred during the prior fiscal year. The \$7.8 million decrease in expenditures is primarily due to a \$1 million decrease in General government expenditures mainly attributed to prior year recording of National Park Service expenditures and \$5.4 million decline in Public Safety expenditures attributed to decreases in worker's comp, internal service cost allocations and overtime. The \$1.3 million other financing uses is partially attributed to \$843 thousand adjustment to reduce the principal balance of the Port advance and \$212 thousand forgiveness of an advance to an impact fee fund. A \$745 thousand special item was recorded to restructure the interfund advance to the Port which resulted in a \$533 thousand net change in fund balance.

At the end of the fiscal year, the total fund balance for the General Fund of \$36.8 million included \$26.4 million nonspendable fund balance, \$220 thousand assigned fund balance and \$10.2 million unassigned fund balance. The majority of the nonspendable fund balance represents advances to other funds and loans to third parties while the assigned fund balance is to meet future appropriations for specific programs. The \$10.2 million reported as unassigned fund balance represents the contingency reserve that is reflected as a component of unassigned fund balance. The \$423 thousand increase in nonspendable fund balance was offset by a combined \$956 thousand decline in assigned and unassigned fund balance for a net decrease of \$533 thousand in total fund balance.

**Cost Recovery** This fund was established to record the receipt and use of monies for services provided to the public and developers. At the end of fiscal year 2013, total fund balance decreased by \$2.2 million from the prior year to a deficit \$8.4 million. During fiscal year 2013, Cost Recovery expenditures exceeded the revenues by \$7.1 million; however, the fund also reported net other financing sources of \$4.9 million which

represented a subsidy from the General Fund. The \$2.2 million negative change in fund balance for the year can be attributed to the increase in current year expenditures to repair the Via Verde Sinkhole. The entire \$8.4 million deficit fund balance is attributed to a negative residual unassigned fund balance.

***Community Development and Loan Programs*** This fund was established to account for the receipt of Community Development Block Grant, HOME Investment Partnership Program and Neighborhood Stabilization Program grant monies and the use of the grants. In conjunction with the dissolution of the Redevelopment Agency, this fund also accounts for the low and moderate income housing activities of the City as Housing Successor to the former Redevelopment Agency's low and moderate income housing activities. At the end of fiscal year 2013, total fund balance decreased by \$478 thousand from the prior year to \$18.7 million. This decrease can be attributed to a decline in intergovernmental grant receipts.

### **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's major enterprise funds are the Richmond Housing Authority, Port of Richmond, and Municipal Sewer District.

### **Enterprise Funds:**

***Richmond Housing Authority*** The 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's prior year net position was restated by \$198 thousand from \$45.9 million to \$46.1 million to recognize in unrecorded advance to RHA Properties as discussed in Note 10F. After restatement, RHA's total net position was \$51.9 million at June 30, 2013, a \$5.7 million increase from prior year. Of the \$51.9 million, \$39.2 million is invested in capital assets, net of related debt; \$161 thousand is restricted for housing programs and \$12.5 million is unrestricted, of which, \$12 million is due from a developer as reimbursement of various projects associated with the Hope VI grant revitalization. RHA reported a net loss of \$4.1 million which was offset by a \$758 thousand capital grant contribution for projects and \$9 million extraordinary item recorded to reflect RHA Properties' assumption of Housing Authority debt which resulted in the \$5.7 million positive change in net position. The \$9 million assumption of debt by the RHA Properties is expected to be extinguished using the sale proceeds of Westridge at Hilltop apartment complex at which point, \$2.3 million will reimburse the Authority's Public Housing/Section 8 programs and approximately \$6.6 million will be available to reimburse the City of Richmond for prior advances.

***The Port of Richmond*** The Port of Richmond (“Port”) is a public enterprise established by the City of Richmond and is administered as a department of the City. Operations include the marine terminal facilities and commercial property rentals. The Port’s prior year net position was restated by \$449 thousand from \$228 thousand to a deficit \$221 thousand to restate 2009 lease revenue refunding and 2009 Point Potrero Lease Revenue bond issuance costs in conjunction with the GASB 65 implementation as discussed in Note 2H. The Port had total net position of \$8.8 million as of June 30, 2013, which represents a \$9 million increase in net position from the prior year. The Port reported an operating income of \$3.1 million at the end of the fiscal year as the result of a sustained increase in service charges and lease income exceeding operating expenses. However, the Port also reported deficit nonoperating expenses of \$3.3 million due to interest expense incurred in conjunction with the Series 2009A and 2009B Point Potrero Lease Revenue Bonds that were issued to fund the construction at the Port that offset the operating income above. The positive change in net position of \$9 million can mainly be attributed to the receipt of a \$4.4 million state grant contribution to fund installation of a fiber optic network and an additional \$4 million federal grant to offset Security Center construction expenses at the Port in addition to an \$843 thousand adjustment to reduce the principal balance of the Port advance to account for the prior year Red Oak Victory Ship berthing rental offset as part of the restructuring of this advance from the General Fund.

***Municipal Sewer Fund*** This fund is used to account for a variety of sewer service-related revenues and expenses. The Municipal Sewer fund’s prior year net position was restated by \$1.6 million from \$11.9 million to \$10.3 million to restate bond issuance costs for Wastewater 2006A, 2010A and 2010B Revenue bonds and 2008A Refunding Revenue Bonds to implement GASB 65 as discussed in Note 2H. At the end of fiscal year 2013, the total net position for the sewer fund were \$15.8 million, which was a \$5.6 million increase from the prior fiscal year. The Municipal Sewer reported a \$5.7 million operating income which is a \$2.3 million decrease from prior year. This decrease is partially attributed to a \$1.9 million increase in depreciation expense due to the capitalization of \$51.3 million of various Wastewater projects.

### **Fiduciary Funds:**

The City’s fiduciary funds are the pension trust funds, private-purpose trust fund and various agency funds. The Pension Trust Funds which include the General Pension, Police and Fireman’s Pension and Garfield Pension 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 with the assets not being accessible for City operations. The City also uses Private-Purpose Trust Funds to account for a pass-thru federal grant which is being used for pollution remediation in the development of the Naval Fuel Depot Point Molate (Point Molate) and the Successor Agency activities associated with the dissolution of the former Redevelopment Agency. As with the Pension Trust Funds, the assets of the Private Purpose Trust Fund are not accessible for City operations. The City also uses various agency funds 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 nor can they be used for City operations.

***The Pension Trust Funds*** total assets at June 30, 2013 were \$21.1 million held in trust for employees' pension benefits. Net Position increased by \$3.3 million primarily due to \$5.8 million contribution from the City to fund current pension payments and Annual Required Contributions in the Police and Fire and General Pension funds.

***The Pt. Molate Private-Purpose Trust Fund*** total assets at June 30, 2013 were \$19.7 million to be held in trust for pollution remediation costs incurred by the Developer of Point Molate. Net position decreased by \$1.5 million due to ongoing remediation activities.

***The Successor Agency to the Richmond Community Redevelopment Agency Private-Purpose Trust Fund*** - On December 29, 2011, the California Supreme Court upheld ABx1 26 that provided for the dissolution of all redevelopment agencies in the State of California. In accordance with the timeline set forth in the bill, all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

The Successor Agency is a separate legal entity which was formed to hold the assets of the former Redevelopment Agency pursuant to City Council action. The activity of the Successor Agency is overseen by an Oversight Board comprised of individuals appointed by various government agencies.

During the prior year, the transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss in the governmental fund financial statements, but as an extraordinary gain in the governmental activities due to the transfer of the long-term debt. The receipt of these assets and liabilities were reported in the private-purpose trust fund as an extraordinary loss. Because of the different measurement focus of the governmental funds and trust funds, the extraordinary loss recognized in the governmental fund was not the same as the extraordinary loss recognized in the fiduciary fund financial statements. As of June 30, 2013, \$5,328,244 of projects in progress was transferred back to Successor Agency after the State Department of Finance denied the original transfer. This transaction is shown as a transfer of capital assets from the City and an extraordinary gain in the Fiduciary Statements.

As of June 30, 2013, total assets accounted for \$80.7 million while liabilities were \$151.6 million resulting in a \$70.9 million net deficit.

***Agency Funds*** total assets at June 30, 2013 were \$22.6 million which is recorded on the City books as a liability to third parties.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The adopted budget, excluding transfers and proceeds from sale of property, reflected \$130.1 million in estimated revenues and \$130.3 million in appropriations.

Budget adjustments reflect extensive analysis and updates arising from the Mid-Year Revenue and Expenditure Review, and Council approved amendments that occurred during the fiscal year.

The final amended budget included a \$6 million increase in estimated revenue and a \$2.9 million increase in appropriations. Actual revenues of \$127.1 million were \$3 million less than adjusted operating revenue projections, a variance of 2.3 percent. Key elements of the decreases in revenues are discussed as follows:

The original budget for property tax of \$28.8 million was adjusted upward at Mid-Year to \$33 million. Final property taxes totaled \$32.5 million causing a \$551 thousand variance of the revenue expected to be collected due to an adjustment by Contra Costa County.

The utility user tax is a tax imposed on various utilities and is usually collected from customers through their utility bills. Actual revenue of \$48.4 million is \$822 thousand below the projected budget of \$49.2 million as a result of a decrease in several utility payments due to variances in projected growth.

Other taxes' original budget of \$6.1 million was followed by an increase adjustment to \$7 million at Mid-Year. Actual other tax revenue of \$6.2 million is \$765 thousand lower than projected as a result lower than expected gas and electricity franchise fees.

Licenses, permits and fees revenue actual revenue of \$2.5 million is \$305 thousand below the projected budget of \$2.8 million as a result of lower than expected growth in business licenses.

Intergovernmental actual revenues of \$2.2 million are \$651 thousand below the projected budget of \$2.8 million as a result of several Office of Neighborhood Safety grants that were budgeted but not received.

Charges for services actual revenues were \$2.8 million; \$139 thousand less than the final budget of \$3 million.

The final adjusted appropriations were \$130.3 million, an increase of \$2.9 million over the original adopted budget appropriation. Actual operating expenditures of \$127.1 million were \$3.2 million less than final appropriations. Public works actual was \$802 thousand less than budget; cultural and recreational expenditures were \$683 thousand lower than budget and, capital outlay \$2.7 million less than budget. This is largely due to salary and benefit savings in public works and cultural and recreational as a result of vacancies remaining at year end; and, capital projects budget from the prior year for new Police radios that inadvertently carried forward.

Operating transfers out of \$10.5 million were less than budget appropriations by \$780 thousand as a result of operating savings realized in other operating funds resulting in lower than expected operating transfers to those operating funds. Additionally, operating transfers in of \$9 million were \$1.5 million less than final budget of \$10.5 million. This reduction was due to mid-year adjustment to suspend the General Liability allocation for the second half of the fiscal year. The City also recorded a \$745 thousand special item to convert accrued unpaid interest on the Port advance to principal.

## 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, 2013 amounted to \$486.3 million, net of accumulated depreciation which is \$6.4 million less than prior year. 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.

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

### Capital Assets by Type

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 14,254,885	\$ 14,121,936	\$ 8,231,777	\$ 11,611,407	\$ 22,486,662	\$ 25,733,343
Construction in Progress	64,112,320	56,884,384	16,863,271	57,339,422	80,975,591	114,223,806
Building and improvements	116,329,769	118,664,466	43,909,206	45,424,840	160,238,975	164,089,306
Machinery and equipment	14,735,559	16,773,200	2,018,486	2,461,806	16,754,045	19,235,006
Infrastructure	91,821,319	104,163,397	113,999,231	65,208,806	205,820,550	169,372,203
Total Capital assets	<u>\$ 301,253,852</u>	<u>\$ 310,607,383</u>	<u>\$ 185,021,971</u>	<u>\$ 182,046,281</u>	<u>\$ 486,275,823</u>	<u>\$ 492,653,664</u>

The City's infrastructure assets are recorded at historical cost in the government-wide financial statements.

Additional information about the City's capital assets can be found in Note 6 on pages 75 through 78 in the financial statements.

## Debt Administration:

*Long Term Debt* – The City restated business-type activities beginning balance for long-term debt by \$6.9 million from \$136 million to \$142.9 million to implement GASB Statement No. 65 and restate the deferred amount on refunding as discussed in Note 8B. After restatement, the City’s total debt outstanding at June 30, 2013 decreased \$642 thousand from \$394.7 million to \$394 million.

### Outstanding Debt June 30

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012 (A)	2013	2012
Revenue bonds	\$ -	\$ 405,000	\$ 90,096,593	\$ 91,131,128	\$ 90,096,593	\$ 91,536,128
Lease revenue bonds	87,121,545	87,121,545	47,834,187	48,293,974	134,955,732	135,415,519
Pension obligation bonds	156,483,676	155,060,554	-	-	156,483,676	155,060,554
Total bonds payable	243,605,221	242,587,099	137,930,780	139,425,102	381,536,001	382,012,201
Loans payable	1,231,880	635,646	3,007,372	3,516,009	4,239,252	4,151,655
Capital leases	8,269,494	8,523,072	-	-	8,269,494	8,523,072
Total outstanding debt	\$ 253,106,595	\$ 251,745,817	\$ 140,938,152	\$ 142,941,111	\$ 394,044,747	\$ 394,686,928

(A) Restated as discussed in Note 8.

The City does not have any general obligation bonds as of June 30, 2013.

The City maintains an Issuer Credit Rating of “A+” from Standard & Poor’s Ratings Services (“S&P”) and “A3” from Moody’s Investor Services (“Moody’s”). Other credit ratings include S&P’s assigned underlying rating (SPUR) of “AA-” for the Wastewater Enterprise Fund having risen from “A+” in October, 2008. For all ratings, specific credit strengths include strong financial controls, policies, and management practices.

The City has purchased municipal bond insurance policies on its bond issuances in the past, including the 2007 Lease Revenue Bonds, resulting in the debt issues being assigned the ratings of the respective bond insurers. In fiscal year 2008, the City’s variable rate debt was affected by the credit downgrades of bond insurers MBIA and Ambac; resulting in higher than anticipated rate resets. In November 2009, the City refunded the 2007 Lease Revenue Bonds with fixed rate bonds. In October 2008, the City refunded its 2006 Wastewater Bonds, Series A with a new bond issue, which is supported by a Letter of Credit from Union Bank of California, and removes Ambac as the bond insurer. Since this restructuring, the bonds have traded at a level below the Securities Industry & Financial Market Association Index (“SIFMA”).

For more detailed information on the City’s long-term debt see Note 8 on pages 79 through 104.

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

- The East Bay economy continues to recover and with it the City of Richmond. And, with real estate one of the driving forces, assessed valuation (“AV”) within the City of Richmond is set to rise in the coming years. Unfortunately, there was a fire at the Chevron refinery in August 2012 which contributed to a 14.7% decline for the City's 2013-14 AV roll, and an 18.6% decline in subsequent property taxes. Excluding the Refinery, the rest of the city experienced assessed valuation growth of 2.2%. It is expected that the AV in the City will return to a positive growth in 2014-15 and grow by 6% to 7% over the next five fiscal years with improvement in the local economy, including residential and commercial real estate.
- The City has formally adopted debt and investment policies to guide critical financing and investment decisions. The City was also one of the first cities to adopt a swap policy.
- The City has established a reserves policy and has funded a \$10 million contingency reserve within the General Fund, equating to over seven percent of the City's current budget level.
- The City has adopted a structurally balanced budget policy requiring one-time revenues to be spent only on one-time expenditures, and on-going revenues to be spent on on-going expenditures. Additionally, the City Manager has recommended to the City Council that City services only be expanded if a specific, new revenue stream can be identified, thus preventing the creation of structural deficits. The final fiscal year 2012-13 budget reflected a \$730 thousand deficit, and an actual \$533 thousand deficit resulting primarily from operating transfers that did not materialize due to fund balance constraints.
- The City has adopted a Five-Year Financial Plan, which is tied to both the Five-Year Strategic Business Plan and the City's General Plan. The Five-Year Financial Plan enables the City to better plan how it will fund and incorporate strategic goals. The City updates this Plan annually.
- The City continues to closely monitor revenue and expenditures through monthly variance reports to assure adherence to budget controls. Simultaneously, position control is strictly enforced, ensuring that any employee hired is moving into a funded position.
- The Department of Housing and Urban Development (HUD) has historically been underfunded to meet the subsidy needs of Public Housing Authorities (PHAs). We do not expect this consistent trend to change. Even if HUD was fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs. Further, funding for the Departments of

Defense and Homeland Security will probably result in reduced appropriations for all other domestic program spending. These issues will continue to impact the Richmond Housing Authority.

The City continues to search for and identify opportunities to refinance its debt obligations that should extract additional one-time funding for critical infrastructure improvements.

## **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, 450 Civic Center Plaza, Richmond, CA 94804. Alternatively, you may send your inquiries via e-mail to [Finance@ci.richmond.ca.us](mailto:Finance@ci.richmond.ca.us).

**CITY OF RICHMOND**  
**JUNE 30, 2013**

<b>STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES</b>
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The purpose of the Statement of Net Position and the Statement of Activities is to summarize the entire City's financial activities and financial position.

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the City's net position, by subtracting total liabilities and deferred inflows of resources from total assets and deferred outflows of resources and summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds primarily service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business Type Activities include all its Enterprise Fund activities and any portion of the Internal Service Fund balances that service Enterprise Funds. Fiduciary activity is excluded.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, deferred outflows/inflows of resources, available revenues and measurable expenditures.

Both these Statements include the financial activities of the City, Richmond Joint Powers Finance Authority, City of Richmond Housing Authority, Richmond Neighborhood Stabilization Corporation and Richmond Surplus Property Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the activities of these entities. The balances and the activities of the discretely presented component unit of the RHA Properties are included in these Statements as separate columns.

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CITY OF RICHMOND  
STATEMENT OF NET POSITION  
JUNE 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	RHA Properties
<b>ASSETS</b>				
Cash and investments (Note 3)	\$22,425,306	\$21,984,565	\$44,409,871	\$359,140
Restricted cash and investments (Note 3)	14,364,898	26,511,181	40,876,079	2,645,727
Receivables:				
Accounts, net	10,972,843	5,323,624	16,296,467	38,227
Interest	4,379	1,332	5,711	
Grants	5,231,886	3,081,348	8,313,234	
Due from developer (Note 17E)		11,971,431	11,971,431	
Loans (Note 5)	39,925,629	3,223,982	43,149,611	
Internal balances (Note 4D)	25,448,470	(25,448,470)		
Prepays, supplies, and other assets	695,522	83,321	778,843	862,355
Net pension asset (Notes 11 and 12)	100,007,396		100,007,396	
Capital assets (Note 6):				
Nondepreciable	78,367,205	25,095,048	103,462,253	10,431,153
Depreciable, net	222,886,647	159,926,923	382,813,570	16,183,108
Total Assets	<u>520,330,181</u>	<u>231,754,285</u>	<u>752,084,466</u>	<u>30,519,710</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding (Note 2G)		6,559,560	6,559,560	647,048
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	7,392,187	5,066,490	12,458,677	176,692
Interest payable	2,541,297	3,622,602	6,163,899	
Refundable deposits	1,471,492	216,062	1,687,554	361,543
Unearned revenue (Note 9)	11,317,212		11,317,212	
Derivative instrument at fair value - liability (Note 8)	35,627,459	8,070,044	43,697,503	
Net pension obligation (Note 12):				
Due in more than one year	196,534		196,534	
Net OPEB liability (Note 13):				
Due in more than one year	21,469,178		21,469,178	
Compensated absences (Note 2D):				
Due within one year	7,156,242	71,779	7,228,021	
Due in more than one year	4,735,309	448,583	5,183,892	
Claims liabilities (Note 15):				
Due within one year	6,005,150		6,005,150	
Due in more than one year	16,258,313		16,258,313	
Long-term debt (Note 8):				
Due within one year	7,183,912	4,081,483	11,265,395	10,663,982
Due in more than one year	245,922,683	136,856,669	382,779,352	29,995,000
Total Liabilities	<u>367,276,968</u>	<u>158,433,712</u>	<u>525,710,680</u>	<u>41,197,217</u>
<b>NET POSITION (Note 10)</b>				
Net investment in capital assets	219,606,153	76,966,448	296,572,601	(3,573,691)
Restricted for:				
Capital projects	8,819,409		8,819,409	
Debt service	7,088,584	9,034,984	16,123,568	
Housing and redevelopment	33,206,530	161,271	33,367,801	2,645,727
Pension benefits	2,154,383		2,154,383	
Total Restricted Net Position	<u>51,268,906</u>	<u>9,196,255</u>	<u>60,465,161</u>	<u>2,645,727</u>
Unrestricted (Deficit)	<u>(117,821,846)</u>	<u>(6,282,570)</u>	<u>(124,104,416)</u>	<u>(9,102,495)</u>
Total Net Position (Deficit)	<u>\$153,053,213</u>	<u>\$79,880,133</u>	<u>\$232,933,346</u>	<u>(\$10,030,459)</u>

See accompanying notes to financial statements

CITY OF RICHMOND  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$35,272,517	\$11,596,612	\$862,984	\$945,739
Public safety	97,136,602	5,400,290	1,398,908	1,432,655
Public works	46,011,618	3,090,211	2,387,730	7,558,285
Community development	4,909,158	234,836	3,836,724	
Cultural and recreational	12,129,962	516,499	253,209	640,961
Housing and redevelopment	2,816,094		963,861	782,513
Interest on long-term debt	15,411,831			
<b>Total Governmental Activities</b>	<b>213,687,782</b>	<b>20,838,448</b>	<b>9,703,416</b>	<b>11,360,153</b>
Business-type Activities:				
Richmond Housing Authority	28,992,229	2,619,669	22,323,336	758,334
Port of Richmond	9,337,252	9,043,026		8,394,610
Richmond Marina	266,918	466,921		
Municipal Sewer	16,964,175	17,733,454		862,241
Storm Sewer	2,815,541	1,842,001		72,353
Cable TV	990,802	1,320,552		
<b>Total Business-type Activities</b>	<b>59,366,917</b>	<b>33,025,623</b>	<b>22,323,336</b>	<b>10,087,538</b>
<b>Total Primary Government</b>	<b>\$273,054,699</b>	<b>\$53,864,071</b>	<b>\$32,026,752</b>	<b>\$21,447,691</b>
<b>Component Unit:</b>				
RHA Properties	\$3,927,946	\$4,553,110		
General revenues:				
Taxes:				
Property taxes-current collections				
Sales taxes				
Utility user taxes				
Documentary transfer taxes				
Other taxes				
Use of money and property				
Unrestricted intergovernmental				
Pension stabilization revenue				
Other				
Transfers (Note 4)				
Extraordinary items:				
Assets transferred to Successor Agency (Note 6B)				
Assumption of Housing Authority debt by RHA Properties (Note 8C)				
<b>Total general revenues, transfers and extraordinary item</b>				
Change in Net Position				
Net Position (Deficit)-Beginning, As Restated (Notes 2H and 10F)				
Net Position (Deficit)-Ending				

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Position Primary Government			Net (Expense) Revenue and Changes in Net Position Component Unit
Governmental Activities	Business-type Activities	Total	RHA Properties
(\$21,867,182)		(\$21,867,182)	
(88,904,749)		(88,904,749)	
(32,975,392)		(32,975,392)	
(837,598)		(837,598)	
(10,719,293)		(10,719,293)	
(1,069,720)		(1,069,720)	
(15,411,831)		(15,411,831)	
(171,785,765)		(171,785,765)	
	(\$3,290,890)	(3,290,890)	
	8,100,384	8,100,384	
	200,003	200,003	
	1,631,520	1,631,520	
	(901,187)	(901,187)	
	329,750	329,750	
	6,069,580	6,069,580	
(171,785,765)	6,069,580	(165,716,185)	
			\$625,164
47,207,734		47,207,734	
29,865,548		29,865,548	
48,398,349		48,398,349	
2,957,834		2,957,834	
3,289,518		3,289,518	
11,331,823	4,054,073	15,385,896	636
44,814		44,814	
2,549,922		2,549,922	
3,461,402		3,461,402	
(590,394)	590,394		
(5,328,244)		(5,328,244)	
	9,023,704	9,023,704	(9,023,704)
143,188,306	13,668,171	156,856,477	(9,023,068)
(28,597,459)	19,737,751	(8,859,708)	(8,397,904)
181,650,672	60,142,382	241,793,054	(1,632,555)
\$153,053,213	\$79,880,133	\$232,933,346	(\$10,030,459)

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**CITY OF RICHMOND**  
**JUNE 30, 2013**

<b>FUND FINANCIAL STATEMENTS</b>
----------------------------------

Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the City in fiscal 2013. Individual non-major funds may be found in the Supplemental section.

**GENERAL FUND**

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

**COST RECOVERY SPECIAL REVENUE FUND**

The Cost Recovery Special Revenue Fund records the receipt and use of monies for services provided to the public and developers.

**COMMUNITY DEVELOPMENT AND LOAN PROGRAMS FUND**

The Community Development and Loan Programs Special Revenue Fund accounts for the receipt of Community Development Block Grant, HOME Investment Partnership Program, and Neighborhood Stabilization Program grant monies and the use of the grants. The Fund also accounts for the low and moderate income housing activities of the City as Housing Successor to the former Redevelopment Agency. The grants and loan programs are 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.

CITY OF RICHMOND  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2013

	General	Cost Recovery	Community Development and Loan Programs	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments (Note 3)	\$9,779,408	\$250	\$98,604	\$9,228,560	\$19,106,822
Restricted cash and investments (Note 3)	6,435		3,828,453	10,530,010	14,364,898
Receivables:					
Accounts, net	7,294,946	2,642,118	277,721	454,506	10,669,291
Interest	2,036	119	10	822	2,987
Grants	263,663	576,461	1,424,833	2,966,929	5,231,886
Loans (Note 5)	7,548,355		29,433,029	1,794,245	38,775,629
Due from other funds (Note 4A)	316,751				316,751
Advances to other funds (Note 4B)	18,782,401		174,067		18,956,468
Prepays, supplies and other assets	667,803				667,803
<b>Total Assets</b>	<b>\$44,661,798</b>	<b>\$3,218,948</b>	<b>\$35,236,717</b>	<b>\$24,975,072</b>	<b>\$108,092,535</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$3,194,046	\$2,369,973	\$633,736	\$932,416	\$7,130,171
Refundable deposits	118,532	1,352,960			1,471,492
Due to other funds (Note 4A)		4,655,593	2,714,970	3,247,402	10,617,965
Unearned revenue (Note 9)	3,892,153	2,750,000		3,424,871	10,067,024
<b>Total Liabilities</b>	<b>7,204,731</b>	<b>11,128,526</b>	<b>3,348,706</b>	<b>7,604,689</b>	<b>29,286,652</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue (Note 9)	631,730	459,734	13,203,066	2,318,559	16,613,089
<b>FUND BALANCES (Note 10)</b>					
Nonspendable	26,366,829				26,366,829
Restricted			18,684,945	19,305,364	37,990,309
Assigned	219,646			1,734,260	1,953,906
Unassigned	10,238,862	(8,369,312)		(5,987,800)	(4,118,250)
<b>Total Fund Balances</b>	<b>36,825,337</b>	<b>(8,369,312)</b>	<b>18,684,945</b>	<b>15,051,824</b>	<b>62,192,794</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$44,661,798</b>	<b>\$3,218,948</b>	<b>\$35,236,717</b>	<b>\$24,975,072</b>	<b>\$108,092,535</b>

See accompanying notes to financial statements

CITY OF RICHMOND  
Reconciliation of the  
GOVERNMENTAL FUNDS -- BALANCE SHEET  
with the  
STATEMENT OF NET POSITION  
JUNE 30, 2013

Total fund balances reported on the governmental funds balance sheet \$62,192,794

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

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 301,253,852

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

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

Cash and investments	3,318,484
Accounts receivable	303,552
Interest receivable	1,392
Loans receivable	1,150,000
Due from other funds	15,117,019
Advances to other funds	1,992,948
Prepays and supplies	27,719
Accounts payable, accrued liabilities and interest payable	(262,016)
Due to other funds	(316,751)
Compensated absences	(255,028)
Unearned revenue	(1,250,188)
Claims payable	(22,263,463)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 16,613,089

LONG TERM ASSETS AND LIABILITIES

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

Interest payable	(2,541,297)
Long-term debt	(253,106,595)
Derivative instrument at fair value - liability	(35,627,459)
Net pension obligation	(196,534)
Net pension asset	100,007,396
Net OPEB liability	(21,469,178)
Governmental activities portion of compensated absences	(11,636,523)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$153,053,213

See accompanying notes to financial statements

CITY OF RICHMOND  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013

	General	Cost Recovery	Community Development and Loan Programs	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$32,489,548			\$16,028,780	\$48,518,328
Sales taxes	29,865,548				29,865,548
Utility user taxes	48,398,349				48,398,349
Other taxes	6,247,352				6,247,352
Licenses, permits and fees	2,463,771	\$9,234,735		131,920	11,830,426
Fines, forfeitures and penalties	328,917	266,306		22,286	617,509
Use of money and property	199,190	12,681	\$200,787	145,278	557,936
Intergovernmental	2,191,751	5,838,880	1,241,462	10,723,829	19,995,922
Charges for services	2,834,425	2,186,955		4,328,671	9,350,051
Pension stabilization revenue				2,549,922	2,549,922
Other	1,398,043	587,694	305,415	411,981	2,703,133
Rent	681,141				681,141
<b>Total Revenues</b>	<b>127,098,035</b>	<b>18,127,251</b>	<b>1,747,664</b>	<b>34,342,667</b>	<b>181,315,617</b>
<b>EXPENDITURES</b>					
Current:					
General government	20,055,388	11,029,357		2,166,865	33,251,610
Public safety	76,959,857	4,439,677		6,174,005	87,573,539
Public works	18,544,209	2,911,588		4,610,199	26,065,996
Community development			45,330	4,664,148	4,709,478
Cultural and recreational	9,626,590			1,548,772	11,175,362
Housing and redevelopment			2,620,546	469,094	3,089,640
Capital outlay	141,047	6,815,368		8,748,071	15,704,486
Debt service:					
Principal	1,311,615			7,380,014	8,691,629
Interest and fiscal charges	450,954			7,053,968	7,504,922
<b>Total Expenditures</b>	<b>127,089,660</b>	<b>25,195,990</b>	<b>2,665,876</b>	<b>42,815,136</b>	<b>197,766,662</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>8,375</b>	<b>(7,068,739)</b>	<b>(918,212)</b>	<b>(8,472,469)</b>	<b>(16,451,045)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt (Note 8)				2,621,558	2,621,558
Bond premium	106,740				106,740
Proceeds from sale of property	53,618				53,618
Transfers in (Note 4C)	9,028,336	4,923,475	446,933	6,746,287	21,145,031
Transfers (out) (Note 4C)	(10,475,204)	(62,779)	(7,176)	(9,121,311)	(19,666,470)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,286,510)</b>	<b>4,860,696</b>	<b>439,757</b>	<b>246,534</b>	<b>4,260,477</b>
<b>NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEM</b>	<b>(1,278,135)</b>	<b>(2,208,043)</b>	<b>(478,455)</b>	<b>(8,225,935)</b>	<b>(12,190,568)</b>
<b>SPECIAL ITEM (Note 4B):</b>					
Interfund advance restructuring	745,119				745,119
<b>Total Special Item</b>	<b>745,119</b>				<b>745,119</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(533,016)</b>	<b>(2,208,043)</b>	<b>(478,455)</b>	<b>(8,225,935)</b>	<b>(11,445,449)</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<b>37,358,353</b>	<b>(6,161,269)</b>	<b>19,163,400</b>	<b>23,277,759</b>	<b>73,638,243</b>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<b>\$36,825,337</b>	<b>(\$8,369,312)</b>	<b>\$18,684,945</b>	<b>\$15,051,824</b>	<b>\$62,192,794</b>

See accompanying notes to financial statements

CITY OF RICHMOND  
 Reconciliation of the  
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS  
 with the  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2013

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$11,445,449)

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

CAPITAL ASSETS TRANSACTIONS

Governmental Funds include capital outlays in departmental expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. The capital outlay expenditures are therefore added back to fund balance 12,235,577  
 Depreciation expense is deducted from the fund balance  
 (Depreciation expense is net of internal service fund depreciation of \$1,800,606 which has already been allocated to serviced funds) (17,452,530)  
 Retirements of capital assets are deducted from the fund balance  
 (Retirements are net of internal service fund retirements of \$21,943 which has already been allocated to serviced funds) (3,922)  
 Capital contributions from developers and the Successor Agency are added to fund balance 2,042,303  
 Capital assets transferred to the Successor Agency are deducted from fund balance (5,328,244)

LONG TERM DEBT PROCEEDS AND PAYMENTS

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

Repayment of debt principal is added back to fund balance 8,691,629  
 Capital appreciation bonds accretion is deducted from fund balance (8,338,122)  
 Proceeds from debt issuance is deducted from fund balance (2,621,558)

ACCRUAL OF NON-CURRENT ITEMS

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

Interest payable 431,213  
 Unavailable revenue (1,930,242)  
 Derivative instrument at fair value - liability 11,494,974  
 Compensated absences (447,644)  
 Net pension asset (obligation) 243,823  
 Net OPEB obligation (4,555,111)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

Change in Net Position - All Internal Service Funds (11,614,156)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (\$28,597,459)

See accompanying notes to financial statements

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**CITY OF RICHMOND**  
**JUNE 30, 2013**

<b>MAJOR PROPRIETARY FUNDS</b>
--------------------------------

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

The concept of major funds established by GASB Statement 34 extends to Proprietary Funds. The City has identified the funds below as major proprietary funds in fiscal 2013.

GASB 34 does not provide for the disclosure of budget vs. actual comparisons regarding proprietary funds that are major funds.

**RICHMOND HOUSING AUTHORITY**

This fund accounts for all funds provided by the Department of Housing and Urban Development (HUD) to assist low income families in obtaining decent, safe and sanitary housing.

**PORT OF RICHMOND**

This fund accounts for all financial transactions relating to the City-owned marine terminal facilities and commercial property rentals.

**MUNICIPAL SEWER**

This fund accounts for all financial transactions relating to the City's Wastewater Collection and Treatment. Services are on a user charge basis to residents and business owners located in Richmond.

CITY OF RICHMOND  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2013

	Business-type Activities-Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds		
<b>ASSETS</b>						
Current assets:						
Cash and investments (Note 3)	\$532,929	\$250	\$18,243,161	\$3,208,225	\$21,984,565	\$3,318,484
Restricted cash and investments (Note 3)	188,112	9,034,984	17,288,085		26,511,181	
Receivables:						
Accounts, net	130,034	3,755,790	900,706	537,094	5,323,624	303,552
Interest			1,128	204	1,332	1,392
Grants	142,632	2,938,716			3,081,348	
Notes (Note 5)	3,223,982				3,223,982	1,150,000
Prepays and other assets	83,321				83,321	27,719
Due from other funds (Note 4A)						15,117,019
<b>Total current assets</b>	<b>4,301,010</b>	<b>15,729,740</b>	<b>36,433,080</b>	<b>3,745,523</b>	<b>60,209,353</b>	<b>19,918,166</b>
Noncurrent assets:						
Receivables:						
Due from developer	11,971,431				11,971,431	
Capital assets (Note 6):						
Nondepreciable	3,807,591	16,866,913	4,420,544		25,095,048	
Depreciable, net	35,432,363	46,829,348	70,980,942	6,684,270	159,926,923	7,724,257
Advances to other funds (Note 4B)						1,992,948
<b>Total noncurrent assets</b>	<b>51,211,385</b>	<b>63,696,261</b>	<b>75,401,486</b>	<b>6,684,270</b>	<b>196,993,402</b>	<b>9,717,205</b>
<b>Total Assets</b>	<b>55,512,395</b>	<b>79,426,001</b>	<b>111,834,566</b>	<b>10,429,793</b>	<b>257,202,755</b>	<b>29,635,371</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding (Note 2G)		33,344	6,526,216		6,559,560	
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable and accrued liabilities	1,045,328	1,043,241	2,692,564	285,357	5,066,490	261,378
Interest payable		1,664,441	1,834,107	124,054	3,622,602	638
Due to other funds (Note 4A)		2,889,858		1,609,196	4,499,054	316,751
Refundable deposits	188,112	26,750		1,200	216,062	
Compensated absences (Note 2D)	25,986			45,793	71,779	
Claims payable (Note 15)						6,005,150
Current portion of long-term debt (Note 8B)		2,955,000	1,055,000	71,483	4,081,483	557,479
<b>Total current liabilities</b>	<b>1,259,426</b>	<b>8,579,290</b>	<b>5,581,671</b>	<b>2,137,083</b>	<b>17,557,470</b>	<b>7,141,396</b>
Noncurrent liabilities:						
Advances from other funds (Note 4B)	2,140,311	16,816,157		1,992,948	20,949,416	
Compensated absences (Note 2D)	233,877	203,136	11,570		448,583	255,028
Unearned revenue (Note 9)						1,250,188
Claims payable (Note 15)						16,258,313
Derivative instrument at fair value - liability (Note 8B)		169,531	7,900,513		8,070,044	
Long-term debt, net (Note 8B)		44,879,187	89,041,593	2,935,889	136,856,669	1,449,585
<b>Total noncurrent liabilities</b>	<b>2,374,188</b>	<b>62,068,011</b>	<b>96,953,676</b>	<b>4,928,837</b>	<b>166,324,712</b>	<b>19,213,114</b>
<b>Total Liabilities</b>	<b>3,633,614</b>	<b>70,647,301</b>	<b>102,535,347</b>	<b>7,065,920</b>	<b>183,882,182</b>	<b>26,354,510</b>
<b>NET POSITION (Note 10)</b>						
Net investment in capital assets	39,239,954	24,930,402	9,119,194	3,676,898	76,966,448	5,717,193
Restricted for housing programs	161,271				161,271	
Restricted for debt service		9,034,984			9,034,984	
Unrestricted	12,477,556	(25,153,342)	6,706,241	(313,025)	(6,282,570)	(2,436,332)
<b>Total Net Position</b>	<b>\$51,878,781</b>	<b>\$8,812,044</b>	<b>\$15,825,435</b>	<b>\$3,363,873</b>	<b>\$79,880,133</b>	<b>\$3,280,861</b>

See accompanying notes to financial statements

CITY OF RICHMOND  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities-Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds		
OPERATING REVENUES						
Rental	\$1,662,889				\$1,662,889	
Service charges		\$2,242,222	\$17,733,454	\$2,867,402	22,843,078	\$16,608,605
Lease income		6,757,311		471,133	7,228,444	
Other	956,780	43,493		290,939	1,291,212	
Total Operating Revenues	<u>2,619,669</u>	<u>9,043,026</u>	<u>17,733,454</u>	<u>3,629,474</u>	<u>33,025,623</u>	<u>16,608,605</u>
OPERATING EXPENSES						
Salaries and benefits	5,582,160	1,037,408	803,697	898,319	8,321,584	6,078,046
General and administrative		1,894,294	8,472,780	1,904,401	12,271,475	2,025,036
Maintenance	2,397,479	11,664	10,832		2,419,975	175,266
Depreciation	2,335,848	2,954,415	2,537,875	1,061,224	8,889,362	1,800,606
Housing assistance	18,676,742				18,676,742	
Claims losses						16,230,052
Other		20,694	159,927	238	180,859	13,861
Total Operating Expenses	<u>28,992,229</u>	<u>5,918,475</u>	<u>11,985,111</u>	<u>3,864,182</u>	<u>50,759,997</u>	<u>26,322,867</u>
Operating Income (Loss)	<u>(26,372,560)</u>	<u>3,124,551</u>	<u>5,748,343</u>	<u>(234,708)</u>	<u>(17,734,374)</u>	<u>(9,714,262)</u>
NONOPERATING REVENUES (EXPENSES)						
Loss on retirement of capital assets						(20,642)
Interest income	270	95,167	3,934,817	23,819	4,054,073	268,474
Grants	22,323,336			72,353	22,395,689	
Interest (expense)		(3,418,777)	(4,979,064)	(209,079)	(8,606,920)	(78,771)
Total Nonoperating Revenues (Expenses)	<u>22,323,606</u>	<u>(3,323,610)</u>	<u>(1,044,247)</u>	<u>(112,907)</u>	<u>17,842,842</u>	<u>169,061</u>
Income (Loss) Before Contributions and Transfers	<u>(4,048,954)</u>	<u>(199,059)</u>	<u>4,704,096</u>	<u>(347,615)</u>	<u>108,468</u>	<u>(9,545,201)</u>
Capital contributions/grants	758,334	8,394,610	862,241		10,015,185	
Transfers in (Note 4C)		842,877			842,877	1,064,820
Transfers (out) (Note 4C)		(5,428)		(247,055)	(252,483)	(3,133,775)
Total Contributions and Transfers	<u>758,334</u>	<u>9,232,059</u>	<u>862,241</u>	<u>(247,055)</u>	<u>10,605,579</u>	<u>(2,068,955)</u>
CHANGE IN NET POSITION BEFORE SPECIAL AND EXTRAORDINARY ITEMS	<u>(3,290,620)</u>	<u>9,033,000</u>	<u>5,566,337</u>	<u>(594,670)</u>	<u>10,714,047</u>	<u>(11,614,156)</u>
Assumption of Housing Authority debt by RHA Properties (Note 8C)	<u>9,023,704</u>				<u>9,023,704</u>	
Change in net position	5,733,084	9,033,000	5,566,337	(594,670)	19,737,751	(11,614,156)
BEGINNING NET POSITION (DEFICIT) (AS RESTATED) (Notes 2H and 10F)	<u>46,145,697</u>	<u>(220,956)</u>	<u>10,259,098</u>	<u>3,958,543</u>	<u>60,142,382</u>	<u>14,895,017</u>
ENDING NET POSITION	<u>\$51,878,781</u>	<u>\$8,812,044</u>	<u>\$15,825,435</u>	<u>\$3,363,873</u>	<u>\$79,880,133</u>	<u>\$3,280,861</u>

See accompanying notes to financial statements

CITY OF RICHMOND  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2013

	<b>Business-type Activities-Enterprise Funds</b>				Totals	Governmental Activities- Internal Service Funds
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$2,642,140	\$8,153,645	\$17,697,241	\$3,528,426	\$32,021,452	\$16,970,659
Payments to suppliers	(23,529,458)	(1,842,325)	(6,622,657)	(2,092,583)	(34,087,023)	(2,403,288)
Payments to employees	(2,208,085)	(1,027,514)	(836,212)	(905,029)	(4,976,840)	(6,052,492)
Insurance premiums and claims paid						(14,470,266)
<b>Cash Flows from Operating Activities</b>	<b>(23,095,403)</b>	<b>5,283,806</b>	<b>10,238,372</b>	<b>530,814</b>	<b>(7,042,411)</b>	<b>(5,955,387)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Interfund receipts		1,212,979		88,085	1,301,064	
Interfund payments						(4,249,731)
Receipts from other governments	22,323,336			72,353	22,395,689	
Transfers in		842,877			842,877	1,064,820
Transfers (out)		(5,428)		(247,055)	(252,483)	(3,133,775)
<b>Cash Flows from Noncapital Financing Activities</b>	<b>22,323,336</b>	<b>2,050,428</b>		<b>(86,617)</b>	<b>24,287,147</b>	<b>(6,318,686)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Receipts from other governments	758,334	6,635,125	862,241		8,255,700	
Acquisition of capital assets	(429,833)	(9,024,831)	(6,502,647)		(15,957,311)	(975,834)
Proceeds from sale of capital assets						1,301
Principal payments on capital debt		(524,999)	(1,445,230)	(68,405)	(2,038,634)	(907,273)
Interest paid		(3,355,312)	(4,676,541)	(211,904)	(8,243,757)	(79,091)
<b>Cash Flows from Capital and Related Financing Activities</b>	<b>328,501</b>	<b>(6,270,017)</b>	<b>(11,762,177)</b>	<b>(280,309)</b>	<b>(17,984,002)</b>	<b>(1,960,897)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Advances on notes receivable	(81,068)				(81,068)	
Advances to affiliate	(319,973)				(319,973)	
Interest	270	871	107,620	24,092	132,853	271,591
<b>Cash Flows from Investing Activities</b>	<b>(400,771)</b>	<b>871</b>	<b>107,620</b>	<b>24,092</b>	<b>(268,188)</b>	<b>271,591</b>
<b>Net Cash Flows</b>	<b>(844,337)</b>	<b>1,065,088</b>	<b>(1,416,185)</b>	<b>187,980</b>	<b>(1,007,454)</b>	<b>(13,963,379)</b>
Cash and investments at beginning of period	1,565,378	7,970,146	36,947,431	3,020,245	49,503,200	17,281,863
Cash and investments at end of period	<u>\$721,041</u>	<u>\$9,035,234</u>	<u>\$35,531,246</u>	<u>\$3,208,225</u>	<u>\$48,495,746</u>	<u>\$3,318,484</u>
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>						
Operating income (loss)	(\$26,372,560)	\$3,124,551	\$5,748,343	(\$234,708)	(\$17,734,374)	(\$9,714,262)
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation	2,335,848	2,954,415	2,537,875	1,061,224	8,889,362	1,800,606
Loss on disposition of capital assets	81,212				81,212	
Contingency expense	98,381				98,381	
Change in assets and liabilities:						
Receivables, net	19,450	(909,631)	(36,213)	(101,048)	(1,027,442)	295,894
Prepays and other assets	(34,341)				(34,341)	(1,770)
Accounts payable and accrued liabilities and other accrued expenses	752,616	84,327	2,020,882	(187,944)	2,669,881	(187,355)
Refundable deposits	20,481	20,250			40,731	
Unearned revenue						66,160
Compensated absences payable	3,510	9,894	(32,515)	(6,710)	(25,821)	25,554
Claims payable						1,759,786
<b>Cash Flows from Operating Activities</b>	<b>(23,095,403)</b>	<b>5,283,806</b>	<b>10,238,372</b>	<b>530,814</b>	<b>(7,042,411)</b>	<b>(5,955,387)</b>
<b>Non cash transactions:</b>						
Change in fair value of investment derivative		\$94,296	\$3,828,229		\$3,922,525	
Amortization of deferred charge on refunding		(8,336)	(358,020)		(366,356)	
Retirement of capital assets	\$81,212					\$21,943

See accompanying notes to financial statements

**CITY OF RICHMOND**  
**JUNE 30, 2013**

<b>FIDUCIARY FUNDS</b>
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Fiduciary funds are presented separately from the Government-wide and Fund financial statements.

Trust funds are used to account for assets held by the City as a trustee agent for individuals, private organizations, or other governments.

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments.

The financial activities of Trust and Agency funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

CITY OF RICHMOND  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2013

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and investments (Note 3)		\$11,014,698	\$6,270,862
Restricted cash and investments (Note 3)		52,044,653	1,847,037
Investment in reassessment bonds (Note 3)			14,277,500
Pension plan cash and investments (Note 12B):			
City of Richmond Investment Pool	\$3,637,753		
Local Agency Investment Fund	191,383		
Mutual Fund Investments	17,282,999		
Accounts receivable		106,589	220,741
Interest receivable	246	3,180	327
Grants receivable		4,583,092	
Loans receivable (Note 18B)		2,406,000	
Prepays and other assets		7,317,024	
Capital assets (Note 18C):			
Nondepreciable		22,931,406	
Depreciable, net		33,133	
Total Assets	<u>21,112,381</u>	<u>100,439,775</u>	<u>\$22,616,467</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities		8,001,510	\$1,245,347
Refundable deposits payable			1,201,785
Interest payable		1,858,049	
Derivative instrument at fair value - liability (Note 18D)		7,619,232	
Long-term debt (Note 18D):			
Due within one year		7,483,781	
Due in more than one year		126,816,528	
Due to assessment district bondholders			<u>20,169,335</u>
Total Liabilities		<u>151,779,100</u>	<u>\$22,616,467</u>
<b>NET POSITION</b>			
Held in trust for employees' pension benefits and other purposes	<u>\$21,112,381</u>	<u>(\$51,339,325)</u>	

See accompanying notes to financial statements

CITY OF RICHMOND  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2013

	Pension Trust Funds	Private-Purpose Trust Funds
	<u>                    </u>	<u>                    </u>
ADDITIONS		
Property taxes		\$16,320,481
Net investment income:		
Net increase (decrease) in the fair value of investments	\$1,436,700	
Interest income	408,161	1,375,420
Investment management fees	(102,456)	
Contribution from the City	5,759,331	
Intergovernmental revenue		7,750,041
Miscellaneous revenue		2,423,627
	<u>                    </u>	<u>                    </u>
Total Additions	<u>7,501,736</u>	<u>27,869,569</u>
DEDUCTIONS		
Community development		15,015,210
Pension benefits	4,191,614	
Payments in accordance with trust agreements		1,485,225
Depreciation		12,369
Interest and fiscal charges		7,038,167
	<u>                    </u>	<u>                    </u>
Total Deductions	<u>4,191,614</u>	<u>23,550,971</u>
Change in net position before extraordinary item	3,310,122	4,318,598
EXTRAORDINARY ITEM		
Assets transferred to the Successor Agency (Note 18C)		5,328,244
	<u>                    </u>	<u>                    </u>
Change in net position	3,310,122	9,646,842
NET POSITION (DEFICIT), BEGINNING OF YEAR	<u>17,802,259</u>	<u>(60,986,167)</u>
NET POSITION(DEFICIT), END OF YEAR	<u>\$21,112,381</u>	<u>(\$51,339,325)</u>

See accompanying notes to financial statements

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**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 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 joint powers financing authority, and a parking authority which is inactive.

The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, *blended* component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize it is legally separate from the government.

**A. PRIMARY GOVERNMENT**

The financial statements of the primary government of the City include the activities of the City as well as the Richmond Housing Authority, the Richmond Joint Powers Financing Authority, the Richmond Neighborhood Stabilization Corporation, the Richmond Parking Authority and the Richmond Surplus Property Authority all of which are controlled by and dependent on the City. While these are separate legal entities, their financial activities are integral to those of the City. Their financial activities have been aggregated and merged (termed "blended") with those of the primary government of the City in the accompanying financial statements.

**Blended Component Units:**

**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.

Although the Housing Authority is a separate legal entity, 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 City's 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> Street, Richmond, California 94804.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 1 - ORGANIZATION AND DEFINITION OF REPORTING ENTITY (Continued)**

**Richmond Joint Powers Financing Authority (JPFA)** - A joint exercise of powers authority formed on December 1, 1989, by and between the City and the former Redevelopment Agency, the JPFA was created to assist the City, the Redevelopment Agency, and other local public agencies in financing and refinancing capital improvements and working capital pursuant to the Marks-Roos Local Bond Pooling Act of 1985. The JPFA is authorized to purchase obligations of the City, Redevelopment Agency, and other local public agencies.

Although the JPFA is a separate legal entity, 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, 450 Civic Center Plaza, Richmond, California 94804.

**Richmond Neighborhood Stabilization Corporation (RNSC)** – A California nonprofit public benefit Corporation formed in July 2009 by the City and the former Redevelopment Agency under the laws of the State of California. The Corporation was organized for the purpose of administering and operating the City's Neighborhood Stabilization Program (NSP), which includes purchasing, developing, financing, rehabilitating, land banking and/or demolishing blighted properties and foreclosed or abandoned properties utilizing the NSP funds or other public and private funding sources, and assisting the City and the Agency in providing affordable home ownership opportunities for households of low and moderate income by facilitating the financing necessary for the sale and resale of deed-restricted affordable ownership units to low and moderate income households at affordable costs, and other similar functions.

The Corporation is governed by a board of directors consisting of the City Manager, the Finance Director, and five other City and Housing Authority Directors. Although the RNSC is a separate legal entity, it is an integral part of the City. The City exercises significant financial and management control over the RNSC and members of the Board of Directors are appointed by City Council. The operations of the RNSC are included in the City's basic financial statements as a special revenue fund. Separate financial statements for the RNSC may be obtained by contacting the Office of Finance, City of Richmond, 450 Civic Center Plaza, Richmond, California 94804.

**Richmond Surplus Property Authority** – Formed to become the owner of certain property declared surplus by the U.S. Government, the Authority is a separate legal entity but it is an integral part of the City. The City exercises significant financial and management control over the Authority and members of the City Council serve as the governing board of the Authority. The Authority was reactivated in fiscal year 2011. The financial activities of the Authority are included in the Port of Richmond Enterprise Fund. Separate financial statements are not issued for the Authority.

**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. Although the Parking Authority is a separate legal entity, 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 Parking Authority is inactive.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 1 - ORGANIZATION AND DEFINITION OF REPORTING ENTITY (Continued)**

**B. DISCRETELY PRESENTED COMPONENT UNIT**

**RHA Properties** – A joint powers agreement between the City and the Housing Authority formed in 2004 for the purpose of owning and managing the operations of an affordable housing residential complex known as The Hilltop at Westridge Apartments in the City, dedicated to the needs of elderly persons. The City and the Housing Authority funded the acquisition of this complex through the issuance of debt. The City and Housing Authority exercise significant financial and management control over RHA Properties and appoint members of the Board of Directors. Therefore, the financial activities of RHA Properties are discretely presented in the RHA Properties Component Unit column of the Statement of Net Position and the Statement of Activities. Separate financial statements for RHA Properties may be obtained by contacting the Richmond Housing Authority, 330 24<sup>th</sup> Street, Richmond, California 94804.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Richmond 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 City's significant accounting policies are described below.

**A. 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, deferred outflows/inflows of resources, fund equity, revenues, and expenditures or expenses. 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.

**Government-Wide Financial Statements** - The Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Fiduciary activities of the City are not included in these statements; they are presented separately.

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

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Government-wide financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred outflows/inflows of resources and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents all the City’s revenues, expenses and other changes in Net Position. 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.

All internal balances in the Statement of Net Position 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 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.

**Governmental Fund Financial Statements** - Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and in the aggregate for all non-major funds. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-Wide financial statements.

All governmental funds are accounted for on the “*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 such as business licenses and fines and penalties in cash, except that revenues subject to accrual (generally sixty days after the fiscal year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the City are property taxes, sales taxes, transient occupancy taxes, franchise taxes, certain other intergovernmental revenues, and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred also generally sixty days after the fiscal year end.

Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences between the two approaches.

**Proprietary Fund Financial Statements** - Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and in the aggregate for all non-major funds. 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.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets, liabilities and deferred outflows/inflows of resources (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position.

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, regardless of when cash changes hands.

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. 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 Position** - Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position, and a Statement of Changes in Fiduciary Net Position. The City’s Fiduciary funds represent Pension Trust funds, Private-Purpose 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 and Private-Purpose Trust funds are accounted for on an economic resources measurement focus under the accrual basis of accounting.

**B. Major Funds**

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

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

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

**Cost Recovery Special Revenue Fund** – The Cost Recovery Special Revenue Fund records the receipt and use of monies for services provided to the public and developers.

**Community Development and Loan Programs Special Revenue Fund** – The Community Development and Loan Programs Special Revenue Fund accounts for the receipt of Community Development Block Grant, HOME Investment Partnership Program, and Neighborhood Stabilization Program grant monies and the use of the grants. The Fund also accounts for the low and moderate income housing activities of the City as Housing Successor to the former Redevelopment Agency. The grants and loan programs are 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.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Richmond Housing Authority** – This fund accounts for all funds provided by the Department of Housing and Urban Development (HUD) to assist low income families in obtaining decent, safe and sanitary housing.

**Port of Richmond** – This fund accounts for all financial transactions relating to the City-owned marine terminal facilities and commercial property rentals.

**Municipal Sewer** – This fund accounts for all financial transactions relating to the City's Wastewater Collection and Treatment. Services are on a user charge basis to residents and business owners located in Richmond.

The City also reports the following fund types:

**Internal Service Funds.** The funds account for insurance reserves, equipment services and replacement and police telecommunications, all of which are provided to other departments on a cost-reimbursement basis.

**Trust Funds.** The Pension Trust Funds account for assets held by the City as an Agent for various functions. The General Pension, Police and Fireman's and Garfield Pension Funds account for the accumulation of resources to be used for retiree pension payments at appropriate amounts and times in the future. The Pt. Molate Private-Purpose Trust Fund is used to account for assets held by the City as an agent for the U.S. Navy and a private developer for the cleanup of Point Molate as discussed in Note 17J. The Successor Agency to the Richmond Community Redevelopment Agency Private-Purpose Trust Fund was established as of February 1, 2012 to account for the activities of the Successor Agency to the former Richmond Community Redevelopment Agency as discussed in Note 18. The financial activities of the Trust Funds are excluded from the Government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

**Agency Funds.** These funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments, including special assessment districts within the City and non-public organizations. The financial activities of these funds are excluded from the government-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

**C. *Prepays and Supplies***

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items in governmental funds are equally offset by nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Supplies are valued at cost using the weighted average method. Supplies of the governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure in the governmental funds at the time individual inventory items are consumed rather than when purchased. Reported governmental fund inventories are equally offset by nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

**D. *Compensated Absences***

Compensated absences comprise unused vacation and certain other compensated time off, which are accrued and charged to expense as earned. Governmental funds include only amounts that have matured, while their long-term liabilities are recorded in the Statement of Net Position.

Changes in compensated absence liabilities for the fiscal year were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$11,418,353	\$546,183	\$11,964,536
Additions	5,727,035	262,535	5,989,570
Payments	(5,253,837)	(288,356)	(5,542,193)
Ending Balance	\$11,891,551	\$520,362	\$12,411,913
Current Portion	\$7,156,242	\$71,779	\$7,228,021

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

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

The State of California's Constitution limits the combined maximum property tax rate on any given property to one percent of its assessed value except for voter approved incremental property taxes. Assessed value equals purchase price and may be adjusted by no more than two percent per year unless the property is modified, sold, or transferred. The State Legislature distributes property tax receipts from among the counties, cities, school districts, and other districts.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

	Secured	Unsecured
Valuation/lien dates	January 1	March 1
Levied dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 (for November) 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.

**F. Expenditures in Excess of Appropriations**

The following funds incurred departmental expenditures in excess of appropriations.

Fund/Department	Excess of Expenditures Over Appropriations
General Fund	
General Government	\$97,187
Public Safety	627,143
Debt Service	264,698
Cost Recovery Special Revenue Fund	
General Government	5,296,637
Public Safety	161,422
Community Development and Loan Programs Special Revenue Fund	
Housing and Redevelopment	106,812
Paratransit Operations Special Revenue Fund	
Cultural and Recreational	10,186
Lighting and Landscaping Districts Special Revenue Fund	
Capital Outlay	148,968
Richmond Neighborhood Stabilization Corporation Special Revenue Fund	
Housing and Redevelopment	143,094
2005 Pension Obligation Bonds Debt Service Fund	
Debt Service	321,658
General Debt Service Fund	
Debt Service	60,778

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category, the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: loans receivable, grants receivable and interest on interfund advances. See Note 9 for further discussion. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**H. *Bond Issuance Costs, Original Issue Discounts and Premiums and Deferred Charge on Refunding***

For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any differences between proprietary refunded debt and the debt issued to refund it is amortized over the remaining life of either the refunded debt or the refunding debt, whichever is shorter.

The deferred charge on refunding was previously reported as a component of the long-term debt balance. With the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, the balance of the deferred charge on refunding is to be reported as a deferred inflow or outflow of resources, as applicable. Another provision of GASB Statement No. 65 requires that bond issuance costs, other than prepaid insurance, be expensed in the year incurred. As a result of the implementation, bond issuance costs as of July 1, 2012 in the Port of Richmond Enterprise Fund and the Municipal Sewer Enterprise Fund in the amounts of \$448,747 and \$1,640,100, respectively, have been removed and net position of the funds has been reduced and restated in those amounts.

**I. *Use of Estimates***

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

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 3 - CASH AND INVESTMENTS**

**A. *Investments and Cash Deposits***

The City maintains a cash and investment pool of cash balances and authorized investments of all funds except for funds required to be held by fiscal agents under the provisions of bond indentures, 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.

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

All investments are stated at fair value. Market value is used as fair value for all securities.

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 \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

**B. *Cash, Cash Equivalents and Investments***

For purposes of reporting cash flows, the City considers each fund's share in the cash and investments pool and restricted cash and investments to be cash and cash equivalents.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**C. Classification**

Cash and investments are classified in the financial statements as shown below at June 30, 2013:

Cash and investments	\$44,409,871
Restricted cash and investments	40,876,079
<b>Total Primary Government cash and investments</b>	<u>85,285,950</u>
Cash and investments	359,140
Restricted cash and investments	2,645,727
<b>Total Discrete Component Unit cash and investments</b>	<u>3,004,867</u>
Cash and investments in Fiduciary Funds (Separate Statement)	
Cash and investments	17,285,560
Restricted cash and investments	53,891,690
Investments in reassessment bonds	14,277,500
<b>Total Fiduciary Funds cash and investments</b>	<u>85,454,750</u>
<b>Total cash and investments</b>	<u><u>\$173,745,567</u></u>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Bills, Bonds and Notes	5 years	A	None	None
Obligations issued by United States Government or its Agencies	5 years		None	None
Treasury bonds and notes issued by the State of California or any local agency with California	5 years	A	None	None
Commercial Paper	270 days	A	10% <b>(A)</b>	10%
Negotiable Certificates of Deposit	5 years	A	30%	None
Medium Term Corporate Notes	5 years	A	30%	None
Money Market Mutual Funds	N/A	Top rating category	15%	None
California Local Agency Investment Fund	N/A		None	\$50 Mil
Investment Trust of California (CalTrust)	N/A		N/A	None
Collateralized Time Deposits	5 years		30%	10%

**(A):** City may invest an additional 15% or a total of 20% of City surplus money, only if dollar-weighted average maturity of the entire amount does not exceed 31 days.

***Prohibited Investments***

Under the City's Investment Policy, the City imposed restrictions on investments. The City cannot invest in any funds in inverse floaters, range notes, or interest only Separate Trading of Registered Interest and Principal of Securities (STRIPS) that are derived from a pool of mortgages. In any security that could result in zero interest accrual if held to maturity (other than money market mutual funds).

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

***E. Investments Authorized by the California Government Code and the Housing Authority's Investment Policy***

The California Government Code allows the Authority to invest in the following; provided approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Specified Percentage of Portfolio</u>	<u>Minimum Credit Quality</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury obligations	5 years	None	None
State of California obligations	5 years	None	None
CA Local Agency obligations	5 years	None	None
U.S. Agencies	5 years	None	None
Banker's Acceptances	180 days	40%	A1/P1
Commercial Paper - select agencies	270 days	40%	A1/P1
Commercial Paper - other agencies	270 days	25%	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20%	None
Medium Term Corporate Notes	5 years	30%	A
Mutual Funds	N/A	20%	Multiple
Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	AA
Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
California Local Agency Investment Fund	N/A	None	None

There are no restrictions on the maximum amount invested in each security type or maximum that can be invested in any one issuer.

***F. Investments Authorized by Debt Issues and Lease Agreements***

Under the terms of the City's, Agency's and RHA Properties' debt issues and lease agreements, the City, Agency and RHA Properties are subject to various restrictions in the type, maturity and credit ratings of investments of the unspent proceeds of these issues. These restrictions are generally no more restrictive than those listed above regarding investment of the City's, Agency's and RHA Properties' funds. In addition, some bond indentures authorize investments in guaranteed investment contracts and investment agreements with maturity dates that coincide with the applicable debt maturities. At June 30, 2013, the City, Agency and RHA Properties were in compliance with the terms of all these restrictions.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**G. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

	Remaining Maturity (in Months)				Total
	12 months or Less	13 to 24 Months	25 to 60 Months	More than 60 months	
<b>Primary Government:</b>					
Federal Agency Securities	\$31,489,750	\$4,997,000	\$9,997,750		\$46,484,500
U.S. Treasury Notes	350,757				350,757
California Local Agency Investment Fund	487,717				487,717
CalTrust Short Term Fund		302,881			302,881
Medium Term Corporate Note			2,000,000		2,000,000
Certificates of Deposit			750,000		750,000
Money Market Mutual Funds (U.S. Securities)	676,083				676,083
Held by Trustee:					
Federal Agency Securities	795,584				795,584
Certificates of Deposit	188,112				188,112
Money Market Mutual Funds (U.S. Securities)	60,717,099				60,717,099
Money Market Mutual Funds (Fixed-income securities issued by banks, corporations and the U.S. government)	504,009				504,009
Investment Agreement				\$1,039,778	1,039,778
Guaranteed Investment Contracts				4,219,950	4,219,950
Reassessment Bonds	935,000	965,000	3,155,000	9,222,500	14,277,500
<b>RHA Properties:</b>					
Money Market Mutual Funds (U.S. Securities)	1,025,275				1,025,275
<b>Total Investments</b>	<u>\$97,169,386</u>	<u>\$6,264,881</u>	<u>\$15,902,750</u>	<u>\$14,482,228</u>	133,819,245
Cash in Banks and on hand - <i>Primary Government</i>					37,946,730
Cash in banks - <i>RHA Properties</i>					<u>1,979,592</u>
<b>Total Cash and Investments</b>					<u>\$173,745,567</u>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2013, these investments matured in an average of 278 days.

The City is a participant in the Short-Term Fund of the Investment Trust of California (CalTrust), a joint powers authority and public agency established by its members under the provisions of Section 6509.7 of the California Government Code. Members and participants are limited to California public agencies. CalTrust is governed by a Board of Trustees of seven Trustees, at least seventy-five percent of whom are from the participating agencies. The City reports its investment in CalTrust at the fair value amount provided by CalTrust, which is the same as the value of the pool shares. The balance is available for withdrawal on demand, and is based on the accounting records maintained by CalTrust. Included in CalTrust's investment portfolio are: United States Treasury Notes, Bills, Bonds or Certificates of Indebtedness; registered state warrants or treasury notes or bonds; California local agency bonds, notes, warrants or other indebtedness; federal agency or United States government-sponsored enterprise obligations; bankers acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term notes; money market mutual funds; notes, bonds or other obligation secured by a first priority security interest in securities authorized under Government Code Section 53651; and mortgage passthrough securities, collateralized mortgage obligations, and other asset – backed securities. CalTrust's Short-Term Fund has a target portfolio duration of 0 to 2 years. At June 30, 2013, these investments matured in an average of 445 days.

Money market funds and mutual funds are available for withdrawal on demand and as of June 30, 2013 have an average maturity from 24 to 58 days.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**H. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2013 for each investment type:

Investment Type	AAAm	AAf	AA+	Am	Total
Federal Agency Securities			\$47,280,084		\$47,280,084
Money Market Mutual Funds (U.S. Securities)	\$61,742,374				61,742,374
Money Market Mutual Funds (Fixed-income securities issued by banks, corporations and the U.S. government)				\$504,009	504,009
CalTrust Short Term Fund		\$302,881			302,881
Medium Term Corporate Note			2,000,000		2,000,000
Totals	<u>\$61,742,374</u>	<u>\$302,881</u>	<u>\$49,280,084</u>	<u>\$504,009</u>	111,829,348

*Not rated:*

U.S. Treasury Notes					350,757
California Local Agency Investment Fund					487,717
Investment Agreement					1,039,778
Guaranteed Investment Contracts					4,219,950
Certificates of Deposit					938,112
Money Market Mutual Funds (U.S. Securities)					676,083
Reassessment Bonds					14,277,500
<b>Total Investments</b>					133,819,245
Cash in Banks and On Hand					39,926,322
<b>Total Cash and Investments</b>					<u>\$173,745,567</u>

**I. Concentration of Credit Risk**

Investments in the securities of any individual issuer, other than U. S. Treasury securities, mutual funds, and external investment fund that represent 5% or more of total Government-wide investments are as follows at June 30, 2013:

Issuer	Type of Investments	Amount
Federal National Mortgage Association	Federal Agency Securities	\$13,998,950
Federal Home Loan Bank	Federal Agency Securities	13,788,384
Federal Home Loan Mortgage Corporation	Federal Agency Securities	10,997,300
Federal Farm Credit Bank	Federal Agency Securities	8,495,450

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, in Fiduciary Funds at June 30, 2013 were as follows:

Fiduciary Funds	Issuer	Type of Investment	Amount
Agency Funds:			
JPFA Reassessment	City of Richmond JPFA	Municipal Bonds	\$4,945,000
2006 A&B Reassessment District	City of Richmond JPFA	Municipal Bonds	9,332,500

**NOTE 4 - INTERFUND TRANSACTIONS**

**A. Current Interfund Balances**

Current interfund balances arise in the normal course of business and represent short-term borrowings occurring as a result of expenditures which are paid prior to the receipt of revenues. These balances are expected to be repaid shortly after the end of the fiscal year when revenues are received. Current amounts due from one fund to another at June 30, 2013 were as follows:

Due From Other Funds	Due To Other Funds	Amount
General Fund	Internal Service Fund	\$316,751
Internal Service Fund	Cost Recovery Fund	4,655,593
	Community Development and Loan Programs	2,714,970
	Non Major Governmental Funds	3,247,402
	Port of Richmond	2,889,858
	Non Major Enterprise Fund	1,609,196
	<b>Total</b>	<b>\$15,433,770</b>

**B. Long-Term Interfund Advances**

At June 30, 2013 the funds below had made advances which were not expected to be repaid within the next year.

Fund Receiving Advance	Fund Making Advance	Amount of Advance
Richmond Housing Authority	General Fund	\$1,966,244
	Community Development and Loan Programs	174,067
Port of Richmond Enterprise Fund	General Fund	16,816,157
	Internal Service Funds	1,992,948
Non Major Enterprise Fund		
	<b>Total</b>	<b>\$20,949,416</b>

In fiscal 2007, the former Redevelopment Agency advanced \$174,067 to the Richmond Housing Authority Enterprise Fund, collateralized by a deed of trust on the Westridge at Hilltop Apartments, to assist the Authority with its lease payments for the 2003 A-S Multifamily Housing Revenue Bonds. The loan bears interest of 3%. In fiscal 2012, the advance receivable was transferred to the City as Housing Successor to the former Redevelopment Agency and is recorded in the Community Development and Loan Programs Special Revenue Fund.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

In fiscal years 2007 through 2013, the General Fund made advances to the Richmond Housing Authority Enterprise Fund for police, sewer, and other services as well as the Housing Authority's employee payroll. The advance repayment terms were amended in April 2010 and the advance bears no interest and was payable in 135 monthly installments of \$30,000 and one final installment of \$22,446 on or before August 1, 2021. On June 28, 2011 the agreement was amended to make the monthly payments \$50,000 for the remaining 71 payments, starting July 1, 2011, and one final installment of \$36,634. During fiscal year 2013, \$6,600,000 of the advance was assumed by RHA Properties and is has been reclassified as a loan receivable, as discussed in Note 5, and the remaining balance of the interfund advance as of June 30, 2013 is \$1,966,244.

In fiscal 2006 the General Fund established repayment terms for its advance of \$17,139,855 to the Port of Richmond Enterprise Fund to assist the Port with various lease transactions and other projects. The advance did not bear interest for the first three years; the next five years it bore an interest rate of 4%, with the balance payable on or before June 30, 2015. The advance repayment terms were amended in October 2013, effective June 30, 2013, to convert the accrued unpaid interest of \$745,119 to principal and reduce the advance balance by \$842,877, and the advance no longer bears interest. Annual principal payments of \$125,000 are due beginning June 30, 2014 through June 30, 2066 with a final principal payment of \$32,593 due on June 30, 2067, and in addition to those payments, the annual berthing cost of the vessel Red Oak Victory at the Port that is to be paid by the General Fund will instead offset and reduce the principal balance of the advance based on an established rental schedule. Historical rental payments from August 2004 to June 30, 2012 totaling \$842,877 were applied to the principal balance of the loan as of June 30, 2013. Another provision of the amended agreement provides that upon the sale of any Port property, including Terminal One and Terminal Four, the proceeds from the sale are to be used to repay and reduce the principal balance of the advance. The balance of the advance as of June 30, 2013 is \$16,816,157.

In fiscal 2008 the General Fund advanced \$211,686 to the Impact Fees Special Revenue Fund for the purpose of redeeming a portion of the letter of credit with Pinole Point Properties, Inc. that was redeemed with a settlement payment of \$1,750,000. The advance was initially going to be repaid with future developer's fees, however, due to low development activities in the area it is unlikely that the fund would be able to repay the advance the advance was forgiven in fiscal 2013.

In fiscal 2008 the General Fund advanced \$1,758,342 to the Storm Sewer Enterprise Fund for the purpose of providing a clean storm sewer system and street sweeping activities. In fiscal year 2009 the advance was moved to the Insurance Reserves Internal Service Fund. The advance bears interest of 4.34% and is payable as follows: Semi-annual interest payments in the amount of \$52,460 to be made April 30 and December 31 of each year commencing in December 2009 until December 2038. The final interest payment of \$52,298 and the total principal balance is due April 30, 2039. The balance of the advance and accrued interest as of June 30, 2013 is \$1,992,948.

**C. *Transfers Between Funds***

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

Transfers between funds during the fiscal year ended June 30, 2013 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Non-Major Governmental Funds	\$5,747,506
	Non-Major Enterprise Funds	147,055
	Internal Service Funds	3,133,775
Cost Recovery Fund	General Fund	4,923,475
Community Development and Loan Programs Fund	General Fund	446,933
Non-Major Governmental Funds	General Fund	3,272,482
	Non-Major Governmental Funds	3,373,805
	Non-Major Enterprise Funds	100,000
Port of Richmond Enterprise Fund	General Fund	842,877
Internal Service Funds	General Fund	989,437
	Cost Recovery Fund	62,779
	Community Development and Loan Programs	7,176
	Port of Richmond Enterprise Fund	5,428
	Total Interfund Transfers	<u>\$23,052,728</u>

None of these transfers were unusual or non-recurring in nature, except for the transfer from the Secured Pension Override Special Revenue Fund to the General Fund in the amount of \$3,146,427 to fund current year pension contributions to PERS, which is included in transfers from Non-Major Governmental Funds, and the transfer from the General Fund to the Port of Richmond Enterprise Fund in the amount of \$842,877 to reduce the principal balance of the interfund advance discussed in Note 4B.

**D. Internal Balances**

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

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 5 - NOTES AND LOANS RECEIVABLE**

At June 30, 2013, notes and loans receivable consisted of the following:

	Amount
<b>CalTrans Loan</b>	\$721,415
<b>Police Chief Loan</b>	87,985
<b>Richmond Art Center Loan</b>	128,960
<b>East Bay Center for the Performing Arts</b>	1,150,000
<b>Groundwork Richmond</b>	9,995
<b>Richmond Neighborhood Stabilization Loans</b>	1,794,245
<b>Community Development Block Grant, Home Investment Partnership Program, EDA and CALHome Loans:</b>	
Mechanics Bank Loans	41,096
Deferred Loans	4,265,012
Home Improvement Program Loans	1,041,467
Rental Rehabilitation Loans	348,582
Infill Phase II Loan	828,471
The Carquinez Project	148,490
Creely Avenue Housing Rehabilitation Loan (Arbors)	1,614,056
Lillie Mae Jones Project Loan	849,166
Nevin Court Homeowner Development Project	343,839
EDA Loans	591,898
CALHome Program	1,705,886
Miraflores Loan	1,208,258
<b>Subtotal - CDBG, HOME, EDA and CALHome Loans</b>	12,986,221
<b>Housing Successor Loans:</b>	
Rental Rehabilitation Loans	30,700
The Carquinez Project	1,152,510
Creely Avenue Housing Rehabilitation Loan (Arbors)	1,594,057
Lillie Mae Jones Project Loan	521,254
Miraflores Loan	91,000
MacDonald Place Senior Housing	3,411,328
Atchison Village Annex Apartments	328,565
Heritage Park Development	219,281
Silent Second Mortgage Loans	2,074,661
Chesley Avenue Mutual Housing Development	4,741,492
Easter Hill Project	2,281,960
<b>Subtotal- Housing Successor Loans</b>	16,446,808
<b>RHA Properties Loans</b>	9,823,982
<b>Total Notes and Loans Receivable</b>	\$43,149,611

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)**

**CalTrans Loan**

The total of \$721,415 consists of two loans 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.

**Police Chief Loan**

Under the Resolution Number 169-05, the City made a long-term loan of \$150,000, and a short-term loan of \$50,000, for a total loan amount of \$200,000, to finance the acquisition of the new Police Chief's personal residence located within the City of Richmond. The loan is secured by a deed of trust on the property. The loan is due upon sale of the property, within eighteen months after the Police Chief's employment with the City terminates, or fifteen years from the date of the loan, whichever occurs first. The loan bears a variable interest rate from the date of disbursement until repaid in full at an amount equal to the average annual interest rate of the California State Treasurer's Office Local Agency Investment Fund, adjusted effective as of each annual anniversary date of the close of escrow of the Property purchased by the Police Chief. The short-term loan of \$50,000 was repaid during fiscal year 2006.

**Richmond Art Center Loan**

On June 5, 2012, the City approved a loan of \$161,200 to the Richmond Art Center to finance the salaries and benefits of the Art Center staff for May and June 2012. The loan is secured by the Art Center's assets via a promissory note. The loan bears no interest and is payable in five equal installments of \$32,240 starting May 31, 2013 and continuing on May 31<sup>st</sup> of each year with the final payment due on May 31, 2017.

**East Bay Center for the Performing Arts**

On June 12, 2009 the former Redevelopment Agency entered into an agreement to loan \$2,500,000 to the East Bay Center (Center) for the Performing Arts to fund renovations to the Winters Building. The East Bay Center for the Performing Arts is a California nonprofit public benefit corporation that offers programs and training in theater, music and dance. The Loan bore interest of 3% per year and repayments of accrued interest was due in quarterly installments. The Center made a payment of \$1,100,000 prior to January 31, 2012. Due to the dissolution of the Redevelopment Agency effective January 31, 2012 as discussed in Note 18, the balance of the loan was evaluated and it was determined that although the Redevelopment Agency implemented and administered the loan, the Insurance Internal Service Fund had funded the loan via an interfund advance and therefore the interfund advance was repaid in fiscal year 2012 by transferring the loan receivable to the Insurance Internal Service Fund. The agreement with the Center was amended on June 27, 2012, to reduce the interest rate to 0% and extend the repayment of the remaining \$1,400,000 to June 30, 2016.

**Groundwork Richmond**

On May 10, 2013 the City entered into an agreement to loan \$9,995 in cash flow assistance to Groundwork Richmond. Groundwork Richmond is a local non-profit organization dedicated to helping the City of Richmond reach its goals for improving the outdoor environment, and to engaging local residents in specific outdoor improvement projects. The loan bears interest of 1.42% and is due on December 31, 2013.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)**

**Richmond Neighborhood Stabilization Loans**

The Richmond Neighborhood Stabilization Corporation (RNSC) operates a residential rehabilitation loan program financed by Department of Housing and Urban Development grants that have passed through the City under its Neighborhood Stabilization Program (NSP1) and additional allocation under the third round of funding referred to as (NSP3). The program provides affordable home ownership opportunities for households of low and moderate income by facilitating the development financing necessary for the purchase, rehabilitation, and resale of deed-restricted affordable ownership units. As of June 30, 2013, the total balance of outstanding loans for NSP1 was \$1,794,245 and no NSP3 loans had been issued. Loans are payable upon the resale of improved properties.

**Mechanics Bank Loans**

Loans are amortized home improvement loans to low and moderate income borrowers and are repaid at 3% per annum. CDBG loan contracts are forwarded to Mechanics Bank for servicing.

**Deferred Loans**

Deferred loans are granted to low and moderate income families to assist them in purchasing their homes. Emergency repair loans not exceeding \$10,000 funded by the 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 to 30 years.

**Home Improvement Program Loans**

“Silent second” mortgage loans are provided to low and moderate income first time homebuyers as 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 down payments or closing costs.

Home improvement program loans include amortized loans to assist low income families in Richmond in the improvement of their homes. The interest rates for these loans range from 0% to 3% and are payable over a period of 15 to 30 years.

**Rental Rehabilitation Loans**

Rental Rehabilitation Loans help make rental units affordable to low and very low income housing families. Loans assist private and non-profit owners in purchasing and rehabilitating existing multifamily housing units.

**Scattered Site Infill Housing Development (Infill Phase II)**

Under a loan agreement dated September 30, 2010, the City loaned Community Housing Development Corporation of North Richmond \$1,198,013 to fund construction of 36 townhomes to be made available for very-low and low income households. Funding for the loan is as follows: \$602,556 in HOME funds, \$266,000 in CDBG funds and \$329,457 in CDBG-R. The current funding is for predevelopment activities in conjunction with the construction and development of the townhomes. The loan is secured by a deed of trust on the property. The outstanding balance of the loan bears simple interest at the rate of 3% per year.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)**

The payment of principal and interest is deferred and due at the end of the term due September 30, 2065. As of June 30, 2013, \$828,471 had been drawn down on the loan.

**The Carquinez Project**

Under a loan agreement dated November 14, 2008, the former Redevelopment Agency loaned Carquinez Associates, L.P., \$1,000,000 to fund rehabilitation of a five story building, with 36 apartments housing low-income seniors. On August 23, 2010 the agreement was amended to provide the Developer with a total amount of \$1,301,000. Funding for the loan is as follows: \$1,152,510 funded by Series 2007 Bonds and \$148,900 funded by CDBG. Repayments on the loan are to be made from residual receipts as defined in the agreement. The loan does not bear interest and the unpaid principal balance is due in November 2043. With the dissolution of the Redevelopment Agency as discussed in Note 18, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result City, as Housing Successor, assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund, including the balance of the Carquinez loan as of February 1, 2012.

**Creely Avenue Housing Rehabilitation (Arbors)**

On September 15, 2006, the former Redevelopment Agency and the City loaned Arbors Preservation Limited Partnership the amount of \$2,558,557, to construct extremely low, very low and low income rental housing units and a new community room on Creely Avenue. On October 31, 2008, the loan was amended to provide the developer a total loan amount of \$3,208,113. Funding for the loan is as follows: \$1,539,056 in HOME funds, \$75,000 in CDBG funds and \$1,594,057 in 2007 Series B bond funds. The loan bears simple interest at the rate of 3% per year. All unpaid principal and interest on the loan is due on April 29, 2063. With the dissolution of the Redevelopment Agency as discussed in Note 18, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result the City, as Housing Successor, assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund, including the balance of the Arbors loan as of February 1, 2012.

**Lillie Mae Jones Project**

On January 19, 2010, the former Redevelopment Agency and the City entered into an agreement with Lillie Mae Jones Plaza, L.P. and the Community Housing Development Corporation of North Richmond to loan \$3,119,000 to construct and provide 26 housing units to very low and low income households. Funding for the loan is as follows: \$1,081,291 in HOME funds, \$84,000 in Section 108 funds and \$1,953,709 in 2007 Series B bonds. The loan bears an interest rate of 3% per year and repayments on the loan are to be made from residual receipts as defined in the agreement. All unpaid principal and accrued interest is due in January 2065. The agreement was amended in November 2011, due to securing a \$293,884 loan from County of Contra Costa with Mental Health Services Act, which specifies that two Units are required to be available to and occupied by Mental Health Services Act Eligible Tenants pursuant to the County Regulatory Agreement with Lillie Mae Jones Plaza, L.P. With the dissolution of the Redevelopment Agency as discussed in Note 18, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result the City, as Housing Successor, assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund, including the balance of the Lillie Mae Jones loan as of February 1, 2012. As of June 30, 2013, Lillie Mae Jones drew down \$1,370,420.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)**

**Nevin Court Homeowner Development Project**

In May 2005, the City entered into an agreement with Community Housing and Development Corporation of North Richmond (Development), in the original amount of \$227,000 to construct and develop 10 single family homes for low and moderate income households. The agreement was amended in November 2008, to increase the loan to \$377,000. In fiscal year 2010, the Development drew down \$343,839. The loan bears interest of 3% per year and the unpaid balance is due in November 2063.

**EDA loans**

The Agency'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. With the dissolution of the Redevelopment Agency as discussed in Note 18, the EDA loan program that was funded with grant funds from the Economic Development Administration is now administered by the City effective February 1, 2012.

**CALHome Program**

The CALHome loan program provides housing assistance to Richmond residents to assist with first-time homeowner down payments or rehabilitation projects for owner-occupied homes. The loans are secured by deeds of trust on the properties. Principal and interest on the loans are deferred for 30 years, unless otherwise specified in the promissory note. With the dissolution of the Redevelopment Agency as discussed in Note 18, the CALHome loan program that was funded with grant funds is now administered by the City effective February 1, 2012.

**Miraflores Loan**

Under an amended loan agreement dated June 21, 2011, the City agreed to loan Community Housing Development Corporation of North Richmond and Eden Housing, Inc., \$1,465,000 to fund the construction of 110 senior housing units for low and moderate income residents. Funding for the loan is as follows: \$449,000 in CDBG funds, \$925,000 in HOME funds, and \$91,000 Redevelopment Agency Low and Moderate Income Housing Fund funds. With the dissolution of the Redevelopment Agency as discussed in Note 18, the portion of the Miraflores loan that was funded by the Redevelopment Agency's Low and Moderate Income Housing Fund was assumed by the City as Housing Successor. The loan does not bear interest and the unpaid principal balance is due September 22, 2015. As of June 30, 2013, \$1,299,258 of the loan had been drawn down.

**Housing Successor Loans**

With the dissolution of the Redevelopment Agency as discussed in Note 18, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result City, as Housing Successor, assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund, including the balance of certain loans discussed above and all of the loans below as of February 1, 2012.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)**

**MacDonald Place Senior Housing**

On June 26, 2007, the former Redevelopment Agency agreed to loan MacDonald Housing Partners, L.P., and Richmond Labor and Love Community Development Corporation the amount of \$4,720,000, to construct senior housing units, a management office, small meeting rooms and ancillary retail use, and a separate space for community services. The loan's principal is due 57 years from the date of disbursement. The loan bears simple of interest of 2% per year payable from any residual receipts available from the prior calendar year with an additional 1% per year, but only to the extent that funds are available to pay such contingent interest from the Agency's share of residual receipts, as defined in the agreement.

**Atchison Village Annex Apartments**

In 1998, the former Redevelopment Agency loaned Atchison Village Associates, LP \$464,000 collateralized by a deed of trust to finance the acquisition and rehabilitation of 100 units of family housing. Interest on the unpaid principal balance is 3% per annum. Loan payments of principal and interest are payable in equal monthly payments of \$2,651.

In 2006, the former Redevelopment Agency loaned Atchison Village Associates, LP \$44,000 collateralized by a deed of trust to finance the rehabilitation of low- and moderate-income housing. The loan bears no interest and the entire principal is due in 25 years.

**Heritage Park Development**

In 1999, the former Redevelopment Agency loaned Hilltop Group, LP a total of \$500,000, collateralized by deeds of trust and bearing interest at an effective rate of 1½% starting September 2004. The loans were used to finance the development of the Heritage Park Development in the City. Monthly installments of interest and principal in the total amount of \$3,115 are payable through September 1, 2019.

**Silent Second Mortgage Loans**

Loans were 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 are to be forgiven in the future if the property owners do not sell or refinance the property.

**Chesley Avenue Mutual Housing Development**

On December 1, 2003, the former Redevelopment Agency loaned Chesley Avenue Limited Partnership the amount of \$4,741,492, to construct very low and low income housing units. The loan's principal is due in 2058; interest is payable starting May 1, 2006, at the rate of 2% per annum or in the amount of 95% of any residual receipts remaining from the prior year, whichever is less.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)**

**Easter Hill Project**

The loan from the former Redevelopment Agency to Easter Hill Development, L.P. is providing financial assistance in the development of the Easter Hill Project. The Easter Hill Project consists of single and multifamily home components. Easter Hill Development, L.P. shall use the loan to pay for predevelopment, acquisition and construction costs. The outstanding balance of the loan bears simple interest at the rate of 2% per year. Repayments on the loan are to be made from residual receipts as defined in the agreement. All unpaid principal and accrued interest on the loan is due February 1, 2069.

**RHA Properties Loans**

In fiscal years 2007 through 2013, the General Fund made advances to the Richmond Housing Authority Enterprise Fund for police, sewer, and other services as well as the Housing Authority's employee payroll, as discussed in Note 4B, and RHA Properties assumed a portion of that advance during fiscal year 2013, which is now classified as a loan receivable.

On May 1, 2013, a Memorandum of Understanding (MOU) was reached between the Housing Authority and RHA Properties, which states that the RHA Properties shall provide resources derived from the sale proceeds of the Westridge at Hilltop Apartments to pay a financial sanction imposed by the Office of the Inspector General (OIG) in an amount no less than \$2,257,799 to the Housing Authority and to retire the outstanding debt owed to the General Fund by the Housing Authority in an amount no less than \$6,600,000. On May 24, 2013 RHA Properties entered into a Purchase and Sale Agreement with buyers. The disposition is expected to take place within fiscal year 2013-2014.

As of June 30, 2013, the Housing Authority had invested \$1,000,000 in start-up contributions and had advanced \$966,183 to RHA properties, which was used for debt service and operating expenses. The Housing Authority expects the entire amount to be repaid from the proceeds upon disposition of the Westridge at Hilltop Apartments by RHA Properties.

The total balance of the General Fund and Richmond Housing Authority Enterprise Fund loans receivable from RHA Properties as of June 30, 2013 is \$9,823,982.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 6 - CAPITAL ASSETS**

**A. Policies**

Capital assets are valued at historical cost or at estimated fair value on the date donated. If actual historical costs are not available, assets have been valued at approximate historical cost. The City's policy is to capitalize assets costing at least \$5,000, and the Housing Authority's and RHA Properties' policy is to capitalize assets costing at least \$1,000. Depreciation is recorded on a straight-line basis over the following estimated useful lives:

Improvements other than buildings	20 years
Buildings and building improvements	20 - 50 years
Vehicles	3 - 10 years
Infrastructure	25 - 50 years
Machinery and equipment	3 - 20 years

RHA Properties has assigned the useful lives listed below to its capital assets:

Building and improvements	27.5 years
Furniture and equipment	5 years
Vehicles	5 years

Infrastructure includes streets systems, parks and recreation lands and improvement systems, storm water collection systems, and buildings combined with site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system is divided into subsystems. For example, the street system includes pavement, curbs and gutters, sidewalks, medians, streetlights, traffic control devices such as signs, signals and pavement markings, landscaping and land. In the case of the initial capitalization of general infrastructure assets reported by governmental activities, the City chose to include all such items regardless of their acquisition date or amount.

Net interest costs incurred during the construction of capital assets for the business-type and proprietary funds are capitalized as part of the asset's cost.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**B. Current Year Activity**

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

	Balance at June 30, 2012	Additions	Retirements	Transfers	Transfer to Successor Agency	Balance at June 30, 2013
<b>Governmental activities</b>						
Capital assets not being depreciated:						
Land	\$14,121,936	\$132,949				\$14,254,885
Construction in progress	56,884,384	13,270,865		(\$714,685)	(\$5,328,244)	64,112,320
Total capital assets not being depreciated	<u>71,006,320</u>	<u>13,403,814</u>		<u>(714,685)</u>	<u>(5,328,244)</u>	<u>78,367,205</u>
Capital assets being depreciated:						
Buildings and improvements	139,728,420	545,076				140,273,496
Machinery and equipment	40,189,510	1,304,824	(\$269,219)	352,063		41,577,178
Land improvements and infrastructure	415,764,458			362,622		416,127,080
Total capital assets being depreciated	<u>595,682,388</u>	<u>1,849,900</u>	<u>(269,219)</u>	<u>714,685</u>		<u>597,977,754</u>
Less accumulated depreciation for:						
Buildings and improvements	(21,063,954)	(2,879,773)				(23,943,727)
Machinery and equipment	(23,416,310)	(3,668,663)	243,354			(26,841,619)
Land improvements and infrastructure	(311,601,061)	(12,704,700)				(324,305,761)
Total accumulated depreciation	<u>(356,081,325)</u>	<u>(19,253,136)</u>	<u>243,354</u>			<u>(375,091,107)</u>
Capital asset being depreciated, net	<u>239,601,063</u>	<u>(17,403,236)</u>	<u>(25,865)</u>	<u>714,685</u>		<u>222,886,647</u>
Governmental activity capital assets, net	<u>\$310,607,383</u>	<u>(\$3,999,422)</u>	<u>(\$25,865)</u>		<u>(\$5,328,244)</u>	<u>\$301,253,852</u>

During fiscal year 2013, the State Department of Finance denied the prior year transfer of certain projects in progress from the former Redevelopment Agency to the City and required the transfer of those projects totaling \$5,328,244 to the Successor Agency, which has been reported as a transfer above and as an Extraordinary Item in the Statement of Activities.

Governmental activities depreciation expenses for capital assets is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program for the year ended June 30, 2013 were as follows:

<b>Governmental Activities</b>	
General Government	\$2,616,856
Public Safety	1,091,671
Public Services	13,457,997
Community Development	89,378
Cultural and Recreational	196,628
Internal Service Funds	1,800,606
<b>Total Governmental Activities</b>	<u><u>\$19,253,136</u></u>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

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

	Balance at June 30, 2012	Additions	Retirements	Transfers	Reclassified*	Balance at June 30, 2013
<i>Business-type activities</i>						
Capital assets not being depreciated:						
Land	\$11,611,407				(\$3,379,630)	\$8,231,777
Construction in progress	57,339,422	\$15,939,812	(\$81,212)	(\$56,334,751)		16,863,271
Total capital assets not being depreciated	<u>68,950,829</u>	<u>15,939,812</u>	<u>(81,212)</u>	<u>(56,334,751)</u>	<u>(3,379,630)</u>	<u>25,095,048</u>
Capital assets being depreciated:						
Buildings and improvements	92,326,196			1,816,482	(614,560)	93,528,118
Machinery and equipment	13,577,361	17,500	(11,825)		(30,000)	13,553,036
Infrastructure	140,580,143			54,518,269		195,098,412
Total capital assets being depreciated	<u>246,483,700</u>	<u>17,500</u>	<u>(11,825)</u>	<u>56,334,751</u>	<u>(644,560)</u>	<u>302,179,566</u>
Less accumulated depreciation for:						
Buildings and improvements	(46,901,356)	(2,717,556)				(49,618,912)
Machinery and equipment	(11,115,555)	(443,962)	11,825		13,142	(11,534,550)
Infrastructure	(75,371,337)	(5,727,844)				(81,099,181)
Total accumulated depreciation	<u>(133,388,248)</u>	<u>(8,889,362)</u>	<u>11,825</u>		<u>13,142</u>	<u>(142,252,643)</u>
Capital asset being depreciated, net	<u>113,095,452</u>	<u>(8,871,862)</u>		<u>56,334,751</u>	<u>(631,418)</u>	<u>159,926,923</u>
Business-type activity capital assets, net	<u>\$182,046,281</u>	<u>\$7,067,950</u>	<u>(\$81,212)</u>		<u>(\$4,011,048)</u>	<u>\$185,021,971</u>

\*Amount was reclassified as Due from Developer as the funds used to purchase these assets were loaned to Easter Hill by the Housing Authority from Hope VI funding in the past.

The following is a summary of capital assets for RHA Properties:

	Balance at June 30, 2012	Additions	Transfers	Balance at June 30, 2013
Capital assets not being depreciated:				
Land	\$10,431,153			\$10,431,153
Construction in progress	209,224		(\$209,224)	
Total capital assets not being depreciated	<u>10,640,377</u>		<u>(209,224)</u>	<u>10,431,153</u>
Capital assets being depreciated:				
Buildings and improvements	24,067,825	\$397,262	209,224	24,674,311
Furniture and equipment	169,830	51,926		221,756
Vehicles	7,993			7,993
Total capital assets being depreciated	<u>24,245,648</u>	<u>449,188</u>	<u>209,224</u>	<u>24,904,060</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,707,717)	(905,863)		(8,613,580)
Furniture and equipment	(75,376)	(29,464)		(104,840)
Vehicles	(933)	(1,599)		(2,532)
Total accumulated depreciation	<u>(7,784,026)</u>	<u>(936,926)</u>		<u>(8,720,952)</u>
Capital asset being depreciated, net	<u>16,461,622</u>	<u>(487,738)</u>	<u>209,224</u>	<u>16,183,108</u>
RHA Properties capital assets, net	<u>\$27,101,999</u>	<u>(\$487,738)</u>		<u>\$26,614,261</u>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

Business activities depreciation expenses for capital assets allocated to each program for the year ended June 30, 2013 were as follows:

Richmond Housing Authority	\$2,335,848
Port of Richmond	2,954,415
Municipal Sewer	2,537,875
Richmond Marina	85,197
Storm Sewer	947,390
Cable TV	28,637
<b>Total Business-Type Activities</b>	<u><u>\$8,889,362</u></u>
<b>Component Unit</b>	
RHA Properties	<u><u>\$936,926</u></u>

**NOTE 7 – NOTES PAYABLE**

**Tax and Revenue Anticipation Notes, Series 2011-2012**

On July 26, 2011 the City issued Series 2011-2012 Tax and Revenue Anticipation Note in the amount of \$7,650,000. The proceeds from the Note will be used to provide funds to meet the City's anticipated cash flow needs for its fiscal year ending June 30, 2012. The note bore an interest rate of 2.00%. The Note was repaid on October 31, 2012.

**2012-2013 Tax and Revenue Anticipation Note, Series A**

On October 1, 2012 the City issued 2012-2013 Tax and Revenue Anticipation Note, Series A, in the amount of \$9,000,000. The proceeds from the Note will be used to provide funds to meet the City's anticipated cash flow needs for its fiscal year ending June 30, 2013. The Note bore an interest rate of 2.00%. The Note was repaid on June 28, 2013.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 – LONG-TERM DEBT OBLIGATIONS**

**Government-Wide Financial Statements** – Long-term debt is reported as liabilities of the appropriate governmental or business-type activity.

Bond premiums and discounts 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 expensed in the year incurred.

**Fund Financial Statements** – Proprietary fund financial statements report long-term debt under the same principles as the City-wide financial statements. Governmental fund financial statements do not present long-term debt.

Governmental funds report bond premiums, discounts and issuance costs in the year the debt is issued. Bond proceeds are reported as other financing sources net of premium or discount. Issuance costs are reported as debt service expenditures.

**A. Governmental Activities**

Following is a summary of governmental activities long-term debt transactions during the fiscal year ended June 30, 2013:

	Balance July 01, 2012	Additions (A)	Deletions	Balance June 30, 2013	Due Within One Year	Due in More than One Year
Bonds payable	\$242,587,099	\$8,338,122	(\$7,320,000)	\$243,605,221	\$5,485,000	\$238,120,221
Loans payable	635,646	621,558	(25,324)	1,231,880	60,606	1,171,274
Capital leases	8,523,072	2,000,000	(2,253,578)	8,269,494	1,638,306	6,631,188
<b>Total</b>	<u>\$251,745,817</u>	<u>\$10,959,680</u>	<u>(\$9,598,902)</u>	<u>\$253,106,595</u>	<u>\$7,183,912</u>	<u>\$245,922,683</u>

(A) Includes issuance of debt totaling \$2,621,558 and bond accretion for capital appreciation bonds totaling \$8,338,122.

**Bonds Payable**

Bonds payable at June 30, 2013 consisted of the following:

Pension Obligation Bonds - 1999 Series A	<u>\$13,675,000</u>
Pension Funding Bond Series 2005	142,808,676
JPFA Lease Revenue Refunding Bonds - 2009	<u>87,121,545</u>
<b>Total</b>	<u><u>\$243,605,221</u></u>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 – LONG-TERM DEBT OBLIGATIONS (Continued)**

**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. 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 payments are due semiannually on May 15 and November 15. The Series 1995A Local Obligations consist of a Master Lease with the City and an Installment Purchase Agreement with the City payable solely from gas tax revenues. During the year ended June 30, 2008 the Master Lease portion of the Bonds in the principal amount of \$5,498,291 was defeased by the 2007 Lease Revenue Bonds. The Installment Purchase Agreement portion of the Bonds with the outstanding principal balance of \$1,829,143 at the time of the defeasance remained outstanding. As of June 30, 2013, the bonds were fully repaid.

**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 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. The total principal and interest remaining to be paid on the bonds is \$19,466,768. Principal and interest paid for the current fiscal year and total pension tax override revenues were \$2,444,523 and \$10,267,824, respectively.

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

For the Years Ending June 30,	Principal	Interest	Total
2014	\$1,280,000	\$987,315	\$2,267,315
2015	1,190,000	894,978	2,084,978
2016	1,625,000	788,430	2,413,430
2017	1,570,000	667,499	2,237,499
2018	1,520,000	550,543	2,070,543
2019-2023	4,385,000	1,506,950	5,891,950
2024-2028	1,885,000	381,954	2,266,954
2029-3030	220,000	14,099	234,099
<b>Total</b>	<b>\$13,675,000</b>	<b>\$5,791,768</b>	<b>\$19,466,768</b>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

**2005 Taxable Pension Funding Bonds – Original Issue \$114,995,133**

These Bonds were issued to prepay the unfunded liability of the Miscellaneous and Safety pension plans provided through the California Public Employees’ Retirement System (See Note 11). As of June 30, 2013, the City’s net pension asset amounted to \$93,435,681. The Bonds consist of three series as shown below:

Bond Type & Series	Initial Interest Rate	Less: Credit Adjustment	Adjusted Interest Rate	Maturity Date	Original Principal Amount	Index Rate Conversion Data		
						Full Accretion Date	Adjusted Subsequent Interest Rate	Adjusted Maturity Value
Current Interest - 2005A	5.9350%	-0.1000%	5.8350%	8/1/13	\$26,530,000	n/a	n/a	n/a
Convertible Auction Rate Securities, Capital Appreciation Bonds -								
2005B-1	6.2550%	-0.1000%	6.1550%	8/1/23	47,061,960	8/1/13	LIBOR + 1.4%	\$75,218,000
2005B-2	6.5650%	-0.1000%	6.4650%	8/1/34	41,403,173	8/1/23	LIBOR + 1.4%	127,968,000
					\$114,995,133			\$203,186,000

*Credit Adjustment* - The Bonds were issued on November 1, 2005 in a private placement at the initial interest rates. Included in the Indenture were provisions which adjust the initial interest rates on each series based on the City’s meeting certain conditions. As a result of the City issuing its June 30, 2005 financial statements and receiving an upgraded credit rating of A3 by Moody’s by May 1, 2006, the initial interest rates were reduced by 1/10<sup>th</sup> of one percent.

*Current Interest Bonds* - The Series 2005A Bonds have principal payments due each August 1 in amounts ranging from \$845,000 to \$4,930,000. Interest is fixed and is payable semiannually on February 1 and August 1.

*Capital Appreciation Bonds* - The Series 2005B-1 Bonds and 2005B-2 Bonds are capital appreciation bonds, which means no interest is paid until the Adjusted Maturity Value is reached on the Full Accretion Date. Capital appreciation bonds are issued at a deep discount which then “accreted” over time. The discount on these bonds represented as the effective interest rate on each series is shown above.

*Mandatory Index Rate Conversion* – On the respective Full Accretion Date, the Series 2005B-1 or 2005B-2 Bonds convert from Capital Appreciation Bonds to Index Rate Bonds. From that date forward, the Bonds bear interest at a rate based on the LIBOR index plus 1.4%. This rate fluctuates according to the market conditions is limited to 17 percent per year. Following the applicable Full Accretion Date, interest on the converted bond series is due semiannually each February 1 and August 1. The Series 2005B-1 Bonds are due in annual installments from 2014 to 2023 ranging from \$4,468,000 to \$11,593,000. The 2005B-2 Bonds are due in annual installments from 2024 to 2034 ranging from \$6,466,000 to \$18,538,000.

*Optional Auction Rate Conversion* – On the respective Full Accretion Date, the 2005B-1 and the 2005B-2 Bonds may be converted to Auction Rate Bonds provided that certain conversion requirements are met. Auction rates fluctuate according to the market conditions is limited to a maximum 17 percent per year and a minimum of 80 percent of the LIBOR index rate.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

Swap Agreements - The City entered into two interest rate swap agreements related to the 2005B-1 and 2005B-2 Bonds, which will become effective August 1, 2013 and August 1, 2023, respectively, in the same amount as the outstanding principal balances of the Bonds on that date. The combination of the variable rate bonds and a floating swap rate will create synthetic fixed-rate debt for the City. Because neither the variable rate nor the swap rates are effective as of June 30, 2013 the initial bond interest rates discussed above are used for disclosure purposes.

At June 30, 2013, the Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Current interest bonds	\$4,205,000			\$4,205,000
Capital appreciation bonds	203,186,000	\$8,338,122	(\$72,920,446)	138,603,676
	<u>\$207,391,000</u>	<u>\$8,338,122</u>	<u>(\$72,920,446)</u>	<u>\$142,808,676</u>

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2014	\$4,205,000	\$2,003,131	\$6,208,131
2015	4,468,000	3,649,200	8,117,200
2016	4,692,000	3,420,200	8,112,200
2017	5,660,000	3,161,400	8,821,400
2018	6,653,000	2,853,575	9,506,575
2019-2023	47,439,000	7,990,475	55,429,475
2024-2028	36,201,000	26,156,375	62,357,375
2029-2033	62,177,000	17,611,575	79,788,575
2034-2035	35,896,000	1,765,300	37,661,300
<b>Total</b>	<u>\$207,391,000</u>	<u>\$68,611,231</u>	<u>\$276,002,231</u>

**Richmond Joint Powers Financing Authority Lease Revenue Refunding Bonds, Series 2009 – Original Issue - \$89,795,000**

On November 10, 2009, the Authority issued Series 2009 Lease Revenue Refunding Bonds in the amount of \$89,795,000. The proceeds from the Bonds were used to refund and retire the outstanding principal amount of the Authority's 2007 Lease Revenue Bonds. The 2007 Bonds were used to finance a portion of the costs of the new Civic Center Project, and to refund a portion of the 1995A Joint Powers Financing Authority Revenue Refunding Bonds and the remaining principal amount of the 2001A Joint Powers Financing Authority Lease Revenue Bonds. The 2007 Bonds were also used to refund the remaining 1996 Port Terminal Lease Revenue Bonds. The 1995 A Bonds were called in November 2007 and the 2001 A Bonds were called in February 2011.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

The Series 2009 Bonds in the principal amount of \$87,121,545 have been recorded as governmental activities debt, and \$1,238,455 has been recorded as business-type activities as discussed in Note 8B below.

The Bonds bear interest rates that range from 3.50% to 5.875%. Principal payments are due annually on August 1 through 2038 and semi-annual interest payments are due August 1 and February 1 commencing on February 1, 2010.

In connection with the issuance of the 2007 Lease Revenue Bonds, the Authority entered into a swap agreement for \$101,420,000, the entire amount of the Bonds. On November 10, 2009, in connection with the issuance of the Series 2009 Bonds, the Authority terminated the original swap agreement and entered into an amended swap agreement effective December 1, 2009 for \$85,360,000. The amended agreement requires the Authority to make and receive payments based on variable interest rates. The Authority will make payments based on a variable interest rate equal to 100% of SIFMA plus a fixed percentage of 0.56% and the Authority will receive variable rate interest payments equal to 68% of 1-month LIBOR from the swap counterparty. Floating rate payments are due semi-annually on August 1 and February 1 commencing on February 1, 2010.

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2014		\$5,326,918	\$5,326,918
2015		5,326,789	5,326,789
2016	\$1,686,545	5,285,287	6,971,832
2017	1,880,000	5,202,453	7,082,453
2018	1,970,000	5,103,664	7,073,664
2019-2023	11,610,000	23,733,954	35,343,954
2024-2028	15,550,000	19,674,968	35,224,968
2029-2033	22,550,000	13,837,415	36,387,415
2034-2038	31,875,000	5,226,372	37,101,372
<b>Total</b>	<b>\$87,121,545</b>	<b>\$88,717,820</b>	<b>\$175,839,365</b>

***Interest Rate Swap Agreements***

The City entered into interest swap agreements in connection with the 2009 Lease Revenue Refunding Bonds. The transaction allows the City to create a synthetic fixed rate or a synthetic variable rate on the Bonds, protecting it against increases and decreases in short-term interest rates. The various risks associated with the swap agreements are disclosed below. For the swap agreements pertaining to the 2005B-1 and 2005B-2 Taxable Pension Funding Bonds, these disclosures are included below, but the swap agreements do not become effective until August 1, 2013 and August 1, 2023, respectively.

*Terms.* The terms, including the counterparty credit ratings of the outstanding swaps, as of June 30, 2013, are included below. The swap agreements contain scheduled reductions to the outstanding notional amount on an annual basis.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

**Pay-Fixed, Receive-Variable Swap Agreements**

For the following Pay-Fixed, Receive-Variable swap agreements, the City owes interest calculated at a fixed rate to the counterparty of the swaps. In return, the counterparty owes the City interest based on a variable rate that *approximates* the rate required by the Bonds. Debt principal is not exchanged; it is only the basis on which the swap receipts and payments are calculated.

Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's/Fitch)	Fixed Rate Paid	Variable Rate Received	Fair Value at June 30, 2013	Termination Date
<b>2005B-1 Taxable Pension Funding Bonds</b>							
\$75,230,476	8/1/2013	JPMorgan Chase Co.	A/A2/A+	5.712%	100% of USD-3 Month LIBOR	(\$15,561,252)	8/1/2023
<b>2005B-2 Taxable Pension Funding Bonds</b>							
\$127,990,254	8/1/2023	JPMorgan Chase Co.	A/A2/A+	5.730%	100% of USD-3 Month LIBOR	(\$8,126,391)	8/1/2034

**Pay Variable, Receive Variable Swap Agreement**

The City entered into a Pay-Variable, Receive-Variable swap agreement related to the 2009 Lease Revenue Refunding Bonds under which the City owes interest calculated at a variable rate to the counterparty of the swap and in return, the counterparty owes the City interest based on a variable rate. Debt principal is not exchanged; it or the outstanding notional amount, depending on the terms of the swap, are the basis on which the swap receipts and payments are calculated.

Outstanding Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's/Fitch)	Variable Rate Paid	Variable Rate Received	Fair Value at June 30, 2013	Termination Date
<b>2009 Lease Revenue Refunding Bonds</b>							
\$83,925,000	12/1/2009	Royal Bank of Canada	AA-/Aa3/AA	100% of SIFMA Municipal Swap Index	68% of USD-1 Month LIBOR	(\$11,939,816)	8/1/2037

*Fair value.* Fair value of the swaps take into consideration the prevailing interest rate environment, the specific terms and conditions of each transaction and any upfront payments that may have been received. Fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swaps, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swap.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

As of June 30, 2013, the fair value for the each of the outstanding swaps was in favor of the respective counterparties. The fair value represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. The City has accounted for the change in fair value of each of the hedges as noted below:

	Changes in Fair Value		Fair value at June 30, 2013	
	Classification	Amount	Classification	Amount
<i>Governmental Activities</i>				
<b>Pay-Fixed, Receive-Variable</b>				
2005B-1 Taxable Pension Funding Bonds	Investment revenue	\$2,026,808	Investment	(\$15,561,252)
2005B-2 Taxable Pension Funding Bonds	Investment revenue	8,347,229	Investment	(8,126,391)
<b>Pay-Variable, Receive-Variable</b>				
2009 Lease Revenue Refunding Bonds	Investment revenue	1,120,937	Investment	(11,939,816)
<b>Totals</b>		<b>\$11,494,974</b>		<b>(\$35,627,459)</b>

*Credit risk.* The fair values of the swaps represent the City's credit exposure to the counterparties. As of June 30, 2013, the City was not exposed to credit risk on the outstanding swaps because the swaps had negative fair values. However, if *interest* rates change and the fair value of the swaps were to become positive, the City would be exposed to credit risk.

*Interest rate risk.* The City will be exposed to interest rate risk for the Pay-Fixed, Receive-Variable swaps only if the counterparty to the swaps defaults or if the swaps are terminated. The Pay-Variable, Receive-Variable swaps increase the City's exposure to variable interest rates. As the SIFMA Municipal Swap Index Rate increases or the LIBOR decreases, the City's net payment on the swap increases.

*Basis risk.* Basis risk is the risk that the interest rate paid by the City on the underlying variable rate bonds to the *bondholders* temporarily differs from the variable swap rate received from the counterparty. The City bears basis risk on the Pay-Fixed, Receive-Variable swaps. The swaps have basis risk since the City receives a percentage of the LIBOR Index to offset the actual variable bond rate the City pays on the underlying Bonds. The City is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the City pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

A portion of this basis risk is tax risk. The City is exposed to tax risk when the relationship between the taxable LIBOR based swap and tax-exempt variable rate bond changes as a result of a reduction in federal and state income tax rates. Should the relationship between LIBOR and the underlying tax-exempt variable rate bonds converge the City is exposed to this basis risk.

*Termination risk.* The City may terminate if the other party fails to perform under the terms of the contract. The City will be exposed to variable rates if the counterparties to the swap contracts default or if the swap contracts are terminated. A termination of the swap contracts may also result in the City's making or receiving a termination payment based on market interest rates at the time of the termination. If at the time of termination the swaps have a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

*Swap payments and associated debt.* Using rates as of June 30, 2013, debt service requirements of the City's outstanding fixed rate 2009 Lease Revenue Refunding Bonds and net swap payments, assuming current interest rates remain the same for their term, are as follows. The 2005B-1 and 2005B-2 Bonds are not included in the tables, because the swaps are not effective until August 1, 2013 and August 1, 2034, respectively. As rates vary, net swap payments will vary. The payments below for the 2009 Bonds are included in the Debt Service Requirements above:

For the Years Ending June 30,	Fixed-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swap, Net	
2014	\$550,000	\$4,961,038	\$407,614	\$5,918,652
2015	575,000	4,938,538	404,815	5,918,353
2016	1,800,000	4,891,038	396,518	7,087,556
2017	1,880,000	4,815,088	387,365	7,082,453
2018	1,970,000	4,725,888	377,776	7,073,664
2019-2023	11,610,000	22,008,415	1,725,539	35,343,954
2024-2028	15,550,000	18,283,876	1,391,092	35,224,968
2029-2033	22,550,000	12,904,672	932,743	36,387,415
2034-2038	31,875,000	4,915,172	311,200	37,101,372
<b>Total</b>	<b>\$88,360,000</b>	<b>\$82,443,725</b>	<b>\$6,334,662</b>	<b>\$177,138,387</b>

**Loans Payable**

Loans payable at June 30, 2013 consisted of the following:

CalTrans Home Loans	\$610,322
California Energy Commission Loan	621,558
	<u>\$1,231,880</u>

**CalTrans Home Loans – Original Amount \$1,467,160**

The City has a loan from CalTrans which it used to purchase 43 homes in 1991. These homes were resold to Richmond Neighborhood Housing Services in order to provide housing to very low, and low and moderate income persons. Interest on the loan is computed annually based upon the average rate of return by the Pooled Money Investment Board for the past five years. Payment of principal and interest for 16 of the homes is made in quarterly payments over a 40 year period. Payment of principal and interest for 27 of the homes is deferred at least for the period that each home was committed by CalTrans to be used as affordable housing, which varies from seven to ten years. When the payments mature for the 27 homes, the City has the option to either make the full payment of principal and interest to CalTrans or execute a promissory note to pay the balance in quarterly payments over thirty to thirty-three years.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

**California Energy Commission Loan – Original Amount \$621,558**

On April 22, 2013, the City entered into a loan agreement with the California Energy Commission in the amount of \$621,558. The purpose of the loan is to provide funding for the replacement of street lighting with new LED lights. The loan bears a 3% interest rate and is due in semi-annual payments on December and June through December 2025.

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

For the Years Ending June 30,	Principal	Interest	Total
2014	\$35,283	\$25,381	\$60,664
2015	43,398	17,266	60,664
2016	44,668	15,997	60,665
2017	46,061	14,605	60,666
2018	47,453	13,213	60,666
2019-2023	259,638	43,691	303,329
2024-2026	145,057	6,605	151,662
<b>Total</b>	<b>\$621,558</b>	<b>\$136,758</b>	<b>\$758,316</b>

**Capital Leases**

Capital leases payable at June 30, 2013 consisted of the following:

Municipal Finance Corporation - Viron	\$42,173
Qualified Energy Conservation Lease	947,769
JPFA Recovery Zone Economic Development Lease	1,141,453
Holman Capital Corporation Lease #1	1,725,910
Holman Capital Corporation Lease #2	2,007,064
Holman Capital Corporation Lease #3	405,125
Holman Capital Corporation Lease #4	2,000,000
<b>Total</b>	<b>\$8,269,494</b>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

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

In 2002 the City entered into a lease agreement with Municipal Finance Corporation to finance the purchase of the Viron mechanical retrofit and energy management equipment. 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.

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

For the Years Ending June 30,	Principal	Interest	Total
2014	\$42,173	\$161	\$42,334

**SunTrust Leasing Corporation Equipment Leases – Original Amount \$6,027,628**

On July 2, 2008 the City entered into three capital leases with SunTrust Leasing Corporation to finance the acquisition of street sweeping vehicles and trucks, fire vehicles and related equipment and various other vehicles. The leases bear interest rates that range from 2.21% to 4.35%. Principal and interest payments on the leases are due semi-annually on each June 26 and December 26 commencing on December 26, 2008 through 2018. In fiscal year 2012, two of the capital leases, with a total original lease amount of \$4,322,828, were refinanced with Holman Capital Corporation as discussed in the Holman Capital Corporation Lease #2 below. As of June 30, 2013, the remaining lease was fully repaid.

**Qualified Energy Conservation Lease – Original Amount \$1,052,526**

On December 22, 2010 the City entered into a capital lease with Bank of America in the amount of \$1,052,526 to finance the purchase and installation of energy conservation equipment at various City-owned buildings. The City received an allocation of the national Qualified Energy Conservation Bond which includes a direct subsidy from the United States Treasury for the interest payable on the bonds under the Hiring Incentives to Restore Employment Act (HIRE Act). The subsidy will be payable on or about the date that the City makes its debt service payments and is equal to 59.79% of the interest payable on the lease. The subsidy received in fiscal year 2013 was \$38,583. The lease includes an equipment acquisition deadline of June 22, 2012. The lease bears interest at a rate of 6.79% and principal and interest payments are due semi-annually each June 15 and December 15 commencing on December 15, 2011 through 2026.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

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

For the Years Ending June 30,	Principal	Interest	Total
2014	\$61,641	\$63,314	\$124,955
2015	63,335	59,100	122,435
2016	65,076	54,770	119,846
2017	66,865	50,322	117,187
2018	68,703	45,751	114,454
2019-2023	372,898	155,666	528,564
2024-2026	249,251	29,952	279,203
<b>Total</b>	<b>\$947,769</b>	<b>\$458,875</b>	<b>\$1,406,644</b>

**Richmond Joint Powers Financing Authority Recovery Zone Economic Development Lease –  
Original Amount \$1,316,000**

On December 22, 2010 the Authority entered into a capital lease with Bank of America in the amount of \$1,316,000 to finance the improvements to three of the City's fire stations and a senior center. The City agreed to lease the three fire stations to the Authority in exchange for lease payments in the amount of the debt. The Authority received the lease proceeds under an allocation of the National Recovery Zone Economic Development Bonds under the American Recovery and Reinvestment Act of 2009, which includes a direct subsidy from the United States Treasury for the interest payable on the Bonds. The lease subsidy will be payable on or about the date that the Authority makes its debt service payments and is equal to 45% of the interest payable on the lease upon filing of a request by the Authority. The total subsidy received in fiscal year 2013 was \$33,458. The lease bears interest at a rate of 6.50% and principal and interest payments on the lease are due semi-annually each June 15 and December 15, commencing on June 15, 2011, through 2026.

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

For the Years Ending June 30,	Principal	Interest	Total
2014	\$73,882	\$73,005	\$146,887
2015	76,547	68,159	144,706
2016	79,308	63,139	142,447
2017	82,169	57,938	140,107
2018	85,133	52,549	137,682
2019-2023	474,000	174,862	648,862
2024-2026	270,414	26,677	297,091
<b>Total</b>	<b>\$1,141,453</b>	<b>\$516,329</b>	<b>\$1,657,782</b>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

**Holman Capital Corporation Lease #1– Police and Fire Radios – Original Amount \$2,711,743**

On November 30, 2011, the City entered into a capital lease agreement with Holman Capital Corporation to finance police and fire department radios. The lease bears an interest rate of 2.47%. Principal and interest payments on the lease are due semi-annually on each May 31 and November 30 commencing on November 30, 2011 through 2015.

The annual debt service requirement on the capital lease is as follows:

For the Years Ending June 30,	Principal	Interest	Total
2014	\$677,681	\$38,471	\$716,152
2015	694,522	21,629	716,151
2016	353,707	4,368	358,075
<b>Total</b>	<b>\$1,725,910</b>	<b>\$64,468</b>	<b>\$1,790,378</b>

**Holman Capital Corporation Lease #2 – Equipment – Original Amount \$2,854,454**

On June 1, 2012, the City entered into a capital lease agreement with Holman Capital Corporation to refinance two SunTrust leases for the acquisition of street sweeping vehicles and trucks, fire vehicles and related equipment and various other vehicles. The lease bears interest rates that range from 2.21% to 3.06%. Principal and interest payments on the lease are due semi-annually on each June 26 and December 26 commencing on June 26, 2012 through 2017.

The annual debt service requirement on the capital lease is as follows:

For the Years Ending June 30,	Principal	Interest	Total
2014	\$557,480	\$53,639	\$611,119
2015	572,645	38,473	611,118
2016	342,808	24,232	367,040
2017	353,377	13,661	367,038
2018	180,754	2,766	183,520
<b>Total</b>	<b>\$2,007,064</b>	<b>\$132,771</b>	<b>\$2,139,835</b>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

**Holman Capital Corporation Lease #3 – Mall Directional Signs - Original Amount \$502,500**

On June 1, 2012, the City entered into a capital lease agreement with Holman Capital Corporation to finance the purchase of mall directional signs. The lease bears an interest rate of 3.35%. Principal and interest payments on the lease are due semi-annually on each June 26 and December 26 commencing on June 26, 2012 through 2019.

The annual debt service requirement on the capital lease is as follows:

For the Years Ending June 30,	Principal	Interest	Total
2014	\$62,040	\$13,056	\$75,096
2015	64,135	10,961	75,096
2016	66,302	8,794	75,096
2017	68,541	6,555	75,096
2018	70,857	4,239	75,096
2019	73,250	1,846	75,096
<b>Total</b>	<b>\$405,125</b>	<b>\$45,451</b>	<b>\$450,576</b>

**Holman Capital Corporation Lease #4 – West Contra Costa Family Justice Center - Original Amount \$2,000,000**

On November 1, 2012 the City entered into a lease agreement with Holman Capital Corporation in the amount of \$2,000,000 to finance improvements to the City's West Contra Costa Family Justice Center. The lease bears an interest rate of 3.17%. Principal and interest payments on the lease are due semi-annually on each July 14 and January 14 commencing on July 14, 2013 through January 14, 2023.

The annual debt service requirement on the capital lease is as follows:

For the Years Ending June 30,	Principal	Interest	Total
2014	\$163,409	\$72,754	\$236,163
2015	179,350	56,810	236,160
2016	185,081	51,079	236,160
2017	190,994	45,166	236,160
2018	197,097	39,063	236,160
2019-2023	1,084,069	96,732	1,180,801
<b>Total</b>	<b>\$2,000,000</b>	<b>\$361,604</b>	<b>\$2,361,604</b>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

**B. Business-Type Activities**

The following is a summary of long-term debt of business-type activities during the fiscal year ended June 30, 2013:

	Balance July 01, 2012 (A)	Deletions	Balance June 30, 2013	Due Within One Year	Due in More than One Year
Bonds payable	\$139,425,102	(\$1,494,322)	\$137,930,780	\$4,010,000	\$133,920,780
Loans and leases payable	3,516,009	(508,637)	3,007,372	71,483	2,935,889
<b>Total</b>	<u>\$142,941,111</u>	<u>(\$2,002,959)</u>	<u>\$140,938,152</u>	<u>\$4,081,483</u>	<u>\$136,856,669</u>

(A) With the implementation of GASB Statement No. 65, the deferred amount on refunding is now reported as a deferred outflow of resources, therefore the beginning balance has been increased in the amount of \$6,925,916 with the reclassification of the balance.

Bonds payable at June 30, 2013 consisted of the following:

Wastewater Revenue Bonds Series 2006A	\$13,308,977
Wastewater Refunding Revenue Bonds 2008A	32,789,159
2009 Lease Revenue Bonds - Port Portion	1,206,061
2009A Point Potrero Lease Revenue Bonds	26,613,571
2009B Point Potrero Lease Revenue Bonds	20,014,555
Wastewater Revenue Bonds Series 2010A	3,234,689
Wastewater Revenue Bonds Series 2010B	40,763,768
<b>Total</b>	<u>\$137,930,780</u>

**Wastewater Revenue Refunding Bonds Series 2006A and 2006B – Original Issue \$48,830,000**

On October 17, 2006 the City issued \$16,570,000 of Wastewater Revenue Bonds, Series 2006A and \$32,260,000 of Wastewater Revenue Bonds, Series 2006B to refund the remaining \$38,516,264 principal amount of the Wastewater Revenue Bonds, Series 1999 and to fund certain capital costs of the City's Wastewater Enterprise. Net proceeds were used to purchase U.S. government securities placed in an irrevocable trust to provide all the future debt service payments for the 1999 Wastewater Bonds. The outstanding defeased bonds were called during the fiscal year ended June 30, 2010. During the fiscal year ended June 30, 2009, the City issued \$33,015,000 of Wastewater Revenue Refunding Bonds, Series 2008A to refund the 2006B Bonds.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

At June 30, 2013, the Bonds consisted of the following:

Bonds outstanding:	\$12,865,000
Unamortized premium	443,977
<b>Net</b>	<u><u>\$13,308,977</u></u>

Principal and interest payments are due semi-annually on February 1 and August 1 of each year through August 2022 for the Series 2006A bonds. The annual debt service requirements on the 2006A Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2014	\$1,040,000	\$544,875	\$1,584,875
2015	1,090,000	491,625	1,581,625
2016	1,145,000	435,750	1,580,750
2017	1,205,000	377,000	1,582,000
2018	1,265,000	321,575	1,586,575
2019-2023	7,120,000	784,388	7,904,388
<b>Total</b>	<u><u>\$12,865,000</u></u>	<u><u>\$2,955,213</u></u>	<u><u>\$15,820,213</u></u>

**Richmond Variable Rate Wastewater Revenue Refunding Bonds, Series 2008 A – Original Issue \$33,015,000**

On October 17, 2008 the City issued Series 2008A Wastewater Revenue Refunding Bonds in the amount of \$33,015,000. The proceeds from the Bonds were used to refund the City's 2006B Wastewater Revenue Bonds. The 2008A Bonds were issued as variable rate Bonds. The rate fluctuates according to the market conditions, but is capped at 12%. Along with the issuance, the City entered into an irrevocable, direct-pay letter of credit issued by Union Bank of California in order to remarket the bonds at lower interest rates. The Union Bank letter of credit is valid through October 21, 2016. The City originally entered into a 31-year interest rate swap agreement for the entire amount of the 2006B Bonds, and the City continued this interest rate swap agreement after the redemption of the 2006B Bonds, and the 2008A Bonds are associated with the interest rate swap agreement, but the notional amount of the swap is based on the 2006B Bonds. The combination of the variable rate bonds and a floating rate swap creates a synthetic fixed-rate debt for the City. The synthetic fixed rate for the Bonds was 3.634% at June 30, 2013.

At June 30, 2013, the Bonds consisted of the following:

Bonds outstanding	\$32,970,000
Unamortized discount	(180,841)
<b>Net</b>	<u><u>\$32,789,159</u></u>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

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

For the Years Ending June 30,	Principal	Interest	Total
2014	\$15,000	\$1,444,407	\$1,459,407
2015	20,000	1,444,309	1,464,309
2016	20,000	1,444,128	1,464,128
2017	20,000	1,444,645	1,464,645
2018	20,000	1,443,722	1,463,722
2019-2023	105,000	7,216,768	7,321,768
2024-2028	8,870,000	6,163,673	15,033,673
2029-2033	10,770,000	3,984,908	14,754,908
2034-2038	13,090,000	1,336,088	14,426,088
2039	40,000	298	40,298
<b>Total</b>	<b>\$32,970,000</b>	<b>\$25,922,946</b>	<b>\$58,892,946</b>

**Richmond Joint Powers Financing Authority Lease Revenue Refunding Bonds, Series 2009 – Port Refunding Bonds Original Issue \$2,673,455**

On November 10, 2009, the Authority issued Series 2009 Lease Revenue Refunding Bonds in the amount of \$89,795,000 as discussed in Note 8A above. The proceeds from the Bonds were used to refund all of the Authority's outstanding principal amount of its 2007 Lease Revenue Bonds. A portion of the proceeds from the 2007 Bonds were used to refund the remaining \$3,865,000 principal amount of the 1996 Port Terminal Lease Revenue Bonds. The 1996 Bonds were called in March 2008.

The Series 2009 Bonds in the principal amount \$87,121,545 have been recorded as governmental activities debt, and \$2,673,455 has been recorded as business-type activities in the Port of Richmond Enterprise Fund.

The Bonds bear interest rates that range from 3.50% to 5.875%. Principal payments are due annually on August 1 through 2016 and semi-annual interest payments are due August 1 and February 1 commencing on February 1, 2010.

In connection with the issuance of the 2007 Lease Revenue Bonds, the Authority entered into a swap agreement for \$101,420,000, the entire amount of the Bonds. On November 10, 2009, in connection with the issuance of the Series 2009 Bonds, the Authority terminated the original swap agreement and entered into an amended swap agreement effective December 1, 2009 for a notional amount of \$85,360,000. The amended agreement requires the Authority to make and receive payments based on variable interest rates. The Authority will make payments based on a variable interest rate equal to 100% of SIFMA plus a fixed percentage of 0.56% and the Authority will receive variable rate interest payments equal to 68% of 1-month LIBOR from the swap counterparty. Floating rate payments will be made semi-annually on August 1 and February 1 commencing on February 1, 2010. Information regarding the interest rate swap agreement is discussed in Note 8A above.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

At June 30, 2013, the Bonds consisted of the following:

Bonds outstanding:	\$1,238,455
Unamortized discount	(32,394)
<b>Net</b>	<b>\$1,206,061</b>

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2014	\$550,000	\$41,734	\$591,734
2015	575,000	16,564	591,564
2016	113,455	2,269	115,724
<b>Total</b>	<b>\$1,238,455</b>	<b>\$60,567</b>	<b>\$1,299,022</b>

***Interest Rate Swap Agreements***

On November 19, 2009, the City terminated the swap agreement associated with the 2006B Wastewater Revenue Refunding Bonds discussed above by using the proceeds from a swap agreement that is based on the \$32,260,000 notional amount of the 2006B Bonds. In connection with the new swap agreement, the City received an up-front payment in the amount of \$4,431,618 that was used to make the termination payment on the prior swap agreement. The fixed rate payments to the counterparty will be due semi-annually on August 1 and February 1, commencing February 1, 2010. The variable payments from the counterparty will be due on a monthly basis on the last business day of each month commencing December 31, 2009. The transaction allows the City to create a synthetic fixed rate on the 2008 A Bonds, protecting it against increases in short-term interest rates. The terms, fair value and credit risk of the swap agreement are disclosed below.

The City also entered into swap agreements associated with the 2009 Lease Revenue Refunding Bonds, for which the terms and risks are disclosed in Note 8A above. Only disclosure related to the fair value of the 2009 Lease Revenue Refunding Bonds is included below.

*Terms.* The terms, including the counterparty credit rating of the outstanding 2006B Bonds swap, as of June 30, 2013, are included below. The swap agreement contains scheduled reductions to the outstanding notional amount on an annual basis.

Outstanding Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's/Fitch)	Fixed Rate Paid	Variable Rate Received	Fair Value at June 30, 2013	Termination Date
\$32,260,000	11/23/2009	Royal Bank of Canada	AA-/Aa3/AA	3.897%	63.42% of USD-1 Month LIBOR plus 22 basis points	(\$7,900,513)	8/1/2037

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

Based on the swap agreement, the City owes interest calculated at a fixed rate to the counterparty of the swap. In return, the counterparty owes the City interest based on the variable rate that *approximates* the rate required by the Bonds. Debt principal is not exchanged; the outstanding notional amount of the swap is the basis on which the swap receipts and payments are calculated.

*Fair value.* Fair value of the swaps take into consideration the prevailing interest rate environment, the specific terms and conditions of each transaction and any upfront payments that may have been received. Fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swap.

As of June 30, 2013, the fair value for the each of the outstanding swaps were in favor of the respective counterparties. The fair value represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. The City has accounted for the change in fair value of each of the hedges as noted below:

	Changes in Fair Value		Fair value at June 30, 2013	
	Classification	Amount	Classification	Amount
<i>Business-Type Activities</i>				
<b>Pay-Fixed, Receive-Variable</b>				
<b>2006B Wastewater Bonds</b>	Investment revenue	\$3,828,229	Investment	(\$7,900,513)
<b>Pay-Variable, Receive-Variable</b>				
<b>2009 Lease Revenue Refunding Bonds</b>	Investment revenue	94,296	Investment	(169,531)
<b>Totals</b>		<u>\$3,922,525</u>		<u>(\$8,070,044)</u>

*Credit risk.* As of June 30, 2013, the City was not exposed to credit risk on the outstanding swaps because the swaps had a negative fair value. However, if interest rates increase and the fair value of the swaps were to become positive, the City would be exposed to credit risk. The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

*Basis risk.* Basis risk is the risk that the interest rate paid by the City on the underlying variable rate bonds to the *bondholders* temporarily differs from the variable swap rate received from the counterparty. The City bears basis risk on the swap. The swap has basis risk since the City receives a percentage of the LIBOR Index to offset the actual variable bond rate the City pays on the underlying Bonds. The City is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the City pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

A portion of this basis risk is tax risk. The City is exposed to tax risk when the relationship between the taxable LIBOR based swap and tax-exempt variable rate bond changes as a result of a reduction in federal and state income tax rates. Should the relationship between LIBOR and the underlying tax-exempt variable rate bonds converge the City is exposed to this basis risk.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

*Termination risk.* The City may terminate if the other party fails to perform under the terms of the contract. The City will be exposed to variable rates if the counterparty to the swap contract defaults or if the swap contract is terminated. A termination of the swap contract may also result in the City's making or receiving a termination payment based on market interest rates at the time of the termination. If at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

*Rollover Risk.* Rollover risk is the risk that the swap associated with a debt issue matures or may be terminated prior to the maturity of the associated debt. When the swap terminates or a termination option is exercised by the counterparty, the City will be re-exposed to the risks being hedged by the swap. The swap based on the 2006 B Wastewater Bonds, associated with the 2008 A Wastewater Revenue Bonds, exposes the City to rollover risk because the swap terminates on August 1, 2037 while the 2008 A Wastewater Revenue Bonds mature on August 1, 2038.

*Swap payments and associated debt.* Using rates as of June 30, 2013, debt service requirements of the City's outstanding variable-rate Bonds and net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, variable-rate bond *interest payments* and net swap payments will vary. These payments below are included in the Debt Service Requirements above:

For the Years Ending June 30,	Variable-Rate Bonds		Interest Rate Swap, Net	Total
	Principal	Interest		
2014	\$15,000	\$297,734	\$1,146,673	\$1,459,407
2015	20,000	297,636	1,146,673	1,464,309
2016	20,000	297,455	1,146,673	1,464,128
2017	20,000	297,972	1,146,673	1,464,645
2018	20,000	297,049	1,146,673	1,463,722
2019-2023	105,000	1,483,403	5,733,365	7,321,768
2024-2028	8,870,000	1,312,411	4,851,262	15,033,673
2029-2033	10,770,000	876,003	3,108,905	14,754,908
2034-2038	13,090,000	344,909	991,179	14,426,088
2039	40,000	298		40,298
<b>Total</b>	<b>\$32,970,000</b>	<b>\$5,504,870</b>	<b>\$20,418,076</b>	<b>\$58,892,946</b>

**Richmond Joint Powers Financing Authority Point Potrero Lease Revenue Bonds, Series 2009A and 2009B – Original Issue Series 2009A (\$26,830,000), Series 2009B (\$20,280,000)**

On July 13, 2009, the Authority issued Series 2009A and Series 2009B Point Potrero Lease Revenue Bonds in the amounts of \$26,830,000 and \$20,820,000, respectively. The proceeds from the Bonds were used for the construction of an automobile warehousing and distribution facility, including rail improvements, to be located at the Point Potrero Terminal at the Port of Richmond. The facility began operations in April 2010. The Bonds bear interest rates that range from 6.25% to 8.50%. Principal payments are due annually on July 1 and semi-annual interest payments are due July 1 and January 1 commencing on January 1, 2010 through 2025 for the Series 2009A and through 2020 for the Series 2009B Bonds.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

At June 30, 2013 the Series 2009 A Bonds consisted of:

Bonds outstanding	\$26,830,000
Unamortized discount	(216,429)
<b>Net</b>	<u><u>\$26,613,571</u></u>

The annual debt service requirements on the 2009A Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2014		\$1,676,875	\$1,676,875
2015		1,676,875	1,676,875
2016		1,676,875	1,676,875
2017		1,676,875	1,676,875
2018		1,676,875	1,676,875
2019-2023	\$12,460,000	7,247,500	19,707,500
2024-2025	14,370,000	1,054,375	15,424,375
<b>Total</b>	<u><u>\$26,830,000</u></u>	<u><u>\$16,686,250</u></u>	<u><u>\$43,516,250</u></u>

At June 30, 2013 the Series 2009B Bonds consisted of:

Bonds outstanding	\$20,280,000
Unamortized discount	(265,445)
<b>Net</b>	<u><u>\$20,014,555</u></u>

The annual debt service requirements on the 2009B Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2014	\$2,405,000	\$1,529,708	\$3,934,708
2015	2,450,000	1,374,325	3,824,325
2016	2,610,000	1,185,156	3,795,156
2017	2,830,000	956,838	3,786,838
2018	3,065,000	\$709,419	3,774,419
2019-2020	6,920,000	592,450	7,512,450
<b>Total</b>	<u><u>\$20,280,000</u></u>	<u><u>\$6,347,896</u></u>	<u><u>\$26,627,896</u></u>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

**Richmond Wastewater Revenue Bonds, Series 2010A and Richmond Wastewater Revenue Bonds Taxable Build America Bonds, Series 2010B– Original Issues \$3,110,000 and \$41,125,000**

On October 7, 2010 the City issued Series 2010A Wastewater Revenue Bonds in the amount of \$3,110,000. The proceeds from the Bonds were used to finance improvements to the City’s wastewater collection, treatment and disposal system. Principal payments are due annually on August 1. Interest rates on the Bonds range from 3 to 4 percent and payments are due semiannually on August 1 and February 1 beginning February 1, 2011. The Bonds mature on August 1, 2016. At June 30, 2013 the Series 2010A Bonds consisted of:

Bonds outstanding	\$3,110,000
Unamortized premium	124,689
<b>Net</b>	<b><u><u>\$3,234,689</u></u></b>

The annual debt service requirements on the 2010A Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2014		\$109,175	\$109,175
2015	\$1,005,000	94,100	1,099,100
2016	1,035,000	60,913	1,095,913
2017	1,070,000	21,400	1,091,400
<b>Total</b>	<b><u><u>\$3,110,000</u></u></b>	<b><u><u>\$285,588</u></u></b>	<b><u><u>\$3,395,588</u></u></b>

On October 7, 2010 the City also issued Series 2010B Wastewater Revenue Bonds Taxable Build America Bonds in the amount of \$41,125,000. The proceeds of these Bonds will be used in conjunction with the 2010A Bonds for the projects listed above. The taxable 2010B Bonds were sold as “Build America Bonds” pursuant to the American Recovery and Reinvestment Act of 2009. The interest on Build America Bonds is not tax-exempt and therefore the bonds carry a higher interest rate. However, this higher interest rate will be offset by a subsidy payable by the United States Treasury equal to 35 percent of the interest payable on the Bonds. The subsidy will be payable on or about the date that the City makes its debt service payments and the total subsidy received in fiscal year 2013 was \$862,241. Principal payments on the Bonds will be made annually on August 1. The Bonds bear interest of rates that range from 3.757 to 6.461 percent and payments are due semiannually on August 1 and February 1 beginning February 1, 2011. The Bonds mature on August 1, 2040.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

At June 30, 2013 the Series 2010B Bonds consisted of:

Bonds outstanding	\$41,125,000
Unamortized discount	(361,232)
<b>Net</b>	<u><u>\$40,763,768</u></u>

The annual debt service requirements on the 2010B Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2014		\$2,463,546	\$2,463,546
2015		2,463,546	2,463,546
2016		2,463,546	2,463,546
2017		2,463,546	2,463,546
2018	\$1,115,000	2,442,601	3,557,601
2019-2023	6,060,000	11,434,544	17,494,544
2024-2028	7,145,000	9,686,273	16,831,273
2029-2033	8,670,000	7,284,135	15,954,135
2034-2038	10,630,000	4,198,034	14,828,034
2039-2041	7,505,000	740,593	8,245,593
<b>Total</b>	<u><u>\$41,125,000</u></u>	<u><u>\$45,640,364</u></u>	<u><u>\$86,765,364</u></u>

**Pledge of Wastewater Revenues**

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay the 2006A, 2008A, 2010A and 2010B Bonds through 2041. The Municipal Sewer Enterprise Fund's total principal and interest remaining to be paid on the bonds is \$164,874,111. The Municipal Sewer Enterprise Fund's principal and interest paid for the current year and total customer net revenues were \$5,700,879 and \$8,392,806, respectively.

**Loans and Leases Payable**

Loans and leases payable at June 30, 2013, consisted of the following:

California Department of Boating and Waterways	<u><u>\$3,007,372</u></u>
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**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

**State Revolving Fund Loan Contract**

In 1992 the State of California Water Resources Control Board loaned the City \$6,737,658 at 3% interest for the improvement of the Richmond Wastewater Treatment Facility. The loan was fully repaid during the year ended June 30, 2013.

**California Department of Boating and Waterways**

The City has three loan agreements with the California Department of Boating and Waterways for total borrowings of \$9,427,000. Proceeds from the loans were used to finance marina construction projects. The loans bear interest at rates ranging from 4.5% to 7.9% and are due in annual installments through August 2042. The total amount outstanding at June 30, 2013 was \$3,007,372.

The annual debt service requirements on these loans are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2014	\$71,483	\$135,332	\$206,815
2015	74,700	132,115	206,815
2016	78,062	128,754	206,816
2017	81,574	125,241	206,815
2018	85,246	121,570	206,816
2019-2023	487,337	546,738	1,034,075
2024-2028	607,310	426,765	1,034,075
2029-2033	714,786	277,257	992,043
2034-2038	568,109	126,959	695,068
2039-2043	238,765	17,545	256,310
<b>Total</b>	<b>\$3,007,372</b>	<b>\$2,038,276</b>	<b>\$5,045,648</b>

**C. Business-Type Activities – RHA Properties**

The following is a summary of RHA Properties long-term debt activities during the fiscal year ended June 30, 2013:

	Balance July 01, 2012 (A)	Additions	Deletions	Balance June 30, 2013	Due Within One Year	Due in More than One Year
Bonds payable	\$31,585,000		(\$750,000)	\$30,835,000	\$840,000	\$29,995,000
Loans payable		\$9,823,982		9,823,982	9,823,982	
<b>Total</b>	<b>\$31,585,000</b>	<b>\$9,823,982</b>	<b>(\$750,000)</b>	<b>\$40,658,982</b>	<b>\$10,663,982</b>	<b>\$29,995,000</b>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

Bonds payable at June 30, 2013 consisted of the following:

*Business Type Activities - RHA Properties - Bonds Payable*

RHA Properties Affordable Housing Agency Bonds Series 2003 A	\$19,525,000
JPFA Subordinate Multifamily Housing Revenue Bonds Series 2007	11,310,000
	<u>\$30,835,000</u>

- (A) With the implementation of GASB Statement No. 65, the deferred amount on refunding is now reported as a deferred outflow/inflow of resources, therefore the beginning balance has been increased in the amount of \$679,401 with the reclassification of the balance.

**RHA Properties Affordable Housing Agency Bonds 2003 Series A**

The Affordable Housing Agency, a financial intermediary, issued Variable Rate Demand Multifamily Housing Revenue Bonds (Westridge at Hilltop Apartments), 2003 Series A (Senior Bonds), in the initial aggregate principal amount of \$23,000,000, and Subordinate Multifamily Housing Revenue Bonds, 2003 Series A-S (Subordinated Bonds), in the initial aggregate principal amount of \$12,540,000 and has loaned the proceeds to RHA Properties which used the proceeds to acquire a 401-unit multifamily apartment project.

Pursuant to lease and sublease agreements, RHA Properties remits lease payments to a trustee acting on behalf of the financial intermediary which are sufficient in timing and amount to be used to pay debt service on the bonds. In substance, RHA Properties is repaying these Bonds and they have therefore been included in these financial statements.

The *Senior Bonds* were issued August 1, 2003, mature on September 15, 2033 and bear a variable rate of interest (0.07% at June 30, 2013) with interest payments due monthly commencing September 15, 2003.

Interest rates on the Senior Bonds are reset periodically, using the "put" mechanism described below. The Senior Bonds are periodically subject to repurchase at par, referred to as a "put". Once a put occurs, a remarketing agent resells the Senior Bonds at par by setting new interest rates and repurchase dates. RHA Properties has obtained an irrevocable transferable credit enhancement instrument which expires September 20, 2033 in the amount of \$23,000,000 to be used in the event the remarketing agent is unable to resell any Senior Bonds and to ensure RHA Properties will not be required to repurchase the Senior Bonds before they mature. RHA Properties paid the agent an annual fee equal 0.10% of the average aggregate principal amount of Bonds outstanding for the immediately preceding 12 month period.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

The *Subordinate Bonds* were issued August 1, 2003, mature December 15, 2033 and are subordinates in payment and security to the Senior Bonds. The Subordinate Bonds bear interest at 6.375% per year, payable semi-annually commencing December 15, 2003. The Bonds were refunded as described below.

**JPFA Subordinate Multifamily Housing Revenue Bonds, Series 2007**

On April 12, 2007, the Richmond Joint Powers Financing Authority issued \$12,540,000 of Subordinate Multifamily Housing Revenue Bonds (Westridge at Hilltop Apartments), Series 2007 to advance refund and defease \$11,345,000 of the Subordinate Multifamily Housing Revenue Bonds, 2003 Series A-S (Subordinated Bonds). The 2007 Series Subordinate Bonds bear interest from 3.850% to 5% per annum, payable semi-annually commencing June 15, 2007. Net proceeds were used to purchase U.S. government securities for the 2003 Series A-S Bonds. Those securities were deposited in irrevocable trust with an escrow agent to provide for all future debt service payments. The Series 2003 A-S Bonds were called on December 15, 2008.

The annual debt service requirements for both of the bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2014	\$840,000	\$891,190	\$1,731,190
2015	855,000	867,805	1,722,805
2016	965,000	843,655	1,808,655
2017	985,000	816,990	1,801,990
2018	1,005,000	788,830	1,793,830
2019-2023	6,205,000	3,454,813	9,659,813
2024-2028	8,155,000	2,416,375	10,571,375
2029-2033	10,970,000	1,053,600	12,023,600
2034	855,000	10,750	865,750
<b>Total</b>	<b>\$30,835,000</b>	<b>\$11,144,008</b>	<b>\$41,979,008</b>

RHA Properties has pledged future revenues to repay the Bonds through 2034. Annual principal and interest payments on the bonds are expected to require less than 17 percent of revenues. The RHA properties total principal and interest remaining to be paid on the bonds is \$41,979,008. The RHA properties principal and interest paid for the current fiscal year and total rental revenues were \$1,545,818 and \$4,106,464, respectively.

***Loans Payable***

In fiscal years 2007 through 2013, the General Fund made advances to the Richmond Housing Authority Enterprise Fund for police, sewer, and other services as well as the Housing Authority's employee payroll, as discussed in Note 4B, and RHA Properties assumed a portion of that advance during fiscal year 2013, which is now reported as a loan payable.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

On May 1, 2013, a Memorandum of Understanding (MOU) was reached between the Housing Authority and RHA Properties, which states that the RHA Properties shall provide resources derived from the sale proceeds of the Westridge at Hilltop Apartments to pay a financial sanction imposed by the Office of the Inspector General (OIG) in an amount no less than \$2,257,799 to the Housing Authority and to retire the outstanding debt owed to the General Fund by the Housing Authority in an amount no less than \$6,600,000. On May 24, 2013 RHA Properties entered into a Purchase and Sale Agreement with buyers. The disposition is expected to take place within fiscal year 2013-2014.

As of June 30, 2013, the Housing Authority had invested \$1,000,000 in start-up contributions and had advanced \$966,183 to RHA properties, which was used for debt service and operating expenses. The Housing Authority expects the entire amount to be repaid from the proceeds upon disposition of the Westridge at Hilltop Apartments by RHA Properties.

The total balance of loans payable from RHA Properties to the City as of June 30, 2013 is \$9,823,982.

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

Special assessment districts have been established in various parts of the City to provide improvements to properties located in those districts. Properties in these districts are assessed for the cost of improvements; these assessments are payable solely by property owners over the term of the debt issued to finance these improvements. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties in these special assessment districts, nor is it obligated to advance City funds to repay these debts in the event of default by any of these districts. At June 30, 2013, the balances of these Districts' outstanding debt were as follows:

Harbor Navigation Improvement District	\$725,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2006A (including Series 2006AT)	8,420,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2006B	1,685,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2011A	4,945,000

**E. Conduit Debt**

The City has assisted private-sector entities by sponsoring their issuance of debt for purposes the City deems to be in the public interest. These debt issues are secured solely by the property financed by the debt. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties secured by these debts, nor is it obligated to advance City funds to repay these debts in the event of default by any of these issuers. At June 30, 2013, the balances of these issuers' outstanding debt were as follows:

YMCA of the East Bay, 1996 Revenue Bonds	\$1,980,000
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**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 9 - UNAVAILABLE REVENUE AND UNEARNED REVENUE**

At June 30, 2013, the following unavailable revenues were recorded in the Fund Financial Statements because the funds were not available to finance expenditures of the current period:

	Loans Receivable	Grants Receivable	Total
General Fund	\$631,730		\$631,730
Cost Recovery Special Revenue Fund		\$459,734	459,734
Community Development and Loan Programs Special Revenue Fund	13,203,066		13,203,066
Non-Major Governmental Funds	1,794,245	524,314	2,318,559
<b>Total</b>	<u>\$15,629,041</u>	<u>\$984,048</u>	<u>\$16,613,089</u>

At June 30, 2013, the following unearned revenues were recorded in the City-wide financial statements on the Statement of Net Position:

	CAD Fees Enhancement	Prepaid Rent	Developer Fees	Total
General Fund		\$3,892,153		\$3,892,153
Cost Recovery Special Revenue Fund			\$2,750,000	2,750,000
Non-Major Governmental Funds		3,424,871		3,424,871
Internal Service Funds	\$1,250,188			1,250,188
<b>Total</b>	<u>\$1,250,188</u>	<u>\$7,317,024</u>	<u>\$2,750,000</u>	<u>\$11,317,212</u>

**NOTE 10 - FUND BALANCES AND NET POSITION**

**A. Use of Restricted/Unrestricted Net Position**

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

**B. Net Position**

In the City-wide financial statements, Net Position is classified as follows:

**Net Investment in Capital Assets** – This amount consists of capital assets net of accumulated depreciation plus deferred outflows of resources associated with the refunding of related capital debt, reduced by outstanding debt that was used for the acquisition, construction, or improvement of these capital assets.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 10 - FUND BALANCES AND NET POSITION (Continued)**

**Restricted Net Position** – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments. In addition net position restricted for pension benefits are restricted as a result of enabling legislation.

**Unrestricted Net Position** – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

**C. Fund Balances**

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

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

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

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

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

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

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

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 10 - FUND BALANCES AND NET POSITION (Continued)**

Detailed classifications of the City's Fund Balances, as of June 30, 2013, are below:

Fund Balance Classifications	General Fund	Special Revenue		Other Governmental Funds	Total
		Cost Recovery	Community Development and Loan Programs		
<b>Nonspendable:</b>					
Items not in spendable form:					
Prepays, supplies and other assets	\$667,803				\$667,803
Loans receivable	6,916,625				6,916,625
Advance to other funds	18,782,401				18,782,401
<b>Total Nonspendable Fund</b>	<b>26,366,829</b>				<b>26,366,829</b>
<b>Restricted for:</b>					
Street Improvement Projects				\$3,099,193	3,099,193
Employment and Training				1,739,381	1,739,381
Public Safety				1,074,623	1,074,623
Lighting and Landscaping				1,001,326	1,001,326
Pension Obligations				2,154,383	2,154,383
Housing and Community			\$18,684,945	35,819	18,720,764
Debt Service				7,101,641	7,101,641
Other Capital Projects				3,098,998	3,098,998
<b>Total Restricted Fund Balances</b>			<b>18,684,945</b>	<b>19,305,364</b>	<b>37,990,309</b>
<b>Assigned to:</b>					
Other Capital Projects				1,734,260	1,734,260
Other Contracts	219,646				219,646
<b>Total Assigned Fund Balances</b>	<b>219,646</b>			<b>1,734,260</b>	<b>1,953,906</b>
<b>Unassigned:</b>					
General Fund	10,238,862				10,238,862
Other Governmental Fund Deficit					
Residuals		(\$8,369,312)		(5,987,800)	(14,357,112)
<b>Total Unassigned Fund Balances</b>	<b>10,238,862</b>	<b>(8,369,312)</b>		<b>(5,987,800)</b>	<b>(4,118,250)</b>
<b>Total Fund Balances (Deficits)</b>	<b>\$36,825,337</b>	<b>(\$8,369,312)</b>	<b>\$18,684,945</b>	<b>\$15,051,824</b>	<b>\$62,192,794</b>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 10 - FUND BALANCES AND NET POSITION (Continued)**

***D. Contingency Reserve Policy***

In Fiscal Year 2004-05, the City Council established a \$10 million general fund contingency reserve policy. Although the policy called for the contingency reserve to be fully funded over a period of five fiscal years, the City fully funded the contingency reserve, in part by depositing \$8 million from one-time revenue sources, ahead of schedule during Fiscal Year 2005-06. In April 2007, the City Council adopted an update to the policy, providing for a minimum cash reserve of 7 - 15% of the next year's budgeted General Fund expenditures. The reserve can be temporarily reduced to 7% in times of emergency, but must be restored thereafter. This is the minimum needed to maintain the City's creditworthiness and to adequately provide for economic and legislative uncertainties, cash flow needs and contingencies. City Council approval is required before any cash can be withdrawn from the reserve fund. At the time of City Council approval of any use of reserves, a Stabilization Policy laying out the plans for restoration of reserves must be simultaneously put in place with the Council's approval. The Council shall have the discretion to use the reserve for one time emergencies only and not to be used for ongoing expenses. As the City experiences net revenue gains in future years, the cash balance must grow back to 15% of total expenditures, following the stabilization policy, in order to allow the City to build up its capacity to handle future short term economic downturns or emergencies without cutting services. The City's current \$10 million contingency reserve equals approximately 6.9% of budgeted general fund expenditures for Fiscal Year 2013-14. The City plans to reach the 15% target reserve level by retaining investment earnings, calculated on the principal balance of the reserve each fiscal year, in the reserve account until the target is reached, when funding is available. The balance of the contingency reserve was \$10 million at June 30, 2013, which is a component of unassigned fund balance of the General Fund.

***E. Deficit Fund Balances and Accumulated Deficits***

At June 30, 2013, the following funds had deficit fund balance or deficit net position, which will be eliminated by future revenues:

Major Funds:	
Cost Recovery Special Revenue Fund	\$8,369,312
Non Major Funds:	
Paratransit Operations Special Revenue Fund	386,834
Developer Impact Fees Special Revenue Fund	2,048,158
Civic Center Debt Service Fund	3,539,751
General Debt Service Fund	13,057
Internal Service Funds:	
Insurance Reserves	4,594,173
Private-Purpose Trust Fund:	
Successor Agency to the Richmond Community Redevelopment Agency	70,944,678

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 10 - FUND BALANCES AND NET POSITION (Continued)**

**F. Restatement of Beginning Net Position and Loan Receivable from RHA Properties**

The Richmond Housing Authority Enterprise Fund's beginning net position has been restated as of July 1, 2012 to recognize an unrecorded advance to RHA Properties in prior years. The restatement caused an increase in beginning net position and an increase the loan receivable from RHA Properties in the amount of \$197,567.

**NOTE 11 - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**A. 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 that covers substantially all eligible City employees. 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.

**B. Funding Policy**

The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under the Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2013, are summarized as follows:

	Safety		Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date				
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Minimum retirement age	50	50-57	50	52-67
Benefits, as a % of annual salary for each credited service year	2.4%-3.0%	2.0%-2.7%	1.426%-3.0%	1.0%-2.5%
Required employee contribution rates	9%	12.25%	7% - 8%	6.75%
Required employer contribution rates	25.309%	25.309%	15.809%	15.809%

Total employer contributions based on the actuarially determined rates amounted to \$14,263,300 for the year ended June 30, 2013.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 11 - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)**

**Annual Pension Cost and Net Pension Asset**

For 2012-2013, the City's annual pension cost of \$17,125,910 for PERS was equal to the City's required and actual contributions and amortization of the prepaid pension contributions discussed below. The required contribution was determined by PERS using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.30% to 14.20% for miscellaneous employees and from 3.30% to 14.20% for safety employees depending on age, service, and type of employment, and (c) 3.00% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.75%. 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 periods at June 30, 2011, were 24 and 26 years, respectively, for the miscellaneous and the safety employees plans for prior and current service unfunded liability.

The City uses the actuarially determined percentages of payroll to calculate and pay contributions to PERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by PERS, for the last three fiscal years for each Plan were:

***Safety Plan:***

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Prepaid Pension Asset</u>
6/30/2011	\$7,790,452	81%	\$57,837,475
6/30/2012	9,719,966	84%	56,270,063
6/30/2013	10,196,681	84%	54,597,352

***Miscellaneous Plan:***

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Prepaid Pension Asset</u>
6/30/2011	\$5,457,775	80%	\$41,143,221
6/30/2012	6,510,572	83%	40,028,228
6/30/2013	6,929,229	83%	38,838,329

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 11 - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)**

The City prepaid its pension contributions with proceeds from the 2005 Pension Obligation Bonds (See Note 8). These prepaid contributions are reflected in the accompanying financial statements as Net Pension Asset which amounted to \$93,435,681 at June 30, 2013. During fiscal 2013, the amortization of the prepayment increased the actuarially required contributions by \$2,862,610 to arrive at Annual Pension Costs of \$17,125,910 as shown below for each Plan:

	<u>Safety</u>	<u>Miscellaneous</u>	<u>Total</u>
Annual required contribution	\$8,523,970	\$5,739,330	\$14,263,300
Interest on net pension obligation	(4,220,255)	(3,002,117)	(7,222,372)
Adjustment to annual required contribution	<u>5,892,966</u>	<u>4,192,016</u>	<u>10,084,982</u>
Annual pension cost	10,196,681	6,929,229	17,125,910
Contributions made	<u>(8,523,970)</u>	<u>(5,739,330)</u>	<u>(14,263,300)</u>
(Decrease) increase in net pension obligations	1,672,711	1,189,899	2,862,610
Net pension obligation (asset) June 30, 2012	<u>(56,270,063)</u>	<u>(40,028,228)</u>	<u>(96,298,291)</u>
<b>Net pension obligation (asset) June 30, 2013</b>	<u><u>(\$54,597,352)</u></u>	<u><u>(\$38,838,329)</u></u>	<u><u>(\$93,435,681)</u></u>

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the three most recent actuarial studies is presented below:

***Safety Plan:***

Actuarial						
Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
06/30/09	\$407,109,238	\$383,907,898	\$23,201,340	94.3%	\$28,768,994	80.6%
06/30/10	426,451,800	394,665,167	31,786,633	92.5%	31,790,222	100.0%
06/30/11	448,110,149	408,691,352	39,418,797	91.2%	33,493,651	117.7%

***Miscellaneous Plan:***

Actuarial						
Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
06/30/09	\$332,776,287	\$317,157,663	\$15,618,624	95.3%	\$40,864,019	38.2%
06/30/10	349,303,732	325,817,821	23,485,911	93.3%	38,394,989	61.2%
06/30/11	370,148,146	334,966,109	35,182,037	90.5%	38,501,672	91.4%

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 12 – OTHER CITY PENSION PLANS**

**A. Plan Descriptions and Funding Policies**

The City maintains three, single-employer pension plans, which are funded entirely by City contributions. These are the 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, covering 22 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 65 police and fire personnel employed prior to October 1964. The Garfield Pension Plan is a defined benefit pension plan established 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. Benefit provisions for the Plans are established by City ordinance. No separate financial statements are issued for the Plans.

The City established the Secured Pension Override Special Revenue 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 City’s pension plans. The incremental property tax revenue received for the year ended June 30, 2013 was \$10,267,824, and the City used the funds to pay a portion of the CalPERS contributions of \$3,146,427 as discussed in Note 4C, and the General Pension Plan and the Police and Firemen’s Pension Plan contributions of \$660,992 and \$5,021,339, respectively.

**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 Secured Pension Override Special Revenue 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.

**Garfield Pension Plan** – Retirement and other benefits are paid from the assets of the Plan and from related investment earnings. Plan provisions have been established and may be amended upon agreement between the City and Mr. Garfield.

**B. Pension Plan Assets**

At June 30, 2013 the pension plans’ reported assets available for benefits of \$21,112,381. The composition of these assets at June 30, 2013 is shown below. For actuarial purposes, the value of the Plans’ assets was determined to be fair value.

City of Richmond Investment Pool	\$3,637,753
Local Agency Investment Fund	191,383
Wellington Trust Company Fund	17,282,999
Interest receivable	246
Assets available for benefits at June 30, 2013	\$21,112,381

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 12 – OTHER CITY PENSION PLANS (Continued)**

**Interest, Credit and Concentration Risk**

*Interest rate risk* is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City invests in equities which may be drawn down as needed, subject to terms of the underlying trust agreement. The investments held in the Pension Trust Funds all mature less than one year.

*Credit risk* is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2013 the City's investments in the Pension Trust Funds were not rated.

*Concentration risk* states that significant investments in the securities of any individual issuers, other than U. S. Treasury securities or mutual funds, are required to be disclosed when they exceeds five percent of the total pension investments. Such investments were as follows at June 30, 2013:

Issuer	Type of Investment	Amount
CIF II Core Bond Series 1 Equity	Equity Fund	\$7,808,308
CIF Research Equity	Equity Fund	3,109,258
CIF Opportunistic Investment Allocation Equity	Equity Fund	3,399,752
CIF International Research Equity	Equity Fund	1,110,888
CIF Global Contrarian Equity	Equity Fund	1,022,669
CIF Small Cap Quant Equity	Equity Fund	832,124

**C. Actuarially Determined Required Contributions**

**General Pension Plan** – As of July 1, 2013 the date of the most recent actuarial valuation available, the actuarial present value of pension benefits under the Plan was \$4,219,909 and the assets of the Plan at fair value were \$1,033,168 resulting in an unfunded actuarial liability of \$3,186,741. In computing the actuarial valuation, Plan assets were assumed to yield an investment return rate of 3.75%, inflation rate of 3.25%, projected salary increases of 5.0% and benefit payments were assumed to increase 5.0% annually. Assumptions for retirement age, disability, withdrawal, and salary increases were not meaningful as all of the participants had retired. The required contribution was determined by using the entry age normal actuarial cost method.

**Police and Firemen's Pension Plan** – Pension benefits for the 2012/2013 fiscal year were \$3,518,429. The actuarial present value of future pension liabilities under the Plan at July 1, 2013 the date of the most recent actuarial valuation, was approximately \$25,094,272, representing principally prior service costs. Assets of the Plan were \$19,834,552 resulting in an unfunded actuarial liability of \$5,259,720. Actuarial assumptions included an assumed investment rate of return of 6.75%. Mortality rates were based on the mortality tables currently used by California PERS. These PERS mortality tables were further adjusted to reflect anticipated future mortality improvement. Benefit payments were assumed to increase 3% - 4.25% annually, inflation rate of 3.25% and salary increases of 3% - 4.25%. Assumptions for retirement age, disability, withdrawal, and salary increases have an insignificant effect on the valuation as substantially all of the participants had retired. The required contribution was determined by using the entry age normal actuarial cost method.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 12 – OTHER CITY PENSION PLANS (Continued)**

**Garfield Pension Plan** – As of July 1, 2013, the date of the most recent actuarial valuation available, the actuarial present value of pension benefits under the Plan was \$863,415 and the assets of the Plan at fair value were \$244,660 resulting in an unfunded actuarial liability of \$618,755. In computing the actuarial valuation, Plan assets were assumed to yield an investment return rate of 3.75%, inflation rate of 3.25%, projected salary increase of 3.5% and benefit payments were assumed to increase 3.5% annually. Assumptions for retirement age, disability, withdrawal, and salary increases were not meaningful as the only participant had retired. The required contribution was determined by using the entry age normal actuarial cost method.

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

Fiscal Year	General Pension Plan			Police and Firemen's Pension Plan		
	Annual Required Contribution	Amount Contributed	Percent Contributed	Annual Required Contribution	Amount Contributed	Percent Contributed
2007/08	\$307,948	\$307,948	100%	\$2,199,459	\$5,000,000	227%
2008/09	307,948	307,948	100%	2,199,459	4,800,000	218%
2009/10	486,092	486,092	100%	2,477,902	4,600,000	186%
2010/11	486,092	486,092	100%	2,257,912	0	0%
2011/12	455,662	148,186	33%	1,596,771	0	0%
2012/13	502,278	660,992	132%	1,813,721	5,021,339	277%

Fiscal Year	Garfield Pension Plan		
	Annual Required Contribution	Amount Contributed	Percent Contributed
2007/08	\$72,484	\$72,484	100%
2008/09	72,484	72,484	100%
2009/10	76,692	76,692	100%
2010/11	76,692	76,692	100%
2011/12	78,731	0	0%
2012/13	92,092	77,000	84%

The Entry Age Normal Cost Method was used for the actuarial valuation of the plans.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 12 – OTHER CITY PENSION PLANS (Continued)**

**D. 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. Administrative costs for all plans, except the investment management fees of the Police and Fireman’s Pension Plan, are paid by the City’s General Fund. The investment management fees are financed through investment earnings. Assets are valued at fair value based on available market information obtained from independent sources.

**E. Net Pension Obligation (Asset)**

The net pension liability (asset) was determined in accordance with the provisions of GASB Statement No. 27 and represents contributions in excess of actuarially required contributions (net pension asset), or actuarially required contributions in excess of actual contributions (net pension obligation or liability). At June 30, 2013, the Police and Firemen’s Pension Plan and the General Pension Plan had net pension assets of \$5,535,658 and \$1,036,057, respectively. At June 30, 2013, the Garfield Pension Plan had a net pension liability of \$196,534. The net pension assets and the net pension liability have been recorded in the City-wide financial statements as Net Pension Asset and Net Pension Obligation.

The net pension liability (asset) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization periods at June 30, 2013, were ten, eight, and four years for the Police and Fireman’s Plan, the General Pension Plan, and the Garfield Pension Plan, respectively for prior and current service unfunded liability.

The Plans’ annual pension cost and net pension obligation for Fiscal 2012-2013 were as follows:

	<b>Police and Firemen's</b>	<b>General Pension Plan</b>	<b>Garfield Pension Plan</b>
Annual required contribution	\$1,813,721	\$502,278	\$92,092
Interest on net pension obligation	(151,150)	(44,192)	9,328
Adjustment to annual required contribution	342,274	126,690	(38,143)
Annual pension cost	2,004,845	584,776	63,277
Contributions made	(5,021,339)	(660,992)	(77,000)
(Decrease) increase in net pension obligations	(3,016,494)	(76,216)	(13,723)
Net pension obligation (asset) June 30, 2012	(2,519,164)	(959,841)	210,257
<b>Net pension obligation (asset) June 30, 2013</b>	<b>(\$5,535,658)</b>	<b>(\$1,036,057)</b>	<b>\$196,534</b>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 12 – OTHER CITY PENSION PLANS (Continued)**

The Plans' annual pension cost, percentage contributed, and net pension obligation (asset) for the last three fiscal years were as follows:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
<b>Police and Fireman's Plan</b>			
June 30, 2011	\$2,678,105	0%	(\$4,410,527)
June 30, 2012	1,891,363	0%	(2,519,164)
June 30, 2013	2,004,845	250%	(5,535,658)
<b>General Pension Plan</b>			
June 30, 2011	\$611,982	79%	(\$1,430,880)
June 30, 2012	619,225	24%	(959,841)
June 30, 2013	584,776	113%	(1,036,057)
<b>Garfield Pension Plan</b>			
June 30, 2011	\$62,011	124%	\$143,382
June 30, 2012	66,875	0%	210,257
June 30, 2013	63,277	122%	196,534

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 12 – OTHER CITY PENSION PLANS (Continued)**

**F. Funding Progress**

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial studies is presented below:

**Police and Firemen's Plan:**

Actuarial						
Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
July 1, 2008	N/A ( C )	\$22,117,407	N/A ( C )	N/A ( C )	(A)	N/A
July 1, 2009	\$40,786,586	18,850,504	\$21,936,082	46%	(A)	N/A
July 1, 2010	N/A ( C )	21,347,731	N/A ( C )	N/A ( C )	(A)	N/A
July 1, 2011	33,488,006	20,894,469	12,593,537	62%	(A)	N/A
July 1, 2012	N/A ( C )	16,595,503	N/A ( C )	N/A ( C )	(A)	N/A
July 1, 2013	25,094,272	19,834,552	5,259,720	79%	(A)	N/A

**General Pension Plan:**

Actuarial						
Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
July 1, 2008	N/A ( C )	\$2,114,326	N/A ( C )	N/A ( C )	(B)	N/A
July 1, 2009	\$5,916,052	1,770,210	\$4,145,842	30%	(B)	N/A
July 1, 2010	N/A ( C )	1,540,161	N/A ( C )	N/A ( C )	(B)	N/A
July 1, 2011	4,699,140	1,387,026	3,312,114	30%	(B)	N/A
July 1, 2012	N/A ( C )	954,490	N/A ( C )	N/A ( C )	(B)	N/A
July 1, 2013	4,219,909	1,033,168	3,186,741	24%	(B)	N/A

**Garfield Plan:**

Actuarial						
Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
July 1, 2008	N/A ( C )	\$334,456	N/A ( C )	N/A ( C )	(B)	N/A
July 1, 2009	\$893,734	336,274	\$557,460	38%	(B)	N/A
July 1, 2010	N/A ( C )	336,461	N/A ( C )	N/A ( C )	(B)	N/A
July 1, 2011	853,422	334,121	519,301	39%	(B)	N/A
July 1, 2012	N/A ( C )	252,266	N/A ( C )	N/A ( C )	(B)	N/A
July 1, 2013	863,415	244,660	618,755	28%	(B)	N/A

- (A) Shown at zero, because only one participant had not retired and was assumed to retire on valuation date.
- (B) All participants were retired as of valuation date.
- (C) Actuarial valuations were not completed.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 12 – OTHER CITY PENSION PLANS (Continued)**

**G. Plan Financial Statements**

The Statement of Net Position for the Plans at June 30, 2013 follows:

	General Pension	Police and Fireman's Pension	Garfield Pension
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Pension plan cash and investments:			
City of Richmond Investment Pool	\$1,033,099	\$2,551,376	\$53,278
Local Agency Investment Fund			191,383
Mutual Fund Investments		17,282,999	
Interest receivable	69	177	
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>1,033,168</u>	<u>19,834,552</u>	<u>244,661</u>
<b>NET POSITION</b>			
Held in trust for employees' pension benefits	<u>\$1,033,168</u>	<u>\$19,834,552</u>	<u>\$244,661</u>

The Statement of Changes in Plan Net Position for the year ended June 30, 2013 follows:

	General Pension	Police and Fireman's Pension	Garfield Pension
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ADDITIONS</b>			
Net investment income:			
Net increase (decrease) in the fair value of investments	\$875	\$1,435,825	
Interest income	4,566	402,770	\$825
Investment management fees		(102,456)	
Contribution from the City	660,992	5,021,339	77,000
	<u>          </u>	<u>          </u>	<u>          </u>
Total Additions	<u>666,433</u>	<u>6,757,478</u>	<u>77,825</u>
<b>DEDUCTIONS</b>			
Pension benefits	587,755	3,518,429	85,430
	<u>          </u>	<u>          </u>	<u>          </u>
Total Deductions	<u>587,755</u>	<u>3,518,429</u>	<u>85,430</u>
Net Increase (Decrease)	78,678	3,239,049	(7,605)
<b>NET POSITION</b>			
Beginning of year	954,490	16,595,503	252,266
	<u>          </u>	<u>          </u>	<u>          </u>
End of year	<u>\$1,033,168</u>	<u>\$19,834,552</u>	<u>\$244,661</u>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS**

**A. Plan Provisions**

In order to qualify for postemployment medical and dental benefits an employee must retire from the City and maintain enrollment in one of the City's eligible health plans. The City pays a portion of the CalPERS premiums for retirees and their dependents that vary by employment classification. In addition, the following eligibility rules and contribution requirements apply for future retirees, followed by current retirees:

<b>Plan Provisions for Future Retirees</b>		
<b>Classification</b>	<b>Eligibility (Age/Service)</b>	<b>Monthly Premium Paid by City Before/After Medicare Eligibility</b>
SEIU Local 1021	Service Retirement: 50/20, 51/18, 52/16, 53/14, 54/12, 55/10 Disability Retirement: any age/10	Retiree only or surviving spouse: \$435 Retiree +1 or more: \$567
IFPTE, Miscellaneous Executive Management, City Council	Service Retirement: Same as SEIU Disability Retirement: 50/20, 51/18, 52/16, 53/14, 54/12, 55/10	Retiree only or surviving spouse: \$435 Retiree +1 or more: \$567
Fire Local 188, Fire Management, and Fire Executive Management	35/15	Percentage of premium for retiree/dependents/surviving spouse up to 2nd highest premium plan. Percentage is 90%, increased to 100% after 27 years of service
Richmond Police Officer Association (RPOA)	10 years of service	Percentage of premium for retiree/dependents/surviving spouse but no more than \$827 per month, including dental and vision. Percentage is 50%, increased to 90% after 15 years of service, and 100% after 25 years of service
Police Widows	Death in line of duty	Full premium
Police Management and Police Executive Management	50/20, 51/18, 52/16, 53/14, 54/12, 55/10	Percentage of premium for retiree/dependents/surviving spouse up to Kaiser (1) (Pre Medicare) and 2nd highest premium plan (post Medicare). Percentage is 65%, increased to 75% after 20 years of service, and 100% after 25 years of service

(1) Effective for retirements on January 1, 2007 or later. Prior to that time, reimbursement is based on the 2<sup>nd</sup> highest premium plan.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

<b>Plan Provisions for Current Retirees</b>		
<b>Classification</b>	<b>Subgroup</b>	<b>Monthly Premium Reimbursement Before/After Medicare Eligibility</b>
SEIU Local 1021	Retired July 1, 2007 or later	Retiree only or surviving spouse: \$435 Retiree +1 or more: \$567
	Retired prior to July 1, 2007	Retiree only or surviving spouse: \$244/\$202 Retiree +1 or more: \$364/\$304
IFPTE, Miscellaneous Executive Management	Retired July 1, 2007 or later	Retiree only or surviving spouse: \$435 Retiree +1 or more: \$567
	Retired November 5, 1999 to June 30, 2007	Retiree only or surviving spouse: \$244/\$202 Retiree +1 or more: \$364/\$304
	Retired before November 5, 1999	Retiree only or surviving spouse: \$144/\$102 Retiree +1 or more: \$264/\$204
Fire Local 188 and Fire Management		Percentage of premium for retiree/dependents/surviving spouse up to 2nd highest premium plan. Percentage is 90%, increased to 100% after 27 years of service
Richmond Police Officer Association (RPOA)	Retire on or after 7/1/2008	Reimbursement capped at \$827
	Retired between 7/1/2004 and 6/30/2008	Same as future retirees Reimbursement capped at \$614
	Retired between 7/1/1997 and 6/30/2004	Same as future retirees Reimbursement capped at \$550
	Retired between 7/1/1994 and 6/30/1997	Percentage of premium for retiree/dependents/surviving spouse including dental and vision. Percentage is 65%, increased to 75% after 20 years of service, and 100% after 27 years of service Reimbursement allowed towards dental and vision
	Retired before 7/1/1994	Percentage of premium for retiree/dependents/surviving spouse including dental and vision. Percentage is 65%, increased to 75% after 20 years of service, and 100% after 27 years of service Reimbursement capped at \$210 for single coverage and \$300 for 2-party coverage Reimbursement allowed towards dental and vision
	Retired before 7/1/1994	Reimbursement allowed towards dental and vision
Police Management and Police Executive Management	Retired on or after 7/1/2008	Same as future retirees
	Retired between 1/1/1995 and 6/30/2008	Percentage of premium for retiree/dependents/surviving spouse. Percentage is 65%, increased to 75% after 20 years of service, and 100% after 27 years of service. Retired after 1/1/2007 - Reimbursement capped at Kaiser premium for pre-Medicare and 2nd highest premium plan for post-Medicare for coverage selected Retired before 1/1/2007 - Reimbursement capped at 2nd highest premium plan for coverage selected Reimbursement allowed towards non-PERS plans Waived retirees allowed to opt back into PERS plan
	Retired before 1/1/1995	Single: \$120/\$85 2-Party: \$220/\$170
	Retired before 1/1/1995	Single: \$120/\$85 2-Party: \$220/\$170

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

***B. Funding Policy and Actuarial Assumptions***

In fiscal year 2010, the City hired an actuary to prepare a study to determine the unfunded liability of these benefits for both active employees and retirees. The study indicated that as of July 1, 2009, the unfunded actuarial liability was estimated to be \$76,070,000. The study indicated that as of July 1, 2009, the actuarial accrued liability was estimated to be \$82,883,000. During the year ended June 30, 2008, the City joined the Public Agencies Post-Retirement Health Care Plan, an agent multiple employer trust administered by Public Agency Retirement Services (PARS). The balance in the City's PARS trust account as of June 30, 2013 was \$985,633. PARS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from Public Agency Retirement Services, 4350 Von Karman Avenue, Suite 100, Newport Beach, CA, 92660.

The City's policy is to partially prefund these benefits by accumulating assets with PARS discussed above along with making pay-as-you-go payments pursuant to Resolution No. 52-06 of June 27, 2006. The fiscal year 2013 annual required contribution (ARC) was determined as part of a July 1, 2011 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.25% investment rate of return, (b) 3.25% projected annual salary increase (c) inflation rate of 3%, and (d) health care cost trend rates of 5.00-8.9% for medical and 4.25% for dental. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period on a closed basis.

***C. Funding Progress and Funded Status***

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2013, the City contributed \$3,181,867 to the Plan for pay-as-you-go premiums and an additional \$849,022 was contributed to the Plan, which in total represented 5.7% of the \$70,287,449 of covered payroll. As a result, the City has recorded the Net OPEB Obligation, representing the difference between the ARC and actual contributions, as presented below:

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Annual required contribution	\$9,229,000
Interest on net OPEB obligation	654,000
Adjustment to annual required contribution	<u>(1,297,000)</u>
Annual OPEB cost	8,586,000
Contributions made:	
Pay as you go (premiums paid)	(3,181,867)
Paid to Trust	<u>(849,022)</u>
Change in net OPEB obligation	4,555,111
Net OPEB obligation June 30, 2012	<u>16,914,067</u>
<b>Net OPEB obligation June 30, 2013</b>	<b><u><u>\$21,469,178</u></u></b>

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated July 1, 2011, amounted to \$94,486,000.

The Plan's annual required contributions and actual contributions for the last three fiscal years are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2011	\$7,287,000	\$2,850,560	39%	\$4,128,740
6/30/2012	8,051,000	2,975,933	37%	16,914,067
6/30/2013	8,586,000	4,030,889	47%	21,469,178

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial studies is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A - B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A - B)/C]
7/1/2007	\$0	\$47,046,989	(\$47,046,989)	0%	\$44,201,238	-106%
7/1/2009	6,813,000	82,883,000	(76,070,000)	8%	69,788,000	-109%
7/1/2011	1,804,000	94,486,000	(92,682,000)	2%	72,327,000	-128%

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 14 – DEFERRED COMPENSATION PLAN**

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

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

**NOTE 15 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets; general liability; errors and omissions; injuries to employees; natural disasters; and inverse condemnation. The City began self-insuring its workers' compensation in 1976. In July 2009 the City joined the California Joint Powers Risk Management Authority (CJPRMA) for general liability and employment practices coverage. In April 2009 the City joined the California State Association of Counties Excess Insurance Authority (CSAC EIA) for worker's compensation insurance. The City has chosen to establish a risk financing internal service fund where assets are accumulated for claim settlements and expenses associated with the above risks of loss up to certain limits.

Excess coverage for the risk categories excluding 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 / Deductible	Coverage Limit	Insurance Carrier
Difference in Conditions	10% pre-1970, 5% post-1970 of total insured value of each building; minimum \$100,000	\$50,000,000 inclusive of deductible	Various  National Union Fire Insurance Company of Pittsburgh, PA
Crime/Employee Dishonesty	\$10,000 per claim	\$1,000,000 inclusive of deductible	Lexington
Property	\$10,000 per claim	\$1,000,000,000 inclusive of deductible	Lexington
Boiler and Machinery	\$5,000 per claim	\$100,000,000 inclusive of deductible	Various
Port Liability	\$25,000 per claim	\$50,000,000 inclusive of deductible	Various
Special Events Program	N/A	\$1,000,000 per occurrence; \$2,000,000 aggregate	Evanston Insurance
Excess Workers' Compensation	\$750,000 per claim	Statutory excess of \$50,000,000	Various
Student Volunteer	N/A	\$50,000 per accident	Ace American

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 15 - RISK MANAGEMENT (Continued)**

**CJPRMA**

The CJPRMA provides coverage against the following types of loss risks under the terms of a joint powers agreement with the City as follows:

<u>Type of Coverage (Deductible)</u>	<u>Coverage Limits</u>
Liability (\$500,000)	\$40,000,000
Employment Practices (\$500,000)	8,000,000

Once the self-insured retention is exhausted on each claim, CJPRMA becomes responsible for payment of future expenses related to the claim. The City paid contributions of \$716,013 for the year ended June 30, 2013. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements for the CJPRMA are available from CJPRMA, 3201 Doolan Road, Suite 285, Livermore, CA 94551.

**CSAC-EIA**

CSAC-EIA is a public entity risk pool of cities and counties within California. The CSAC-EIA provides workers' compensation coverage up to the statutory limit and the City retains a self insured retention of \$750,000. Loss contingency reserves established by the CSAC-EIA are funded by contributions from member agencies. The City pays an annual contribution to the CSAC-EIA, which includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the risk pool. The City paid contributions of \$247,355 for the year ended June 30, 2013. CSAC-EIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained. CSAC-EIA is currently fully funded. No provision has been made on these financial statements for liabilities related to possible additional assessments.

Audited financial statements for CSAC-EIA are available from CSAC-EIA, 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

**Housing Authority Insurance Group**

The Housing Authority is exposed to various risks of loss related to torts: theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disaster. The Authority joined together with other entities and participates in the Housing Authority Insurance Group, a public entity risk pool currently operating as a common risk management and insurance program for its member entities. The purpose of the Housing Authority Insurance Group is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost. The Authority pays annual premiums to Housing Authority Insurance Group for its property damage insurance as follows:

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 15 - RISK MANAGEMENT (Continued)**

Property	Building and Personal Property Premium	Annual Premium	Deductible
Westridge Hilltop	\$36,312	\$38,682	\$25,000
Triangle Court	12,508	12,676	25,000
Nevin Plaza (#1)	3,270	3,308	25,000
Friendship Manor	5,189	5,290	25,000
Hacienda	11,382	11,507	25,000
Nystrom Village	11,300	11,470	25,000
Administration Office	419	419	25,000

To satisfy loan requirements for the Westridge Hilltop property, general liability insurance coverage has been purchased for this location. The policy renews on March 1st of each year. The premium for the year ended June 30, 2013 policy was \$13,362 for coverage limits of \$5 million per occurrence and in the aggregate. All of the Housing Authority properties are included for general liability coverage under the CJPRMA program.

**Liability for Self Insured Claims**

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 is based on case reserves and include amounts for claims incurred but not reported (IBNR), and is recorded in the Insurance Reserves Internal Service Fund. At June 30, 2013, the estimated claims payable of \$22,263,463, consisting of reserves for both reported and IBNR losses, as well as allocated loss adjustment expenses, have been recorded in the Insurance Reserves internal service fund. The claims payable are reported at their present value using expected future investment yield assumptions of 3% and a 55% confidence level. The City changed the confidence level used from 80% at June 30, 2012 to 55% at June 30, 2013. The undiscounted claims totaled \$25,108,608 at June 30, 2013. Changes in the claims liabilities for the years ended June 30, 2013 and 2012 were as follows:

	2013	2012
Claims liabilities, beginning of year	\$20,503,677	\$18,136,167
Current year claims	6,029,787	5,265,565
Change in prior year claims	9,114,560	7,376,091
Claim payments	(8,191,845)	(3,469,423)
Legal, administrative and other expenses	(5,192,716)	(6,804,723)
<b>Claims liabilities, end of year</b>	<b>\$22,263,463</b>	<b>\$20,503,677</b>
<b>Claims liabilities, due in one year</b>	<b>\$6,005,150</b>	<b>\$5,782,919</b>

For the years ended June 30, 2013, 2012 and 2011 the amount of settlements did not exceed insurance coverage.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 16 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The City’s non-major enterprise funds include the following segments:

- Richmond Marina Fund – Marina operations and maintenance, including berth rentals and use of marina facilities.
- Storm Sewer Fund – Storm sewer management and urban runoff control.
- Cable TV Fund – Administration and enforcement of the franchise agreements with two cable television systems, management of a municipal cable channel, departmental video services, media and public information, and telecommunications planning.

Fiscal 2013 condensed financial information for the Richmond Marina Enterprise Fund is as follows:

**Condensed Statement of Net Assets**

Assets:	
Current assets	\$2,954,665
Capital assets	1,863,914
Total assets	<u>4,818,579</u>
Liabilities:	
Current liabilities	204,397
Long-term liabilities	2,935,889
Total liabilities	<u>3,140,286</u>
Net position:	
Net investment in capital assets	(1,143,458)
Unrestricted	2,821,751
Total net position	<u>\$1,678,293</u>

**Condensed Statement of Revenues, Expenses and Changes in Net Position**

Operating revenues:	
Lease income	\$466,921
Operating expenses:	
General and administrative	(46,133)
Depreciation	(85,197)
Operating income	<u>335,591</u>
Nonoperating revenues (expenses):	
Interest income	22,241
Interest expense	(135,588)
Transfers	
Transfers (out)	(100,000)
Change in net position	122,244
Beginning net position	1,556,049
Ending net position	<u>\$1,678,293</u>

**Condensed Statement of Cash Flows**

Net cash provided (used) by:	
Operating activities	\$412,349
Noncapital financing activities	(100,000)
Capital and related financing activities	(206,816)
Investing activities	22,489
Net increase	128,022
Beginning cash and investments	2,773,145
Ending cash and investments	<u>\$2,901,167</u>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 17 - COMMITMENTS AND CONTINGENCIES**

**A. *Lease and Construction Commitment***

The Police Department occupies leased premises owned by DiCon Fiberoptics, Inc. The City currently has a three year lease which expired on December 31, 2009, with an option to renew for five (5) one year periods until December 31, 2014. The lease calls for minimum monthly lease payments of \$94,800.

The City's future commitments under construction and other projects totaled approximately \$155.8 million at June 30, 2013 for various projects.

**B. *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, with one potential exception noted below:

In March 2012, a developer and an associated entity filed a complaint in federal court against the United States of America, two individuals, and the City contending breach of contract related to a Land Disposition Agreement (LDA) between the developer and the City for the development of City-owned property for a specific use. The developer and associated entity seek damages of \$30 million as well as lost profits of over \$750 million. The City disputes the allegations and contends that the LDA did not commit the developer or the City to develop the property for the specific use and that the developer's right to move forward with the development was subject to various federal approvals. The City had filed a separate lawsuit in state court against the developer seeking declaratory relief that the City did not breach the LDA, but that lawsuit was stayed by the state court judge pending resolution of the federal action. The City may be negatively impacted should the court rule in favor of the developer and associated entity, however any such impact cannot be determined at this time.

**C. *Grant Programs***

The City participates in several federal and State grant programs. These programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, except as noted under HOME Program – Disallowed Costs and Housing Authority-Disallowed Costs below.

**D. *HOME Program – Disallowed Costs***

During fiscal year 2013, the City underwent two separate monitoring visits by the Department of Housing and Urban Development (HUD) of the City's HOME investment partnership (HOME) and Community Development Block Grant (CDBG) activities. In its reports, HUD listed thirteen findings covering various activities performed over a six year period applicable to the programs and disallowed costs approximating \$2.8 million. Staff believes the calculation of disallowed costs is overstated by at least \$693 thousand. Staff prepared responses to the findings, including assembling and providing additional documentation to HUD as well as performing numerous corrective actions and meeting to negotiate settlements with HUD. The negotiations are still in process as of March 2014, and the final amount of disallowed costs cannot be determined at this time.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)**

***E. Housing Authority – Easter Hill Project***

The Housing Authority participates in a number of federally assisted grant programs, principal of which are the Section 8 Housing Assistance and Hope VI Revitalization Grans. It is possible that at some future date, it may be determined that the Housing Authority is not in compliance with applicable grant requirements. Than amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Authority does not expect such disallowed amounts, if any, to materially affect the financial statements.

In June 2000, the Richmond Housing Authority received a \$35 million grant (HOPE VI Grant) from the U.S. Department of Housing and Urban Development (“HUD”) for the revitalization of the former Easter Hill Public Housing project. The original Easter Hill site, owned by the Richmond Housing Authority, included 300 units on 21 acres in the Cortez/Stege neighborhood of Richmond.

The California Tax Credit Committee, City of Richmond, Bank of America, Silicon Valley, Federal Home Loan Bank, California Housing Finance Agency, the Richmond Housing Authority along with the \$35 million dollar HUD grant financed this \$120 million revitalization effort. Physical costs are estimated to be approximately \$108 million and life services, relocation, acquisition, administrative and other costs are estimated to be approximately \$12 million. The physical development includes approximately 320 rental and homeownership units to replace the 300 rental units originally at the site and 273 remaining units at the time of grant approval. Amenities at the revitalized site include a pool and a 5,000 square feet community room with facilities for an after school program, computer center, gymnasium and conference room.

In addition, pursuant of the same agreement, the Authority is entitled to receive reimbursement for certain costs it has incurred in development of these projects. Upon completion of the project, the Authority recorded \$14,276,909, representing reimbursement from the developer which had been recorded in the accompanying financial statements as due from developer. The balance outstanding as of June 30, 2013 is \$11,971,431.

In 2002, the Housing Authority chose the development team of McCormack Baron Salazar, Inc. and Em Johnson Interest, Inc. to develop the site. Em Johnson Interest has developed the 82 homeownership units affordable to low, moderate and market rate buyers. McCormack Baron was charged with the development of 300 rental units, affordable to households 60% or below the area median income for Contra Costa County.

Thus far, all new construction rental units at the former Easter Hill site have been developed. Thirty-six rehab rental units at the site are underway. The remaining 202 rental units at the site have been leased. Similarly, all 82 homeownership units at the former Easter Hill and Cortez sites have been constructed. With the exception of one unit at the Cortez site, all homeownership units have been sold.

Due to the City Council’s action to not allow the Housing Authority to retain the Fire Training site originally anticipated for phase III of the project, the third phase is being revised to include the Housing Authority’s Nystrom Village and Hacienda Public Housing sites. This will include the demolition and reconstruction of the 252 rental units presently existing at the two sites. As the proposal and conceptual plans are being developed, the final financial and construction plans are not determined at this time.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)**

***F. Housing Authority – Disallowed Costs***

During fiscal 2009-10, the Office of Inspector General (OIG) from the Department of Housing and Urban Development (HUD) conducted an extensive audit of the Authority's procurement activities. In its report, the OIG listed twenty four findings covering procurement activities performed over a ten year period, applicable to three programs and disallowed costs approximating \$2.5 million. Staff and a consultant prepared responses to the findings, including assembling and providing additional documentation to HUD as well as performing numerous corrective actions and meeting to negotiate a settlement with HUD.

During fiscal year 2010-2011 HUD waived \$605,866 of disallowed costs and requested additional data and completion of certain corrective actions to reach an ultimate resolution.

During fiscal year 2012, the OIG issued a final report requiring the Housing Authority to use non-federal resources to pay \$165,905 to the U.S. Treasury and \$2,257,799 to its own Public Housing/Section 8 Programs. The \$165,905 of OIG Sanction has been fully paid off as of June 30, 2013. The repayment term for the Public Housing/Section 8 Programs is 56 equal quarterly payments which are to commence July 1, 2013.

***G. Assumption of Housing Authority Debts by RHA Properties***

On May 1, 2013, a Memorandum of Understanding (MOU) was reached between the Housing Authority and RHA Properties, which states that the RHA Properties shall provide resources derived from the sale proceeds of the Westridge at Hilltop Apartments to pay the financial sanction imposed by OIG in an amount no less than \$2,257,799, and to retire outstanding debt owed to the City by the Housing Authority in an amount no less than \$6,600,000 upon disposition of the Westridge at Hilltop Apartments by RHA Properties. On May 24, 2013 RHA Properties entered into a Purchase and Sale Agreement with the buyers. The disposition is expected to take place within fiscal year 2013-2014.

***H. RHA Properties – Going Concern***

On May 24, 2013, RHA Properties entered into a Purchase and Sale Agreement (PSA) with Menlo Capital Group, LLC (the Buyer) for the disposition of Westridge at Hilltop Apartments for a price of \$40 million. The disposition of Westridge at Hilltop Apartments, its primary asset will cause to liquidate RHA Properties and discontinue the business operation, which raises substantial doubt about RHA Properties' ability to continue as a going concern. Management currently has no further plans for the entity after the property is sold.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)**

***I. Point Molate – Pollution Remediation***

In September 2008, the City entered into an Early Transfer Cooperative Agreement (ETCA) with the United States Department of the Navy (the Navy) to facilitate the transfer of 41 acres of property that was formerly the Naval Fuel Depot Point Molate (Point Molate). The ETCA identifies certain known pollution issues with the property, and the Navy is the responsible party. However, under the provisions of the ETCA, the Navy advanced \$28 million to the City representing the estimated cost of cleanup, and the City committed to manage the project. Any pollution found that was not caused by the Navy's use of the land is to be paid by the City, however, as of June 30, 2013, no additional pollution has been identified.

The City also entered into an agreement in September 2008 with a Developer to sell approximately 134 acres of land located at Point Molate along with the 41 acres of which the Navy is to transfer to the City. The Developer is to complete the cleanup on behalf of the City in accordance with the requirements of the ETCA. The City committed to pass-through the funds received from the Navy to the Developer.

In April 2010, the City and Developer entered into an agreement to establish a fiscal agent escrow account to maintain the funds held for the remediation of Point Molate. The funds advanced by the Navy are to be held in escrow with a fiscal agent and the agent is responsible for disbursing funds to the Developer as costs are incurred. The terms of the agreement are effective until a certificate of completion is issued for the remediation of the property.

Under the terms of the agreements with the Navy and the Developer, the City does not retain responsibility for the cleanup of the known pollution. The City is merely acting as a pass-thru of the grant funds from the Navy to the Developer and the activities for the project are reported in the Pt. Molate Private-Purpose Trust Fund.

***J. Other – Major Property Taxpayer***

In fiscal year 2007, a major property taxpayer filed an appeal with Contra Costa County challenging the assessed valuation of their property, and in June 2010 the Contra Costa Assessment Appeals Board ruled that the County Assessor over-valued the property from fiscal years 2005 to 2007, and awarded the property taxpayer a refund of \$17.8 million. The County made the payment to the property taxpayer by withholding the payment in two installments from fiscal year 2011 and fiscal year 2012 property tax payments. The County allocated the settlement to cities and special districts throughout the County, and the City's share of the settlement was a total of \$2.3 million which was paid in two installments in fiscal years 2011 and 2012.

The property taxpayer filed an additional appeal with the California Superior Court to challenge the ruling of the Contra Costa Assessment Appeals Board and has also filed an appeal for the assessed valuations for fiscal years 2008 through 2010, and filed an additional application to appeal the assessed valuations for fiscal years 2011 and 2012.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)**

In October 2013, the City and the property taxpayer entered into a settlement agreement that was favorable to the City and the taxpayer withdrew or waived its additional tax relief/tax refunds sought, so that no further refund or loss of tax revenue from these proceedings is expected, with one exception. As part of the settlement, the taxable value of the taxpayer's property was reduced approximately \$600,000,000. Although such a reduction would normally generate a refund of tax, as part of the settlement agreement, the taxpayer agreed to waive any such refund resulting from the 2012 reduction in taxable value.

In June 2011, a lawsuit was filed by a majority of cities in the County as well as by several special districts challenging the allocation of the refund to be repaid to the property taxpayer. On January 19, 2013, a ruling was made in favor of the City finding that the apportionment and allocation of refunds by and among the public entities involved were properly determined. However, the cities filed an appeal on March 22, 2013 and any such impact cannot be determined at this time.

In fiscal year 2009, a major business license taxpayer filed a complaint challenging the legality of Measure T, a voter initiative that took effect on January 1, 2009. Measure T amended the City's business license tax calculation for manufacturers. Although the City believed Measure T to be lawful, the court ruled on December 17, 2009 that the tax was unconstitutional. The court ruled in favor of the business license taxpayer awarding a refund of the \$20.5 million Measure T taxes paid. The City filed an appeal, however in May 2010 the taxpayer and the City entered into a settlement agreement in order to achieve certainty in the tax revenue that the City will receive from the taxpayer over the next 15 years. The agreement provides for annual payments ranging from \$4 million to \$13 million starting July 1, 2011, with payments totaling \$114 million. In addition, the agreement incorporated the prior settlement of a dispute over fiscal year 2006, 2007 and 2008 utility users taxes totaling \$28 million that are to be paid in four installments beginning in fiscal year 2009. Payments totaling \$28,000,000 were received under the settlement agreements in fiscal years 2010, 2011, 2012 and 2013.

**K. *Police Communications Systems***

The City administers a program to provide records management and dispatch services to participating local agencies. The participating agencies, which include the City, are responsible for maintenance and system enhancements. The City is required to account for the enhancement in a separate account which is shown in the Police Telecommunications Internal Service Fund as unearned revenue as of June 30, 2013.

**L. *Via Verde Sinkhole Project***

A sizable sinkhole in the City collapsed in April 2010. Restoration is complete, and the total expenditures were \$12,378,916. The City received State grants for 75% of reimbursable costs, totaling \$8,978,849. The City is obligated to meet all regulatory permit conditions moving forward and may incur additional un-reimbursable costs in doing so.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)**

**M. Encumbrances**

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental 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 restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, 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. Encumbrances outstanding as of June 30, 2013 were as listed below:

	Amount
General Fund	\$219,646
Cost Recovery Special Revenue Fund	1,331,928
Community Development and Loan Programs Special Revenue Fund	180,986
Non-Major Governmental Funds	2,225,499
	\$3,958,059

**NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**

**A. Redevelopment Dissolution**

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibit all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

ABx1 26 and AB1484 created three regulatory authorities, the Successor Agency Oversight Board, State Controller and Department of Finance (DOF), to review former Agency’s asset transfers, obligation payments and wind down activities. ABx1 26 specifically directs the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the Redevelopment Agency or, on or after February 1, 2012, to the Successor Agency. The State Controller’s Office completed its asset transfer review in November 2013 and the State ordered the return of certain assets to the Successor Agency to the Redevelopment Agency. The City complied with certain aspects of the State’s order during fiscal year 2013 by returning applicable capital assets to the Successor Agency as discussed in Note 18C below and the Oversight Board retroactively approved other prior transfers to the City and the State has indicated that no further action is necessary. The State also ordered the return of assets previously transferred to the City as Housing Successor totaling \$16,460,848, because the transfer of the housing assets had not been approved by the Oversight Board. The Oversight Board adopted a Resolution on February 25, 2014 retroactively approving the transfer of the loans to the Housing Successor.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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<b>NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES</b> <b>(Continued)</b>
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Effective January 31, 2012, the Redevelopment Agency was dissolved. Certain assets of the Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor; and the remaining Redevelopment Agency assets and liabilities were distributed to a Successor Agency.

Under the provisions of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City elected to become the Housing Successor and on February 1, 2012, certain housing assets were transferred to the City's Low and Moderate Income Housing Fund which is included in the Community Development and Loan Programs Special Revenue Fund. The activities of the Housing Successor are reported in the Low and Moderate Income Housing Asset Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

The City also elected to become the Successor Agency and on February 1, 2012 the Redevelopment Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established in April 2012. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members, including one member of City Council and one former Redevelopment Agency employee appointed by the Mayor.

The activities of the Successor Agency are reported in the Successor Agency to the Richmond Community Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

Cash and investments of the Successor Agency as of June 30, 2013 are discussed in Note 3 above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2013.

**B. *Loans Receivable***

The Successor Agency assumed non-housing loans receivable of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency engaged in programs designed to encourage economic development. Under these programs, grants or loans were provided under favorable terms to developers who agreed to expend these funds in accordance with the Agency's terms.

**Harbour Capital Projects Loan**

The loan was based on two promissory notes resulting from the sale of the Ford building of \$3,400,000 and the sale of the North Shore properties of \$2,040,359. During fiscal year 2008, the developer repaid \$1 million of the loan balance by a cash payment of \$310,345 and the dedication of parking lot improvements with a value of \$689,655. During fiscal year 2009, the developer paid \$2.4 million of the loan by a cash payment. As of June 30, 2012, this loan was offset with an allowance for doubtful accounts, because the developer had defaulted on the outstanding balance of the loan. During fiscal year 2013 the Successor Agency accepted the return of the underlying property via a deed in lieu of foreclosure on the property, and the loan was written off.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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<b>NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES</b> <b>(Continued)</b>
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**Ford Assembly Building Loan**

Under a loan agreement dated November 22, 2004 between the Redevelopment Agency and Ford Point LLC, the Redevelopment Agency agreed to loan \$3,000,000 to fund improvements to the Ford Assembly Building, collateralized by a Deed of Trust. The Redevelopment Agency funded the loan in fiscal 2006 with proceeds from the Section 108 HUD loan discussed in Note 8. The loan’s principal is due in August 2025. Interest is payable starting August 2006 at a variable rate based on the 90-day LIBOR rate plus 70 basis points; adjusted quarterly. The interest rate converts to a fixed rate in accordance with the terms of the agreement after the Section 108 loan is sold by HUD. The developer repaid \$143,000 of the loan in fiscal year 2010, \$147,000 in fiscal year 2011, \$150,000 in fiscal years 2012 and 2013, and the balance of the loan was \$2,406,000 as of June 30, 2013.

**C. Capital Assets**

The Successor Agency assumed the non-housing capital assets of the Redevelopment Agency as of February 1, 2012. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The Successor Agency’s policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of capital assets.

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

Improvements other than buildings	20 years
Buildings and building improvements	50 years
Vehicles	3 – 10 years
Infrastructure	25 - 50 years
Machinery and equipment	3 – 20 years

**CITY OF RICHMOND**  
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**NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

Capital assets recorded at June 30 comprise:

	Balance at June 30, 2012	Additions	Transfer From the City	Balance at June 30, 2013
Capital assets not being depreciated:				
Land and land improvements	\$15,412,803	\$2,190,359		\$17,603,162
Construction in Progress			\$5,328,244	5,328,244
Total capital assets not being depreciated	<u>15,412,803</u>	<u>2,190,359</u>	<u>5,328,244</u>	<u>22,931,406</u>
Capital assets being depreciated:				
Machinery and equipment	120,448			120,448
Less accumulated depreciation for:				
Machinery and equipment	(74,946)	(12,369)		(87,315)
Capital assets being depreciated, net	<u>45,502</u>	<u>(12,369)</u>		<u>33,133</u>
Capital assets, net	<u>\$15,458,305</u>	<u>\$2,177,990</u>	<u>\$5,328,244</u>	<u>\$22,964,539</u>

During fiscal year 2013, the State Department of Finance denied the prior year transfer of certain projects in progress from the former Redevelopment Agency to the City and required the transfer of those projects totaling \$5,328,244 to the Successor Agency, which has been reported as a transfer above and as an Extraordinary Item in the Fiduciary Statement of Changes in Net Position.

**D. Long-term Obligations**

The following is a summary of long-term debt transactions during the fiscal year ended June 30, 2013:

	Balance July 01, 2012	(A) Additions	Deletions	Balance June 30, 2013	Due Within One Year	Due in More than One Year
Bonds payable	\$63,204,838	\$1,117,357	(\$3,405,000)	\$60,917,195	\$3,535,000	\$57,382,195
Loans payable	57,555,000		(3,160,000)	54,395,000	3,310,000	51,085,000
Notes payable	19,282,114	30,000	(324,000)	18,988,114	638,781	18,349,333
<b>Total</b>	<u>\$140,041,952</u>	<u>\$1,147,357</u>	<u>(\$6,889,000)</u>	<u>\$134,300,309</u>	<u>\$7,483,781</u>	<u>\$126,816,528</u>

(A) Includes bond accretion for capital appreciation bonds totaling \$1,117,357 and interest on loans payable of \$30,000.

**Bonds Payable**

Bonds payable at June 30, 2013 consisted of the following:

	Net
Harbour Tax Allocation Refunding Bonds - 1998 Series A	\$19,794,758
Subordinate Tax Allocation Bonds - 2007 Series B	10,377,437
Subordinate Tax Allocation Refunding Bonds - 2010 Series A	30,745,000
<b>Total</b>	<u>\$60,917,195</u>

**CITY OF RICHMOND**  
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**NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

**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 were 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 5.2% and are payable semiannually on January 1 and July 1. The bonds are secured by a pledge of tax revenues derived from taxable property within the Harbour Project Area.

At June 30, 2013, the Bonds consisted of the following:

	Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Current interest bonds	\$9,860,000			\$9,860,000
Capital appreciation bonds	12,650,000	\$488,051	(\$3,203,293)	9,934,758
<b>Total</b>	<b>\$22,510,000</b>	<b>\$488,051</b>	<b>(\$3,203,293)</b>	<b>\$19,794,758</b>

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

For the Years Ending June 30,	Principal	Interest	Total
2014	\$1,830,000	\$484,863	\$2,314,863
2015	1,870,000	446,363	2,316,363
2016	1,910,000	405,663	2,315,663
2017	1,950,000	362,763	2,312,763
2018	1,995,000	317,525	2,312,525
2019-2023	10,675,000	878,883	11,553,883
2024	2,280,000	26,838	2,306,838
<b>Total</b>	<b>\$22,510,000</b>	<b>\$2,922,898</b>	<b>\$25,432,898</b>

**Richmond Community Redevelopment Agency Subordinate Tax Allocation Bonds Series 2007 A and Series B - Original Issue Series A \$65,400,000, Series B \$9,772,622**

On July 12, 2007 the Redevelopment Agency issued Series 2007 A Subordinate Tax Allocation Bonds in the amount of \$65,400,000. The proceeds from the Bonds were used to pay the amount of \$22,000,000 to the City to assist with the financing of the Civic Center Project, and to fund other Redevelopment Agency projects.

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**NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

The 2007 A Subordinate Tax Allocation Bonds were issued as variable auction rate bonds with interest calculated every thirty-five days, however, the Agency entered into a 29-year interest rate swap agreement for the entire amount of its 2007 A Subordinate Tax Allocation Bonds. In fiscal year 2010 the Agency experienced a significant decline in tax increment revenue. In order to bring debt service in line with current revenues and maintain compliance with the required 1.4:1 tax increment to debt service coverage ratio, the Agency suspended a number of projects originally funded by the 2007 A Bonds and applied approximately \$36 million of the unspent 2007 A proceeds and other available funds along with the proceeds from the issuance of the Subordinate Tax Allocation Refunding Bonds, Series 2010 A to refund the outstanding balance of the 2007 A Bonds. As part of the issuance of the 2010 A Bonds, the interest rate swap agreement associated with the 2007 A Bonds was amended and restated as discussed with the Series 2010 A Bonds below.

On July 12, 2007 the Redevelopment Agency issued Series 2007 B Housing Set-Aside Subordinate Tax Allocation Capital Appreciation Bonds in the amount of \$9,772,622 at interest rates ranging from 5.57% to 6.40%. The proceeds from the 2007 B Bonds will be used to finance certain low and moderate income housing activities of the Redevelopment Agency. The 2007 B Bonds mature annually through 2037, in amounts ranging from \$465,000 to \$2,020,000. The 2007 B Bonds are secured by a pledge of subordinated housing and non-housing tax revenues.

At June 30, 2013, the 2007 B Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	\$21,580,000	\$629,306	(\$11,831,869)	\$10,377,437

The annual debt service requirements on the 2007B Bonds are as follows:

For the Years Ending June 30,	Principal
2014	\$725,000
2015	0
2016	0
2017	0
2018	935,000
2019-2023	5,560,000
2024-2028	6,855,000
2029-2033	4,165,000
2034-2037	3,340,000
<b>Total</b>	<b>\$21,580,000</b>

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**NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

**2010 Subordinate Tax Allocation Refunding Bonds Series A – Original Issue \$33,740,000**

The 2010 A Bonds were issued on March 31, 2010 by the Agency. The proceeds of the 2010 A Bonds were used to refund all of the outstanding Series 2007 A Subordinate Tax Allocation Bonds. Interest rates range from 3.00% to 6.125% and are payable semiannually on March 1 and September 1. The 2010 A Bonds mature annually through 2037 and are secured by a pledge of certain tax increment revenues derived from taxable property within the Merged Project Area.

In connection with the issuance of the Series 2007 A Subordinate Tax Allocation Bonds, the Agency entered into a swap agreement for \$65,400,000, the entire amount of the 2007 A Bonds. With the issuance of the 2010 A Bonds, the Agency amended and restated the swap agreement. The amended agreement requires the Agency to make and receive payments based on variable interest rates. The Agency will make payments based on a variable interest rate equal to 100% of SIFMA plus a fixed percentage of 0.83% and the Agency will receive variable rate interest payments equal to 68% of 1-month LIBOR from the swap counterparty.

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

For the Years Ending June 30,	Principal	Interest	Total
2014	\$980,000	\$2,088,677	\$3,068,677
2015	1,030,000	2,042,920	3,072,920
2016	1,095,000	1,991,974	3,086,974
2017	1,165,000	1,932,252	3,097,252
2018	1,240,000	1,863,031	3,103,031
2019-2023	5,310,000	8,145,988	13,455,988
2024-2028	13,180,000	5,502,361	18,682,361
2029-2033	3,140,000	2,111,418	5,251,418
2034-2037	3,605,000	579,842	4,184,842
<b>Total</b>	<b>\$30,745,000</b>	<b>\$26,258,463</b>	<b>\$57,003,463</b>

**Interest Rate Swap Agreement**

The Agency entered into an interest swap agreement in connection with the 2010A Subordinate Tax Allocation Refunding Bonds. The transaction allows the Agency to create a synthetic variable rate on the Bonds. The terms, fair value and credit risk of the swap agreement are disclosed below.

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**NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

*Terms.* The terms, including the counterparty credit rating of the outstanding swap, as of June 30, 2013, are included below. The swap agreement contains scheduled reductions to the outstanding notional amount.

Outstanding Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's/Fitch)	Variable Rate Paid	Variable Rate Received	Fair Value at June 30, 2013	Termination Date
\$57,725,000	7/12/2007	Royal Bank of Canada	AA-/Aa3/AA	SIFMA Municipal Swap Index	68% of USD-1 Month LIBOR	(\$7,619,232)	9/1/2036

Based on the swap agreement, the Agency owes interest calculated at a variable rate to the counterparty of the swap, and in return, the counterparty owes the Agency interest based on a variable rate. Debt principal is not exchanged; the outstanding notional amount of the swap is the basis on which the swap receipts and payments are calculated.

*Fair value.* Fair value of the swap takes into consideration the prevailing interest rate environment, the specific terms and conditions of each transaction and any upfront payments that may have been received. Fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swap. As of June 30, 2013, the fair value of the swap was in favor of the counterparty.

The fair value represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. The Agency has accounted for the change in fair value of the hedge as noted below:

	Changes in Fair Value		Fair value at June 30, 2013	
	Classification	Amount	Classification	Amount
<b>Pay-Variable, Receive-Variable</b>				
<i>2010A Subordinate Tax Allocation Refunding Bonds</i>	Investment revenue	\$970,346	Investment	(\$7,619,232)

*Credit risk.* As of June 30, 2013, the Agency was not exposed to credit risk on the outstanding swap because the swap had a negative fair value. However, if *interest* rates increase and the fair value of the swap were to become positive, the Agency would be exposed to credit risk. The Agency will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

*Interest rate risk.* The swap increases the Agency's exposure to variable interest rates. As the SIFMA Municipal Swap Index Rate increases or the LIBOR decreases, the Agency's net payment on the swap increases.

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**NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

*Basis risk.* Basis risk is the risk that the interest rate paid by the Agency on the underlying fixed rate bonds to the *bondholders* temporarily differs from the variable swap rate received from the counterparty. The Agency bears basis risk on the swap. The swap has basis risk since the Agency receives a percentage of the LIBOR Index to offset the fixed bond rate the Agency pays on the underlying Bonds. The Agency is exposed to basis risk should the floating rate that it receives on a swap be less than the fixed rate the Agency pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

A portion of this basis risk is tax risk. The Agency is exposed to tax risk when the relationship between the taxable LIBOR based swap and tax-exempt fixed rate bond changes as a result of a reduction in federal and state income tax rates. Should the relationship between LIBOR and the underlying tax-exempt fixed rate bonds converge the Agency is exposed to this basis risk.

*Termination risk.* The Agency may terminate if the other party fails to perform under the terms of the contract. The Agency will be exposed to variable rates if the counterparty to the swap contract defaults or if the swap contract is terminated. A termination of the swap contract may also result in the Agency’s making or receiving a termination payment based on market interest rates at the time of the termination. If at the time of termination the swap has a negative fair value, the Agency would be liable to the counterparty for a payment equal to the swap’s fair value.

*Swap payments and associated debt.* Using rates as of June 30, 2013, debt service requirements of the Agency’s outstanding fixed rate Bonds and net swap payments assuming current interest rates remain the same for their term, are as follows. As rates vary, fixed rate bond *interest* payments and net swap payments will vary. These payments below are included in the Debt Service Requirements above:

For the Years Ending June 30,	Fixed-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swap, Net	
2014	\$980,000	\$1,662,299	\$426,378	\$3,068,677
2015	1,030,000	1,630,861	412,059	3,072,920
2016	1,095,000	1,594,961	397,013	3,086,974
2017	1,165,000	1,551,043	381,209	3,097,252
2018	1,240,000	1,498,386	364,645	3,103,031
2019-2023	5,310,000	6,606,520	1,539,468	13,455,988
2024-2028	13,180,000	4,475,120	1,027,241	18,682,361
2029-2033	3,140,000	1,617,301	494,117	5,251,418
2034-2037	3,605,000	464,121	115,721	4,184,842
<b>Total</b>	<b>\$30,745,000</b>	<b>\$21,100,612</b>	<b>\$5,157,851</b>	<b>\$57,003,463</b>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

**Loans Payable**

The Richmond Joint Powers Financing Authority (Authority) has issued the Bonds listed below to assist in financing the Agency’s operations. The Authority has retained reserve amounts required under the respective Bond indentures and loaned the net proceeds of these Bond issues to the Agency. The Authority is responsible for paying principal and interest on the Bonds; the Agency is responsible for making payments to the Authority in the amounts shown below.

The outstanding balances of loans payable to the Authority at June 30, 2013 came from the Bond issues listed below:

JPFA Tax Allocation Revenue Bonds - 2000 Series A & B	\$14,995,000
JPFA Tax Allocation Revenue Bonds - 2003 Series A & B	24,365,000
JPFA Tax Allocation Revenue Bonds - 2004 Series A & B	<u>15,035,000</u>
<b>Total</b>	<u><u>\$54,395,000</u></u>

**Loan from the Authority dated November 1, 2000**

In 2000, the Authority issued the 2000 Housing Set-Aside Tax Allocation Bonds Series A and Series B in the original amount of \$31,515,000. The net proceeds of the bond issue were loaned to the Agency to provide funding for certain capital improvements of the Agency. Under the terms of the loan agreement between the Agency and the Authority dated November 1, 2000, repayment of the loan is being made from certain tax increment revenues derived from taxable property within the Pre-2004 Limit Area and the Post-2004 Limit Area.

The annual debt service on this loan as of June 30, 2013 is as follows:

For the Years Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$2,085,000	\$797,965	\$2,882,965
2015	2,200,000	683,060	2,883,060
2016	2,315,000	559,880	2,874,880
2017	2,445,000	423,848	2,868,848
2018	2,590,000	274,770	2,864,770
2019-2023	3,095,000	212,261	3,307,261
2024-2028	175,000	52,113	227,113
2029-2030	90,000	5,275	95,275
<b>Total</b>	<u><u>\$14,995,000</u></u>	<u><u>\$3,009,172</u></u>	<u><u>\$18,004,172</u></u>

**CITY OF RICHMOND**  
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<b>NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES</b> (Continued)
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**Loan from the Authority dated August 1, 2003**

In 2003, the Authority issued 2003 Tax Allocation Revenue Bonds Series A and Series B in the original amount of \$28,580,000. The net proceeds of the bond issue were loaned to the Agency to provide funding for certain capital improvements and to repay the City of Richmond \$18,000,000 in partial payment of prior obligations. Under the terms of the loan agreement between the Agency and the Authority dated August 1, 2003, repayment of the loan is being made from certain tax increment revenues derived from taxable property within the Post-2004 Limit Area pledged by the Agency for the purpose of loan repayment.

The annual debt service on this loan as of June 30, 2013 is as follows:

For the Years Ending June 30,	Principal	Interest	Total
2014	\$955,000	\$1,319,253	\$2,274,253
2015	1,000,000	1,271,345	2,271,345
2016	1,050,000	1,219,321	2,269,321
2017	1,100,000	1,164,010	2,264,010
2018	1,160,000	1,105,816	2,265,816
2019-2023	8,780,000	4,261,356	13,041,356
2024-2026	10,320,000	985,286	11,305,286
<b>Total</b>	<b>\$24,365,000</b>	<b>\$11,326,387</b>	<b>\$35,691,387</b>

**Loan from the Authority dated October 1, 2004**

In 2004, the Authority issued the 2004 Tax Allocation Revenue Bonds Series A and Series B in the original amounts of \$15,000,000 and \$2,000,000, respectively. The net proceeds of the bond issue were loaned to the Agency to provide funding for certain capital improvements, low/moderate income housing and to repay the City of Richmond \$6,367,031 in prior obligations. Under the terms of the loan agreement between the Agency and the Authority dated August 1, 2003, repayment of the loan is being made from certain subordinate housing and non-housing tax increment revenues derived from the taxable property within the Merged Project Area pledged by the Agency for the purpose of loan repayment.

**CITY OF RICHMOND**  
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**For the Year Ended June 30, 2013**

<b>NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES</b> <b>(Continued)</b>
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The annual debt service requirements for these loans as of June 30, 2013 are as follows:

For the Years Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$270,000	\$776,801	\$1,046,801
2015	280,000	764,586	1,044,586
2016	295,000	751,649	1,046,649
2017	305,000	737,664	1,042,664
2018	320,000	722,711	1,042,711
2019-2023	5,690,000	2,788,368	8,478,368
2024-2027	7,875,000	1,220,808	9,095,808
<b>Total</b>	<u><u>\$15,035,000</u></u>	<u><u>\$7,762,587</u></u>	<u><u>\$22,797,587</u></u>

**Pledge of Redevelopment Tax Increment Revenues**

The six Tax Allocation Bond issues discussed above consist of senior and parity obligations secured by future tax increment revenues. The pledge of all future tax increment revenues (housing and non-housing revenue) ends upon repayment of \$180,509,507 remaining debt service on the Bonds and loans which is scheduled to occur in 2037.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County’s Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.

	Tax Revenue Pledged	Outstanding Obligation	For the Year Ended June 30, 2013		Coverage
			Debt Service	Taxes	
<b>Senior Non-Housing Obligations:</b>					
1998 Harbour Tax Allocation Refunding Bonds	Harbour Project Area	\$25,432,898	\$2,318,513	(A)	
<b>Senior Non-Housing Obligations:</b>					
2000 A JPFA Tax Allocation Revenue Bonds	All project areas except Harbour and Pilot	14,435,411	\$2,315,210	(A)	
<b>Senior Non-Housing Obligations:</b>					
2003 A & B JPFA Tax Allocation Revenue Bonds	All project areas except Pilot	35,691,387	\$2,278,127		
<b>Subordinate Non-Housing Obligations:</b>					
2004 A JPFA Tax Allocation Revenue Bonds (Two-thirds)	All project areas except Pilot	13,911,694	606,707		
2010 A Subordinate Tax Allocation Refunding Bonds	All project areas except Pilot	57,003,463	3,109,706		
Subtotal		106,606,544	\$5,994,540	(A)	
<b>Senior Housing Obligations:</b>					
2000 B JPFA Tax Allocation Revenue Bonds	Low and Moderate Income Housing Setaside Revenues	3,568,761	\$574,983		
<b>Subordinate Housing Obligations:</b>					
2004 B & One-third of 2004 A JPFA Tax Allocation Revenue Bonds	Low and Moderate Income Housing Setaside Revenues	8,885,893	441,579		
2007 B Subordinate Tax Allocation Bonds	Low and Moderate Income Housing Setaside Revenues	21,580,000	675,000		
Subtotal		34,034,654	\$1,691,562	(A)	
Total Outstanding Obligations		\$180,509,507	\$12,319,825	\$16,320,481	132%

(A) The Successor Agency receives property taxes without segregation by project area and without distinction between housing and non-housing revenues, as discussed above.

**CITY OF RICHMOND**  
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**For the Year Ended June 30, 2013**

**NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

**Notes Payable**

CHFA Help Loans	\$1,210,000
HUD Section 108 Loans	5,576,000
SERAF Loan	12,202,114
<b>Total</b>	<b>\$18,988,114</b>

**CHFA Help Loans – Original Amounts \$1,000,000**

The Agency entered a loan agreement with California Housing Finance Agency in November 2004 to assist the Agency with 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 10 years from the date of the loan. The loan bears a simple 3% per annum interest rate, and all payments of principal and interest are deferred for a ten-year period. During fiscal year 2013 the interest accrued to principal totaled \$30,000.

**HUD Section 108 – Original Amount \$3,000,000**

In fiscal 2004, the Agency entered into a Disposition and Development Agreement to receive a Section 108 loan from the Department of Housing and Urban Development to finance costs related to the Ford Assembly Building project. Interest is payable quarterly and the interest rate is fixed at 2.58% or, in specific conditions, adjusted to the latest LIBOR Rate. The principal payments are due annually from 2009 through 2026 as follows:

For the Years Ending June 30,	Principal	Interest	Total
2014	\$158,000	\$112,308	\$270,308
2015	162,000	105,794	267,794
2016	166,000	98,846	264,846
2017	171,000	91,422	262,422
2018	175,000	83,602	258,602
2019-2023	946,000	286,039	1,232,039
2024-2026	628,000	50,239	678,239
<b>Total</b>	<b>\$2,406,000</b>	<b>\$828,250</b>	<b>\$3,234,250</b>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

**HUD Section 108 – Original Amount \$3,500,000**

In fiscal 2006, the City received a Section 108 loan from the Department of Housing and Urban Development to finance costs related to the North Richmond-Iron Triangle project. The loan proceeds were given to the Agency for the project, therefore the Agency is responsible for the repayment of the loan. Interest is payable quarterly and the interest rate is fixed at 2.58% or, in specific conditions, adjusted to the latest LIBOR Rate. The principal payments are due annually from 2012 through 2026 as follows:

For the Years Ending June 30,	Principal	Interest	Total
2014	\$180,000	\$168,098	\$348,098
2015	190,000	158,737	348,737
2016	200,000	148,830	348,830
2017	210,000	138,374	348,374
2018	220,000	127,179	347,179
2019-2023	1,250,000	441,535	1,691,535
2024-2026	920,000	82,364	1,002,364
<b>Total</b>	<b>\$3,170,000</b>	<b>\$1,265,117</b>	<b>\$4,435,117</b>

**SERAF Loan**

The State of California adopted AB26 4X in July 2009 which directs that a portion of the incremental property taxes received by the redevelopment agencies, be paid instead to the County supplemental educational revenue augmentation fund (SERAF) in fiscal years 2010 and 2011. The Agency did not have the resources to make these payments and instead was able to enter into a structured payment plan agreement with the State Department of Finance that allows the payments to the County to be made over a ten year period. The loan bears interest at a rate of 2%. Payments of principal and interest are due on an annual basis, commencing May 10, 2014.

For the Years Ending June 30,	Principal	Interest	Total
2014	\$300,781	\$244,042	\$544,823
2015	306,797	238,027	544,824
2016	312,933	231,891	544,824
2017	319,191	225,632	544,823
2018	325,575	219,248	544,823
2019-2021	10,636,837	418,832	11,055,669
<b>Total</b>	<b>\$12,202,114</b>	<b>\$1,577,672</b>	<b>\$13,779,786</b>

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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<b>NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES</b> <b>(Continued)</b>
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**Debt Without Agency or City Commitment**

A special assessment district has been established in an area of the Agency to provide improvements to properties located in that district. Properties in the district are assessed for the cost of improvements; these assessments are payable solely by property owners over the term of the debt issued to finance these improvements. The Agency is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties in these special assessment districts, nor is it obligated to advance Agency funds to repay these debts in the event of default.

One District, Marina Westshore Community Facilities District No. 1998-1, had issued Community Facilities District No. 1998-1 Special Tax Bonds which had a remaining balance outstanding of \$3,290,000 at June 30, 2013.

**Conduit Debt**

The Agency has assisted private-sector entities by sponsoring their issuance of debt for purposes the Agency deems to be in the public interest. These debt issues are secured solely by the property financed by the debt. The Agency is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties secured by these debts, nor is it obligated to advance Agency funds to repay these debts in the event of default by any of these issuers. At June 30, 2013, the balance of these issuers' outstanding debts was as follows:

Bridge Housing Acquisitions, Inc.	\$10,860,000
Baycliff Apartment Project, 2004 Revenue Bonds	29,690,000
Crescent Park Apartment Project, 2007 Series A & Series A-T Revenue Bonds	29,715,600

**E. Commitments and Contingencies**

**State Approval of Enforceable Obligations**

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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<b>NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES</b> <b>(Continued)</b>
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**Miraflores – Pollution Remediation**

The City, through the Redevelopment Agency, intended to undertake a known pollution remediation project at the proposed Miraflores Housing Development site. The Successor Agency assumed the administration of the project as of February 1, 2012.

The Agency plans to clean up the 14 acre former flower nursery site located at South 45<sup>th</sup> Street and Wall Avenue, to provide for future residential and open space land uses. The property is currently owned by the Redevelopment Agency. The Agency has completed a Remedial Action Plan and the cost of the preferred alternative remediation is estimated to be \$3,200,000. As of June 30, 2012, the estimate increased to \$9,000,000 with a liability of \$2,565,285.

During fiscal year ended June 30, 2013, the Agency increased the remediation estimate to \$9,157,047. The Agency spent \$878,871 in pollution remediation costs, leaving a pollution liability of \$1,843,460 as of June 30, 2013. The Successor Agency has recorded this amount as an accrued liability in the Statement of Fiduciary Net Position, however this obligation is an estimate and is subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

**Unpaid Pass – Through Obligation**

The Successor Agency has identified an obligation to allocate an increased share of its tax increment revenues to other taxing agencies within Contra Costa County pursuant to Sections 33607.5 and 33607.7 of the Community Redevelopment Law (CRL). In 1999, the former Redevelopment Agency adopted ordinances to extend the debt horizon on its various project areas as authorized in Assembly Bill 1342, which triggered the additional pass-through requirement for the portion of Project 8-A that was added in 1980. Later in 1999, the Agency amended the various Redevelopment Plans to merge all of the project areas together and also extended the date to incur debt in Project 11-A, Harbour from January 1, 2004 to January 1, 2014. Project 1-B Pilot was amended in 2004 pursuant to Senate Bill 211 to delete the last date to incur debt. These former Redevelopment Agency actions created a requirement to increase tax increment pass-through distributions to other taxing agencies at certain times pursuant to the CRL. The additional pass-through obligation was not implemented for the above Projects. The Successor Agency has now accumulated a retroactive pass-through obligation that spans back over several fiscal years.

Since the dissolution of the former Redevelopment Agency in 2012, under the State Dissolution Act, California counties have been charged with the implementation of Successor Agency pass-through obligations. Contra Costa County has advised the Agency that it plans to schedule a catch-up pass-through deduction as the time of its June 2014 Required Obligation Payment Schedule (ROPS) 2014-15a tax distribution. The June 2014 catch-up deduction is expected to resolve pass-through obligations for the three fiscal years that will have accrued from the date of dissolution (the fiscal years ending June 30, 2012, 2013 and 2014). The other taxing agencies may also claim that additional pass-through payments are owed for fiscal years prior to the dissolution of the former Redevelopment Agency. Under the policy of the State Department of Finance, any claimed underpayments of pass-through obligations dating prior to dissolution must be listed on a future ROPS and approved by the State Department of Finance as an eligible use of future tax distributions.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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<b>NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES</b> <b>(Continued)</b>
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The Agency and the County are discussing the calculation of these cumulative pass-through obligations. The Agency does not have a final calculation of these obligations at this time. However, it has estimated its obligation for the years since dissolution at approximately \$600,000 per year. Accordingly, a liability of \$1.2 million has been recorded in the accompanying financial statements in the Agency's Redevelopment Property Tax Trust Fund as of June 30, 2013 to cover the 2011-12 and 2012-13 fiscal years from dissolution through the date of the accompanying financial statements. This obligation has been reported as a reduction of tax revenue additions to the trust fund.

The Agency and the County have not concluded the additional pass-through obligation due for the fiscal years prior to the dissolution of the former Redevelopment Agency. These additional obligations covered three project areas (11A - Harbor original; 1A – Hensley Addition; and 1B – Pilot) and had staggered effective dates. Because the amount is not available, no liability has been recorded in the accompanying financial statements for this contingent liability. The Agency anticipates further discussion with the County and affected taxing agencies on amounts owed prior before it submits payment obligations on an upcoming ROPS for approval by the State Department of Finance.

**1998 A Harbour Tax Allocation Refunding Bonds – Reserve Fund**

In connection with a proposed issuance of refunding bonds, in spring 2013, the Agency discovered that the balance in the Reserve Account was \$1,070,522, which amount was not equal to the Reserve Requirement, and there existed a shortfall in the Reserve Account in an amount equal to \$1,115,756 as of June 30, 2013.

After investigation, it was determined that the trustee had wired funds from the Reserve Account to the former Redevelopment Agency as “excess” Reserve Account deposits following the maturity of the outstanding 1991 Bonds on July 1, 2009. While the Indenture permits the transfer of excess amounts on deposit in the Reserve Account upon written request, no such written request was given by the former Redevelopment Agency. The amounts mistakenly released on August 18, 2009 by the trustee to the former Redevelopment Agency from the Reserve Account were expended on redevelopment activities.

In order to replenish the Reserve Account, and as permitted under the Dissolution Act, the Successor Agency has included the reserve account shortfall amount in the Required Obligation Payment Schedule submitted to the Department of Finance for the period January 1 through June 30, 2014, but the Department of Finance initially declined the request. Maintaining the Reserve Account in the amount of the Reserve Requirement is an enforceable obligation of the former Redevelopment Agency under the Indenture. After a meet and confer with the DOF, the request was approved in December 2013, but the replenishment of the deficit is not expected to be completed until January 2014.

**CITY OF RICHMOND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 19 – SUBSEQUENT EVENTS**

**A. *Street Light Capital Lease - \$4,641,936***

On July 31, 2013, the City entered into a lease agreement with Bank of America in the amount of \$4,641,936 to finance the purchase of street lights and the associated upgrade costs. The lease bears an interest rate of 2.55%. Principal and interest payments on the lease are due semi-annually on each October 30 and April 30 commencing on April 30, 2014 through October 20, 2026.

**B. *2013-2014 Tax and Revenue Anticipation Notes***

On December 2, 2013 the City issued 2013-2014 Tax and Revenue Anticipation Notes in the amount of \$12,100,000. The proceeds from the Note will be used to provide funds to meet the City's anticipated cash flow needs for its fiscal year ending June 30, 2014. The note bears an interest rate of .380%. Principal and accrued interest on the Note is payable when the Note matures on July 31, 2014.

**C. *RHA Properties – Purchase and Sale Agreement***

On February 10, 2014, Addendum #1 to Purchase and Sale Agreement was reached to extend the closure date of escrow to on or before March 11, 2014. As of February 25, 2014, the Buyer had deposited a non-refundable \$1,000,000 into the escrow account. Subsequent to the execution of the Addendum, Fannie Mae required the senior bond to be paid off on March 15, 2014. On February 28, 2014 RHA Properties provided a notice to Fannie Mae of its intention to prepay on March 15, 2014 the entire outstanding principal amount of the 2003 Series A Bonds from the proceeds of the disposition. On March 11, 2014 RHA Properties rescinded the prior notice and issued a new notice of redemption for April 15, 2014.

CITY OF RICHMOND  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property tax	\$28,752,737	\$33,040,822	\$32,489,548	(\$551,274)
Sales tax	28,621,650	29,720,759	29,865,548	144,789
Utility user fees	50,179,282	49,220,624	48,398,349	(822,275)
Other taxes	6,062,170	7,012,170	6,247,352	(764,818)
Licenses, permits and fees	2,769,300	2,769,300	2,463,771	(305,529)
Fines, forfeitures and penalties	306,000	308,000	328,917	20,917
Use of money and property	302,500	302,500	199,190	(103,310)
Intergovernmental	2,321,444	2,842,821	2,191,751	(651,070)
Charges for services	2,948,833	2,973,609	2,834,425	(139,184)
Rent	615,398	615,398	681,141	65,743
Other	1,193,678	1,275,157	1,398,043	122,886
<b>Total Revenues</b>	<b>124,072,992</b>	<b>130,081,160</b>	<b>127,098,035</b>	<b>(2,983,125)</b>
<b>EXPENDITURES:</b>				
Current				
General government	18,948,473	19,958,201	20,055,388	(97,187)
Public safety	78,426,013	76,332,714	76,959,857	(627,143)
Public works	18,332,659	19,346,272	18,544,209	802,063
Cultural and recreational	10,044,408	10,309,745	9,626,590	683,155
Capital outlay	77,000	2,821,854	141,047	2,680,807
Debt Service:				
Principal	1,262,842	1,262,842	1,311,615	(48,773)
Interest and fiscal charges	235,029	235,029	450,954	(215,925)
<b>Total Expenditures</b>	<b>127,326,424</b>	<b>130,266,657</b>	<b>127,089,660</b>	<b>3,176,997</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(3,253,432)</b>	<b>(185,497)</b>	<b>8,375</b>	<b>193,872</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond premium	109,701	109,701	106,740	(2,961)
Proceeds from sale of property	100,000	100,000	53,618	(46,382)
Transfers in	9,036,820	10,500,660	9,028,336	(1,472,324)
Transfers (out)	(8,862,768)	(11,254,759)	(10,475,204)	779,555
<b>Total other financing sources (uses)</b>	<b>383,753</b>	<b>(544,398)</b>	<b>(1,286,510)</b>	<b>(742,112)</b>
<b>NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEM</b>	<b>(2,869,679)</b>	<b>(729,895)</b>	<b>(1,278,135)</b>	<b>(548,240)</b>
<b>SPECIAL ITEM:</b>				
Interfund advance restructuring			745,119	745,119
<b>Total Special Item</b>			<b>745,119</b>	<b>745,119</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,869,679)</b>	<b>(729,895)</b>	<b>(533,016)</b>	<b>196,879</b>
Fund balance, July 1	37,358,353	37,358,353	37,358,353	
Fund balance, June 30	<u>\$34,488,674</u>	<u>\$36,628,458</u>	<u>\$36,825,337</u>	<u>\$196,879</u>

CITY OF RICHMOND  
COST RECOVERY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Licenses, permits and fees	\$5,401,972	\$4,556,972	\$9,234,735	\$4,677,763
Fines, forfeitures and penalties	150,000	150,000	266,306	116,306
Use of money and property	(41,000)	(41,000)	12,681	53,681
Intergovernmental	6,389,658	6,927,658	5,838,880	(1,088,778)
Charges for services	1,853,954	2,328,954	2,186,955	(141,999)
Other	1,000	1,000	587,694	586,694
	<u>13,755,584</u>	<u>13,923,584</u>	<u>18,127,251</u>	<u>4,203,667</u>
<b>Total Revenues</b>				
<b>EXPENDITURES:</b>				
Current				
General government	5,317,745	5,732,720	11,029,357	(5,296,637)
Public safety	4,409,329	4,278,255	4,439,677	(161,422)
Public works	4,678,995	4,529,112	2,911,588	1,617,524
Capital outlay	4,534,511	9,441,056	6,815,368	2,625,688
	<u>18,940,580</u>	<u>23,981,143</u>	<u>25,195,990</u>	<u>(1,214,847)</u>
<b>Total Expenditures</b>				
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(5,184,996)</u>	<u>(10,057,559)</u>	<u>(7,068,739)</u>	<u>2,988,820</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,772,777	4,772,777	4,923,475	150,698
Transfers (out)	(62,779)	(62,779)	(62,779)	
	<u>4,709,998</u>	<u>4,709,998</u>	<u>4,860,696</u>	<u>150,698</u>
<b>Total other financing sources (uses)</b>				
<b>NET CHANGE IN FUND BALANCE</b>				
	(474,998)	(5,347,561)	(2,208,043)	3,139,518
Fund balance (deficit), July 1	<u>(6,161,269)</u>	<u>(6,161,269)</u>	<u>(6,161,269)</u>	
Fund balance (deficit), June 30	<u>(\$6,636,267)</u>	<u>(\$11,508,830)</u>	<u>(\$8,369,312)</u>	<u>\$3,139,518</u>

CITY OF RICHMOND  
COMMUNITY DEVELOPMENT AND LOAN PROGRAMS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property			\$200,787	\$200,787
Intergovernmental	\$3,021,065	\$5,561,046	1,241,462	(4,319,584)
Other		215,000	305,415	90,415
Total Revenues	<u>3,021,065</u>	<u>5,776,046</u>	<u>1,747,664</u>	<u>(4,028,382)</u>
EXPENDITURES				
Current:				
Community development	509,397	1,144,056	45,330	1,098,726
Housing and redevelopment	4,836,040	2,513,734	2,620,546	(106,812)
Capital outlay	2,407,000	2,155,000		2,155,000
Total Expenditures	<u>7,752,437</u>	<u>5,812,790</u>	<u>2,665,876</u>	<u>3,146,914</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,731,372)</u>	<u>(36,744)</u>	<u>(918,212)</u>	<u>(881,468)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		444,241	446,933	2,692
Transfers (out)			(7,176)	(7,176)
Total other financing sources (uses)		<u>444,241</u>	<u>439,757</u>	<u>(4,484)</u>
NET CHANGE IN FUND BALANCE	(4,731,372)	407,497	(478,455)	(885,952)
Fund balance, July 1	<u>19,163,400</u>	<u>19,163,400</u>	<u>19,163,400</u>	
Fund balance, June 30	<u>\$14,432,028</u>	<u>\$19,570,897</u>	<u>\$18,684,945</u>	<u>(\$885,952)</u>

**City of Richmond**  
**Required Supplementary Information**  
**June 30, 2013**

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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 on a basis consistent with Generally Accepted Accounting Principles (GAAP) for the General Fund, certain Special Revenue Funds (State Gas Tax, General Purpose, Paratransit Operations, Public Safety, Cost Recovery, Lighting and Landscaping Districts, Developer Impact Fees, Community Development and Loan Programs, and Richmond Neighborhood Stabilization Corporation) and certain debt service funds (2005 Pension Obligation Bonds, General Debt Service and Civic Center Debt Service). 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.

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 Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual include budget amendments approved by City Council.

**CITY OF RICHMOND**  
**JUNE 30, 2013**

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<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
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**SPECIAL REVENUE 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 Fund** accounts for other restricted monies that are to be used for the specific purposes for which the funds were set up.

**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.

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

**Public Safety Fund** records 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.

**Lighting and Landscaping Districts Fund** was set up to account for maintenance services in the nature of landscaping, lighting, cleaning provided to the Hilltop parking lot area, the Marina Way Development area, and the Marina Bay area.

**Developer Impact Fees** to account for monies received from fees levied by the City on new commercial and residential projects. These funds will be used to mitigate the additional public safety and infrastructure costs resulting from these development projects.

**Secured Pension Override Fund** – The Secured Pension Override Fund records the receipt of Pension Tax override collected through property taxes for payment of pension contributions.

**Richmond Neighborhood Stabilization Corporation Fund** - The Richmond Neighborhood Stabilization Corporation Special Revenue Fund accounts for the activities of the Corporation.

**CITY OF RICHMOND**  
**JUNE 30, 2013**

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

**2005 Pension Obligation Bonds Debt Service Fund** receives transfers from the General Fund and the Pension Tax Override Fund, and pays the debt service on the 2005 Pension Obligation Bonds.

**Civic Center Debt Service Fund** accounts for principal and interest payments on the Civic Center project Lease Revenue Bonds.

**General Debt Service Fund** accounts for monies received in connection with the 1995A and the 1999 Series A Pension Obligation Bonds and the related payments on such debt. The 1995 Series A bonds were to refinance the cost of capital improvements, and the 1999 Series A bonds were issued to find a portion of the unfunded accrued actuarial liability in the Pension Fund.

**CAPITAL PROJECTS FUNDS**

**General Capital Improvement Fund** accounts for monies designated for capital improvement projects.

**Measure C/J Fund** was set up when the voters of Contra Costa County approved Measure C providing for the creation of the Contra Costa County Transportation Authority. The half-cent transportation sales tax was renewed under Measure J, effective April 1, 2009. 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 and Measure J 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.

**Civic Center Project Fund** accounts for activities of the Civic Center project.

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CITY OF RICHMOND  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2013

	SPECIAL REVENUE FUNDS			
	State Gas Tax	General Purpose	Paratransit Operations	Employment and Training
<b>ASSETS</b>				
Cash and investments	\$2,047,051	\$548,764	\$525	\$1,004,483
Restricted cash and investments				
Receivables:				
Accounts, net	205,696	91,809	1,543	143,607
Interest	151	75		
Grants		902,644	29,652	790,975
Loans				
Total Assets	\$2,252,898	\$1,543,292	\$31,720	\$1,939,065
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$38,584	\$187,888	\$6,209	\$44,417
Due to other funds			412,345	
Unearned revenue				
Total Liabilities	38,584	187,888	418,554	44,417
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue		369,047		155,267
<b>FUND BALANCE</b>				
Restricted	2,214,314	40,396		1,739,381
Assigned		945,961		
Unassigned			(386,834)	
Total Fund Balances (Deficits)	2,214,314	986,357	(386,834)	1,739,381
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$2,252,898	\$1,543,292	\$31,720	\$1,939,065

SPECIAL REVENUE FUNDS					DEBT SERVICE FUNDS		
Public Safety	Lighting and Landscaping Districts	Developer Impact Fees	Secured Pension Override	Richmond Neighborhood Stabilization Corporation	2005 Pension Obligation Bonds	Civic Center Debt Service	General Debt Service
\$1,059,771	\$1,117,125		\$2,154,202	\$500,061	\$46,696 7,054,942	\$13	
2,000 68 37,764	76	\$112	\$181	4,851	3		
				1,794,245			
<u>\$1,099,603</u>	<u>\$1,117,201</u>	<u>\$112</u>	<u>\$2,154,383</u>	<u>\$2,299,157</u>	<u>\$7,101,641</u>	<u>\$13</u>	
\$24,980	\$115,875	\$61,689 1,986,581		\$20,622 448,471		\$114,893 3,424,871	\$13,057
<u>24,980</u>	<u>115,875</u>	<u>2,048,270</u>		<u>469,093</u>		<u>3,539,764</u>	<u>13,057</u>
				1,794,245			
1,074,623	1,001,326		\$2,154,383	35,819	\$7,101,641		
		(2,048,158)				(3,539,751)	(13,057)
<u>1,074,623</u>	<u>1,001,326</u>	<u>(2,048,158)</u>	<u>2,154,383</u>	<u>35,819</u>	<u>7,101,641</u>	<u>(3,539,751)</u>	<u>(13,057)</u>
<u>\$1,099,603</u>	<u>\$1,117,201</u>	<u>\$112</u>	<u>\$2,154,383</u>	<u>\$2,299,157</u>	<u>\$7,101,641</u>	<u>\$13</u>	

(Continued)

CITY OF RICHMOND  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2013

	<u>CAPITAL PROJECTS FUNDS</u>				Total Nonmajor Governmental Funds
	<u>General Capital Improvement</u>	<u>Measure C / J</u>	<u>Harbor Navigation</u>	<u>Civic Center Project</u>	
<b>ASSETS</b>					
Cash and investments	\$704,408		\$430,223	\$115,312	\$9,228,560
Restricted cash and investments	2,631,516		343,476	2	10,530,010
Receivables:					
Accounts, net	5,000				454,506
Interest	121		27	8	822
Grants		\$1,205,894			2,966,929
Loans					1,794,245
Total Assets	<u>\$3,341,045</u>	<u>\$1,205,894</u>	<u>\$773,726</u>	<u>\$115,322</u>	<u>\$24,975,072</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$351,480	\$48,960		\$31,712	\$932,416
Due to other funds		272,055			3,247,402
Unearned revenue					3,424,871
Total Liabilities	<u>351,480</u>	<u>321,015</u>		<u>31,712</u>	<u>7,604,689</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue					2,318,559
<b>FUND BALANCE</b>					
Restricted	2,631,516	884,879	\$343,476	83,610	19,305,364
Assigned	358,049		430,250		1,734,260
Unassigned					(5,987,800)
Total Fund Balances (Deficits)	<u>2,989,565</u>	<u>884,879</u>	<u>773,726</u>	<u>83,610</u>	<u>15,051,824</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$3,341,045</u>	<u>\$1,205,894</u>	<u>\$773,726</u>	<u>\$115,322</u>	<u>\$24,975,072</u>

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CITY OF RICHMOND  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>SPECIAL REVENUE FUNDS</u>			
	<u>State Gas Tax</u>	<u>General Purpose</u>	<u>Paratransit Operations</u>	<u>Employment and Training</u>
REVENUES				
Property taxes				
Licenses, permits and fees		\$18,750		\$113,140
Fines, forfeitures and penalties		22,286		
Use of money and property	\$24,546	9,426		
Intergovernmental	2,393,651	1,688,959	\$640,961	3,767,742
Charges for services			44,336	121,696
Pension stabilization revenue				
Other		5,230	677	188,217
Total Revenues	<u>2,418,197</u>	<u>1,744,651</u>	<u>685,974</u>	<u>4,190,795</u>
EXPENDITURES				
Current:				
General government		218,388		
Public safety		957,304		
Public works	1,796,697	3,550		
Community development				4,653,051
Cultural and recreational		324,363	1,124,051	
Housing and redevelopment				
Capital outlay	2,383,869	795,691		
Debt Service:				
Principal				
Interest and fiscal charges				
Total Expenditures	<u>4,180,566</u>	<u>2,299,296</u>	<u>1,124,051</u>	<u>4,653,051</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(1,762,369)</u>	<u>(554,645)</u>	<u>(438,077)</u>	<u>(462,256)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt				
Transfers in	278,862	34,674	435,189	738,460
Transfers (out)	(41,146)	(40,246)		
Total Other Financing Sources (Uses)	<u>237,716</u>	<u>(5,572)</u>	<u>435,189</u>	<u>738,460</u>
NET CHANGE IN FUND BALANCES				
	(1,524,653)	(560,217)	(2,888)	276,204
BEGINNING FUND BALANCES (DEFICITS)				
	<u>3,738,967</u>	<u>1,546,574</u>	<u>(383,946)</u>	<u>1,463,177</u>
ENDING FUND BALANCES (DEFICITS)				
	<u>\$2,214,314</u>	<u>\$986,357</u>	<u>(\$386,834)</u>	<u>\$1,739,381</u>

SPECIAL REVENUE FUNDS					DEBT SERVICE FUNDS		
Public Safety	Lighting and Landscaping Districts	Developer Impact Fees	Secured Pension Override	Richmond Neighborhood Stabilization Corporation	2005 Pension Obligation Bonds	Civic Center Debt Service	General Debt Service
	\$1,310,594	\$30	\$10,267,824		\$4,450,362		
\$6,713 115,035	7,461	17,566	20,079	\$504,913	727	\$1,721	\$21,730
					2,549,922	4,162,639	
133,859							
255,607	1,318,055	17,596	10,287,903	504,913	7,001,011	4,164,360	21,730
			660,992 5,021,339				
194,018	1,599,674	1,344					
		85,483		469,094			
	148,968	790,066					
	60,014				5,555,000		1,765,000
	15,082				409,987	5,402,139	1,161,514
194,018	1,823,738	876,893	5,682,331	469,094	5,964,987	5,402,139	2,926,514
61,589	(505,683)	(859,297)	4,605,572	35,819	1,036,024	(1,237,779)	(2,904,784)
	497,000	213,814				1,699,019	2,444,523
		(19,048)	(5,590,950)		(2,601,079)		(278,862)
	497,000	194,766	(5,590,950)		(2,601,079)	1,699,019	2,165,661
61,589	(8,683)	(664,531)	(985,378)	35,819	(1,565,055)	461,240	(739,123)
1,013,034	1,010,009	(1,383,627)	3,139,761		8,666,696	(4,000,991)	726,066
\$1,074,623	\$1,001,326	(\$2,048,158)	\$2,154,383	\$35,819	\$7,101,641	(\$3,539,751)	(\$13,057)

(Continued)

CITY OF RICHMOND  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>CAPITAL PROJECTS FUNDS</u>				Total Nonmajor Governmental Funds
	<u>General Capital Improvement</u>	<u>Measure C / J</u>	<u>Harbor Navigation</u>	<u>Civic Center Projects</u>	
<b>REVENUES</b>					
Property taxes					\$16,028,780
Licenses, permits and fees					131,920
Fines, forfeitures and penalties					22,286
Use of money and property	\$25,423	\$4,550	\$4,245	\$1,091	145,278
Intergovernmental	406,674	1,205,894			10,723,829
Charges for services					4,328,671
Pension stabilization revenue					2,549,922
Other	83,998				411,981
<b>Total Revenues</b>	<u>516,095</u>	<u>1,210,444</u>	<u>4,245</u>	<u>1,091</u>	<u>34,342,667</u>
<b>EXPENDITURES</b>					
Current:					
General government	429,198		315,000	543,287	2,166,865
Public safety					6,174,005
Public works	694,001	463,988		52,289	4,610,199
Community development	11,097				4,664,148
Cultural and recreational	14,875				1,548,772
Housing and redevelopment					469,094
Capital outlay	3,923,432	646,166		59,879	8,748,071
Debt Service:					
Principal					7,380,014
Interest and fiscal charges	63,570		1,676		7,053,968
<b>Total Expenditures</b>	<u>5,136,173</u>	<u>1,110,154</u>	<u>316,676</u>	<u>655,455</u>	<u>42,815,136</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(4,620,078)</u>	<u>100,290</u>	<u>(312,431)</u>	<u>(654,364)</u>	<u>(8,472,469)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	2,621,558				2,621,558
Transfers in	404,746				6,746,287
Transfers (out)	(181,880)	(3,600)		(364,500)	(9,121,311)
<b>Total Other Financing Sources (Uses)</b>	<u>2,844,424</u>	<u>(3,600)</u>		<u>(364,500)</u>	<u>246,534</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(1,775,654)</u>	<u>96,690</u>	<u>(312,431)</u>	<u>(1,018,864)</u>	<u>(8,225,935)</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<u>4,765,219</u>	<u>788,189</u>	<u>1,086,157</u>	<u>1,102,474</u>	<u>23,277,759</u>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<u>\$2,989,565</u>	<u>\$884,879</u>	<u>\$773,726</u>	<u>\$83,610</u>	<u>\$15,051,824</u>

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CITY OF RICHMOND  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	STATE GAS TAX			GENERAL PURPOSE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes						
Licenses, permits and fees				\$530,000	\$18,750	(\$511,250)
Fines, forfeitures and penalties				20,000	22,286	2,286
Use of money and property	\$45,000	\$24,546	(\$20,454)	3,500	9,426	5,926
Intergovernmental	2,502,399	2,393,651	(108,748)	3,212,793	1,688,959	(1,523,834)
Charges for services						
Pension stabilization revenue						
Other				24,000	5,230	(18,770)
<b>Total Revenues</b>	<u>2,547,399</u>	<u>2,418,197</u>	<u>(129,202)</u>	<u>3,790,293</u>	<u>1,744,651</u>	<u>(2,045,642)</u>
<b>EXPENDITURES</b>						
Current:						
General government				585,000	218,388	366,612
Public safety				1,332,964	957,304	375,660
Public works	4,011,347	1,796,697	2,214,650	738,671	3,550	735,121
Community development						
Cultural and recreational				602,149	324,363	277,786
Housing and redevelopment						
Capital outlay	2,383,869	2,383,869		1,757,980	795,691	962,289
Debt Service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>6,395,216</u>	<u>4,180,566</u>	<u>2,214,650</u>	<u>5,016,764</u>	<u>2,299,296</u>	<u>2,717,468</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(3,847,817)</u>	<u>(1,762,369)</u>	<u>2,085,448</u>	<u>(1,226,471)</u>	<u>(554,645)</u>	<u>671,826</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in		278,862	278,862	7,500	34,674	27,174
Transfers (out)		(41,146)	(41,146)	(340,646)	(40,246)	300,400
<b>Total Other Financing Sources (Uses)</b>		<u>237,716</u>	<u>237,716</u>	<u>(333,146)</u>	<u>(5,572)</u>	<u>327,574</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(\$3,847,817)</u>	<u>(1,524,653)</u>	<u>\$2,323,164</u>	<u>(\$1,559,617)</u>	<u>(560,217)</u>	<u>\$999,400</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<u>3,738,967</u>			<u>1,546,574</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<u>\$2,214,314</u>			<u>\$986,357</u>	

PARATRANSIT OPERATIONS			PUBLIC SAFETY			LIGHTING AND LANDSCAPING DISTRICTS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$1,310,637	\$1,310,594	(\$43)
\$665,825	\$640,961	(\$24,864)	\$3,600	\$6,713	\$3,113		7,461	7,461
47,000	44,336	(2,664)	499,062	115,035	(384,027)			
	677	677	149,453	133,859	(15,594)			
<u>712,825</u>	<u>685,974</u>	<u>(26,851)</u>	<u>652,115</u>	<u>255,607</u>	<u>(396,508)</u>	<u>1,310,637</u>	<u>1,318,055</u>	<u>7,418</u>
			854,832	194,018	660,814	2,265,978	1,599,674	666,304
1,113,865	1,124,051	(10,186)						
			15,000		15,000		148,968	(148,968)
						75,278	60,014	15,264
						9,415	15,082	(5,667)
<u>1,113,865</u>	<u>1,124,051</u>	<u>(10,186)</u>	<u>869,832</u>	<u>194,018</u>	<u>675,814</u>	<u>2,350,671</u>	<u>1,823,738</u>	<u>526,933</u>
<u>(401,040)</u>	<u>(438,077)</u>	<u>(37,037)</u>	<u>(217,717)</u>	<u>61,589</u>	<u>279,306</u>	<u>(1,040,034)</u>	<u>(505,683)</u>	<u>534,351</u>
423,612	435,189	11,577				497,000	497,000	
<u>423,612</u>	<u>435,189</u>	<u>11,577</u>				<u>497,000</u>	<u>497,000</u>	
<u>\$22,572</u>	<u>(2,888)</u>	<u>(\$25,460)</u>	<u>(\$217,717)</u>	<u>61,589</u>	<u>\$279,306</u>	<u>(\$543,034)</u>	<u>(8,683)</u>	<u>\$534,351</u>
	<u>(383,946)</u>			<u>1,013,034</u>			<u>1,010,009</u>	
	<u>(\$386,834)</u>			<u>\$1,074,623</u>			<u>\$1,001,326</u>	

(Continued)

CITY OF RICHMOND  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	DEVELOPER IMPACT FEES			RICHMOND NEIGHBORHOOD STABILIZATION CORPORATION		
	Budget	Actual	Variance	Budget	Actual	Variance
			Positive (Negative)			Positive (Negative)
REVENUES						
Property taxes						
Licenses, permits and fees	\$9,700	\$30	(\$9,670)			
Fines, forfeitures and penalties						
Use of money and property	37,670	17,566	(20,104)			
Intergovernmental				\$1,581,355	\$504,913	(\$1,076,442)
Charges for services						
Pension stabilization revenue						
Other						
<b>Total Revenues</b>	<b>47,370</b>	<b>17,596</b>	<b>(29,774)</b>	<b>1,581,355</b>	<b>504,913</b>	<b>(1,076,442)</b>
EXPENDITURES						
Current:						
General government						
Public safety	88,091	1,344	86,747			
Public works	16,851		16,851			
Community development						
Cultural and recreational	202,197	85,483	116,714			
Housing and redevelopment				326,000	469,094	(143,094)
Capital outlay	1,670,197	790,066	880,131			
Debt Service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>	<b>1,977,336</b>	<b>876,893</b>	<b>1,100,443</b>	<b>326,000</b>	<b>469,094</b>	<b>(143,094)</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,929,966)</u>	<u>(859,297)</u>	<u>1,070,669</u>	<u>1,255,355</u>	<u>35,819</u>	<u>(1,219,536)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in		213,814	213,814			
Transfers (out)		(19,048)	(19,048)			
<b>Total Other Financing Sources (Uses)</b>		<u>194,766</u>	<u>194,766</u>			
NET CHANGE IN FUND BALANCES	<u>(\$1,929,966)</u>	<u>(664,531)</u>	<u>\$1,265,435</u>	<u>\$1,255,355</u>	<u>35,819</u>	<u>(\$1,219,536)</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>(1,383,627)</u>				
ENDING FUND BALANCES (DEFICITS)		<u>(\$2,048,158)</u>			<u>\$35,819</u>	

2005 PENSION OBLIGATION BONDS			CIVIC CENTER DEBT SERVICE			GENERAL DEBT SERVICE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$5,787,162	\$4,450,362	(\$1,336,800)						
400,000	727	(399,273)		\$1,721	\$1,721		\$21,730	\$21,730
2,549,922	2,549,922		\$4,062,917	4,162,639	99,722			
<u>8,737,084</u>	<u>7,001,011</u>	<u>(1,736,073)</u>	<u>4,062,917</u>	<u>4,164,360</u>	<u>101,443</u>		<u>21,730</u>	<u>21,730</u>
4,930,000	5,555,000	(625,000)				\$1,740,000	1,765,000	(25,000)
713,329	409,987	303,342	5,405,876	5,402,139	3,737	1,125,736	1,161,514	(35,778)
<u>5,643,329</u>	<u>5,964,987</u>	<u>(321,658)</u>	<u>5,405,876</u>	<u>5,402,139</u>	<u>3,737</u>	<u>2,865,736</u>	<u>2,926,514</u>	<u>(60,778)</u>
<u>3,093,755</u>	<u>1,036,024</u>	<u>(2,057,731)</u>	<u>(1,342,959)</u>	<u>(1,237,779)</u>	<u>105,180</u>	<u>(2,865,736)</u>	<u>(2,904,784)</u>	<u>(39,048)</u>
<u>(2,601,079)</u>	<u>(2,601,079)</u>		1,699,019	1,699,019		2,444,523	2,444,523	(278,862)
<u>(2,601,079)</u>	<u>(2,601,079)</u>		1,699,019	1,699,019		2,444,523	2,165,661	(278,862)
<u>\$492,676</u>	<u>(1,565,055)</u>	<u>(\$2,057,731)</u>	<u>\$356,060</u>	461,240	<u>\$105,180</u>	<u>(\$421,213)</u>	(739,123)	<u>(\$317,910)</u>
	<u>8,666,696</u>			<u>(4,000,991)</u>			<u>726,066</u>	
	<u>\$7,101,641</u>			<u>(\$3,539,751)</u>			<u>(\$13,057)</u>	

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**CITY OF RICHMOND**  
**JUNE 30, 2013**

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<b>NON-MAJOR ENTERPRISE FUNDS</b>
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**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.

CITY OF RICHMOND  
NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENTS OF NET POSITION  
JUNE 30, 2013

	Richmond Marina	Storm Sewer	Cable TV	Total
ASSETS				
Current Assets				
Cash and investments	\$2,901,167		\$307,058	\$3,208,225
Receivables:				
Accounts	53,315	\$167,220	316,559	537,094
Interest	183		21	204
Total Current Assets	<u>2,954,665</u>	<u>167,220</u>	<u>623,638</u>	<u>3,745,523</u>
Noncurrent Assets				
Capital assets:				
Depreciable, net	1,863,914	4,719,290	101,066	6,684,270
Total Noncurrent Assets	<u>1,863,914</u>	<u>4,719,290</u>	<u>101,066</u>	<u>6,684,270</u>
Total Assets	<u>4,818,579</u>	<u>4,886,510</u>	<u>724,704</u>	<u>10,429,793</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	8,860	266,208	10,289	285,357
Refundable deposits		1,200		1,200
Interest payable	124,054			124,054
Due to other funds		1,609,196		1,609,196
Compensated absences		14,354	31,439	45,793
Current portion of long term debt	71,483			71,483
Total Current Liabilities	<u>204,397</u>	<u>1,890,958</u>	<u>41,728</u>	<u>2,137,083</u>
Noncurrent Liabilities				
Advance from other funds		1,992,948		1,992,948
Long-term debt	2,935,889			2,935,889
Total Noncurrent Liabilities	<u>2,935,889</u>	<u>1,992,948</u>		<u>4,928,837</u>
Total Liabilities	<u>3,140,286</u>	<u>3,883,906</u>	<u>41,728</u>	<u>7,065,920</u>
NET POSITION				
Net investment in capital assets	(1,143,458)	4,719,290	101,066	3,676,898
Unrestricted	2,821,751	(3,716,686)	581,910	(313,025)
Total Net Position	<u>\$1,678,293</u>	<u>\$1,002,604</u>	<u>\$682,976</u>	<u>\$3,363,873</u>

CITY OF RICHMOND  
NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013

	Richmond Marina	Storm Sewer	Cable TV	Total
<b>OPERATING REVENUES</b>				
Service charges		\$1,837,789	\$1,029,613	\$2,867,402
Lease income	\$466,921	4,212		471,133
Other			290,939	290,939
<b>Total Operating Revenues</b>	<b>466,921</b>	<b>1,842,001</b>	<b>1,320,552</b>	<b>3,629,474</b>
<b>OPERATING EXPENSES</b>				
Salaries and benefits		290,558	607,761	898,319
General and administrative	46,133	1,504,102	354,166	1,904,401
Depreciation	85,197	947,390	28,637	1,061,224
Other			238	238
<b>Total Operating Expenses</b>	<b>131,330</b>	<b>2,742,050</b>	<b>990,802</b>	<b>3,864,182</b>
<b>Operating Income (Loss)</b>	<b>335,591</b>	<b>(900,049)</b>	<b>329,750</b>	<b>(234,708)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	22,241		1,578	23,819
Grants		72,353		72,353
Interest (expense)	(135,588)	(73,491)		(209,079)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(113,347)</b>	<b>(1,138)</b>	<b>1,578</b>	<b>(112,907)</b>
<b>Income (Loss) Before Transfers</b>	<b>222,244</b>	<b>(901,187)</b>	<b>331,328</b>	<b>(347,615)</b>
<b>Transfers (out)</b>	<b>(100,000)</b>		<b>(147,055)</b>	<b>(247,055)</b>
<b>Net Transfers</b>	<b>(100,000)</b>		<b>(147,055)</b>	<b>(247,055)</b>
<b>Change in Net Position</b>	<b>122,244</b>	<b>(901,187)</b>	<b>184,273</b>	<b>(594,670)</b>
<b>BEGINNING NET POSITION</b>	<b>1,556,049</b>	<b>1,903,791</b>	<b>498,703</b>	<b>3,958,543</b>
<b>ENDING NET POSITION</b>	<b>\$1,678,293</b>	<b>\$1,002,604</b>	<b>\$682,976</b>	<b>\$3,363,873</b>

CITY OF RICHMOND  
NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013

	Richmond Marina	Storm Sewer	Cable TV	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$465,933	\$1,840,714	\$1,221,779	\$3,528,426
Payments to suppliers	(53,584)	(1,637,989)	(401,010)	(2,092,583)
Payments to employees		(289,670)	(615,359)	(905,029)
<b>Cash Flows from Operating Activities</b>	<b>412,349</b>	<b>(86,945)</b>	<b>205,410</b>	<b>530,814</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund receipts		88,085		88,085
Receipts from other governments		72,353		72,353
Transfers out	(100,000)		(147,055)	(247,055)
<b>Cash Flows from Noncapital Financing Activities</b>	<b>(100,000)</b>	<b>160,438</b>	<b>(147,055)</b>	<b>(86,617)</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>				
Repayment of long-term borrowing	(68,405)			(68,405)
Interest paid	(138,411)	(73,493)		(211,904)
<b>Cash flows from capital financing activities</b>	<b>(206,816)</b>	<b>(73,493)</b>		<b>(280,309)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	22,489		1,603	24,092
<b>Cash Flows from Investing Activities</b>	<b>22,489</b>		<b>1,603</b>	<b>24,092</b>
<b>Net Cash Flows</b>	<b>128,022</b>		<b>59,958</b>	<b>187,980</b>
Cash and investments at beginning of period	2,773,145		247,100	3,020,245
Cash and investments at end of period	\$2,901,167		\$307,058	\$3,208,225
<b>Reconciliation of operating income (loss) to net cash flows</b>				
from operating activities:				
Operating income (loss)	\$335,591	(\$900,049)	\$329,750	(\$234,708)
Adjustments to reconcile operating income to net cash flows				
from operating activities:				
Depreciation	85,197	947,390	28,637	1,061,224
Change in assets and liabilities:				
Accounts receivable	(988)	(1,287)	(98,773)	(101,048)
Accounts payable and accrued liabilities				
and other accrued expenses	(7,451)	(133,887)	(46,606)	(187,944)
Compensated absences		888	(7,598)	(6,710)
<b>Cash Flows from Operating Activities</b>	<b>\$412,349</b>	<b>(\$86,945)</b>	<b>\$205,410</b>	<b>\$530,814</b>

**CITY OF RICHMOND**  
**JUNE 30, 2013**

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<b>INTERNAL SERVICE FUNDS</b>
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Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds introduced by of damages incurred.

**Equipment Services and Replacement Fund** is used to report activities related to maintenance and replacement of City vehicles.

**Police Telecommunications Fund** is used to report activities related to CAD dispatch, RMS records maintenance, and 800 MHz equipment expense.

CITY OF RICHMOND  
INTERNAL SERVICES FUND  
COMBINING STATEMENTS OF NET POSITION  
JUNE 30, 2013

	Insurance Reserves	Equipment Services and Replacement	Police Tele- communications	Total
ASSETS				
Current Assets				
Cash and investments		\$2,188,418	\$1,130,066	\$3,318,484
Receivables:				
Accounts	\$14,271	12,233	277,048	303,552
Interest	1,169	165	58	1,392
Loan	1,150,000			1,150,000
Prepays and supplies			27,719	27,719
Due from other funds	15,117,019			15,117,019
<b>Total Current Assets</b>	<b>16,282,459</b>	<b>2,200,816</b>	<b>1,434,891</b>	<b>19,918,166</b>
Noncurrent Assets				
Capital assets:				
Depreciable, net		7,341,984	382,273	7,724,257
Advances to other funds	1,992,948			1,992,948
<b>Total Noncurrent Assets</b>	<b>1,992,948</b>	<b>7,341,984</b>	<b>382,273</b>	<b>9,717,205</b>
<b>Total Assets</b>	<b>18,275,407</b>	<b>9,542,800</b>	<b>1,817,164</b>	<b>29,635,371</b>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	248,228	5,579	7,571	261,378
Due to other funds	316,751			316,751
Interest payable		638		638
Accrued claims liabilities	6,005,150			6,005,150
Current portion of long-term debt		557,479		557,479
<b>Total Current Liabilities</b>	<b>6,570,129</b>	<b>563,696</b>	<b>7,571</b>	<b>7,141,396</b>
Noncurrent Liabilities				
Compensated absences	41,138		213,890	255,028
Unearned revenue			1,250,188	1,250,188
Accrued claims liabilities	16,258,313			16,258,313
Long-term debt		1,449,585		1,449,585
<b>Total Noncurrent Liabilities</b>	<b>16,299,451</b>	<b>1,449,585</b>	<b>1,464,078</b>	<b>19,213,114</b>
<b>Total Liabilities</b>	<b>22,869,580</b>	<b>2,013,281</b>	<b>1,471,649</b>	<b>26,354,510</b>
NET POSITION (DEFICIT)				
Net investment in capital assets		5,334,920	382,273	5,717,193
Unrestricted	(4,594,173)	2,194,599	(36,758)	(2,436,332)
<b>Total Net Position (Deficit)</b>	<b>(\$4,594,173)</b>	<b>\$7,529,519</b>	<b>\$345,515</b>	<b>\$3,280,861</b>

CITY OF RICHMOND  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FRO THE YEAR ENDED JUNE 30, 2013

	Insurance Reserves	Equipment Services and Replacement	Police Tele- communications	Total
<b>OPERATING REVENUES</b>				
Charges for services-internal	\$9,907,261	\$2,071,244	\$3,241,282	\$15,219,787
Charges for services-external			1,388,818	1,388,818
<b>Total Operating Revenues</b>	<b>9,907,261</b>	<b>2,071,244</b>	<b>4,630,100</b>	<b>16,608,605</b>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	2,144,012	56	3,933,978	6,078,046
General and administrative	1,109,928	324,419	590,689	2,025,036
Maintenance			175,266	175,266
Depreciation		1,689,846	110,760	1,800,606
Claims losses	16,230,052			16,230,052
Other	13,832		29	13,861
<b>Total Operating Expenses</b>	<b>19,497,824</b>	<b>2,014,321</b>	<b>4,810,722</b>	<b>26,322,867</b>
<b>Operating Income (Loss)</b>	<b>(9,590,563)</b>	<b>56,923</b>	<b>(180,622)</b>	<b>(9,714,262)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Gain (loss) from sale of property		(20,642)		(20,642)
Interest income	249,880	18,557	37	268,474
Interest expense		(78,771)		(78,771)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>249,880</b>	<b>(80,856)</b>	<b>37</b>	<b>169,061</b>
<b>Income Before Transfers</b>	<b>(9,340,683)</b>	<b>(23,933)</b>	<b>(180,585)</b>	<b>(9,545,201)</b>
Transfers in		1,064,820		1,064,820
Transfers (out)	(3,127,259)		(6,516)	(3,133,775)
<b>Net Transfers</b>	<b>(3,127,259)</b>	<b>1,064,820</b>	<b>(6,516)</b>	<b>(2,068,955)</b>
<b>Change in Net Position</b>	<b>(12,467,942)</b>	<b>1,040,887</b>	<b>(187,101)</b>	<b>(11,614,156)</b>
<b>BEGINNING NET POSITION(DEFICIT)</b>	<b>7,873,769</b>	<b>6,488,632</b>	<b>532,616</b>	<b>14,895,017</b>
<b>ENDING NET POSITION (DEFICIT)</b>	<b>(\$4,594,173)</b>	<b>\$7,529,519</b>	<b>\$345,515</b>	<b>\$3,280,861</b>

CITY OF RICHMOND  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013

	Insurance Reserves	Equipment Services and Replacement	Police Tele- communications	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$10,157,290	\$2,069,943	\$4,743,426	\$16,970,659
Payments to employees	(2,161,344)	(56)	(3,891,092)	(6,052,492)
Payments to suppliers	(986,633)	(654,810)	(761,845)	(2,403,288)
Insurance premiums and claims paid	(14,470,266)			(14,470,266)
<b>Cash Flows from Operating Activities</b>	<b>(7,460,953)</b>	<b>1,415,077</b>	<b>90,489</b>	<b>(5,955,387)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund payments	(4,249,731)			(4,249,731)
Transfers in		1,064,820		1,064,820
Transfers (out)	(3,127,259)		(6,516)	(3,133,775)
<b>Cash Flows from Noncapital Financing Activities</b>	<b>(7,376,990)</b>	<b>1,064,820</b>	<b>(6,516)</b>	<b>(6,318,686)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets		(975,834)		(975,834)
Proceeds from sale of capital assets		1,301		1,301
Principal payments on capital debt		(907,273)		(907,273)
Interest and fiscal charges paid		(79,091)		(79,091)
<b>Cash Flows from Capital and Related Financing Activities</b>		<b>(1,960,897)</b>		<b>(1,960,897)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest	252,804	18,670	117	271,591
<b>Cash Flows from Investing Activities</b>	<b>252,804</b>	<b>18,670</b>	<b>117</b>	<b>271,591</b>
<b>Net Cash Flows</b>	<b>(14,585,139)</b>	<b>537,670</b>	<b>84,090</b>	<b>(13,963,379)</b>
Cash and investments at beginning of period	14,585,139	1,650,748	1,045,976	17,281,863
Cash and investments at end of period	<u>2,999,999</u>	<u>\$2,188,418</u>	<u>\$1,130,066</u>	<u>\$3,318,484</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>				
Operating income (loss)	(\$9,590,563)	\$56,923	(\$180,622)	(\$9,714,262)
<b>Adjustments to reconcile operating income to net cash flows from operating activities:</b>				
Depreciation		1,689,846	110,760	1,800,606
<b>Change in assets and liabilities:</b>				
Receivables, net	250,029	(1,301)	47,166	295,894
Inventories			(1,770)	(1,770)
Accounts and other payables	137,127	(330,391)	5,909	(187,355)
Unearned revenue			66,160	66,160
Compensated absences	(17,332)		42,886	25,554
Claims payable	1,759,786			1,759,786
<b>Cash Flows from Operating Activities</b>	<b>(7,460,953)</b>	<b>\$1,415,077</b>	<b>\$90,489</b>	<b>(5,955,387)</b>
<b>Non cash transactions:</b>				
Retirement of capital assets		\$21,943		\$21,943

**CITY OF RICHMOND**  
**JUNE 30, 2013**

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<b>TRUST FUNDS</b>
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**TRUST FUNDS** are used to account for assets held by the City as a trustee agent for individuals, private organizations, and other governments. These funds include the following:

**PENSION TRUST FUNDS**

**General Pension Fund** records the activity of the General Pension Plan, a defined benefit pension plan that covers 28 former City employees not covered by PERS, all of whom have retired.

**Police and Fireman's Pension Fund** records the activity of the Police and Fireman's Pension Plan, a defined benefit pension plan that covers 75 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.

**PRIVATE-PURPOSE TRUST FUNDS**

**Pt. Molate Fund** is used to account for assets held by the City as an agent for the U.S. Navy and a private developer for the cleanup of Point Molate.

**Successor Agency to the Richmond Community Redevelopment Agency Fund** accounts for the activities of the Successor Agency to the former Redevelopment Agency.

CITY OF RICHMOND  
STATEMENT OF PENSION TRUST FUNDS NET POSITION  
JUNE 30, 2013

	General Pension	Police and Fireman's Pension	Garfield Pension	Total
ASSETS				
Pension plan cash and investments:				
City of Richmond investment pool	\$1,033,099	\$2,551,376	\$53,278	\$3,637,753
Local Agency Investment Fund			191,383	191,383
Mutual Fund Investments		17,282,999		17,282,999
Interest receivable	69	177		246
Total Assets	1,033,168	19,834,552	244,661	21,112,381
NET POSITION				
Held in trust for employees' pension benefits	\$1,033,168	\$19,834,552	\$244,661	\$21,112,381

CITY OF RICHMOND  
PENSION TRUST FUNDS  
STATEMENT OF CHANGES IN PENSION TRUST FUNDS NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>General Pension</u>	<u>Police and Fireman's Pension</u>	<u>Garfield Pension</u>	<u>Total</u>
ADDITIONS				
Net investment income:				
Net increase (decrease) in the fair value of investments	\$875	\$1,435,825		\$1,436,700
Interest income	4,566	402,770	\$825	408,161
Investment management fees		(102,456)		(102,456)
Contribution from the City	<u>660,992</u>	<u>5,021,339</u>	<u>77,000</u>	<u>5,759,331</u>
Total Additions	<u>666,433</u>	<u>6,757,478</u>	<u>77,825</u>	<u>7,501,736</u>
DEDUCTIONS				
Pension benefits	<u>587,755</u>	<u>3,518,429</u>	<u>85,430</u>	<u>4,191,614</u>
Total Deductions	<u>587,755</u>	<u>3,518,429</u>	<u>85,430</u>	<u>4,191,614</u>
Net Increase (Decrease)	<u>78,678</u>	<u>3,239,049</u>	<u>(7,605)</u>	<u>3,310,122</u>
NET POSITION				
Beginning of year	<u>954,490</u>	<u>16,595,503</u>	<u>252,266</u>	<u>17,802,259</u>
End of year	<u>\$1,033,168</u>	<u>\$19,834,552</u>	<u>\$244,661</u>	<u>\$21,112,381</u>

CITY OF RICHMOND  
PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2013

	Pt. Molate	Successor Agency to the Richmond Community Redevelopment Agency	Total
<b>ASSETS</b>			
Cash and investments		\$11,014,698	\$11,014,698
Restricted cash and investments	\$19,729,256	32,315,397	52,044,653
Accounts receivable		106,589	106,589
Interest receivable	3,180		3,180
Grants receivable		4,583,092	4,583,092
Loans receivable		2,406,000	2,406,000
Prepays and other assets		7,317,024	7,317,024
Capital assets:			
Nondepreciable		22,931,406	22,931,406
Depreciable, net		33,133	33,133
	19,732,436	80,707,339	100,439,775
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	127,083	7,874,427	8,001,510
Interest payable		1,858,049	1,858,049
Derivative instrument at fair value-liability		7,619,232	7,619,232
Long-term debt:			
Due within one year		7,483,781	7,483,781
Due in more than one year		126,816,528	126,816,528
	127,083	151,652,017	151,779,100
<b>NET POSITION</b>			
Held in trust for employees' pension benefits and other purposes	\$19,605,353	(\$70,944,678)	(\$51,339,325)

CITY OF RICHMOND  
PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Pt. Molate</u>	<u>Successor Agency to the Richmond Community Redevelopment Agency</u>	<u>Total</u>
<b>ADDITIONS</b>			
Property taxes		\$16,320,481	\$16,320,481
Investment income	\$30,744	1,344,676	1,375,420
Intergovernmental revenue		7,750,041	7,750,041
Miscellaneous revenue		2,423,627	2,423,627
	<u>30,744</u>	<u>27,838,825</u>	<u>27,869,569</u>
<b>DEDUCTIONS</b>			
Community development		15,015,210	15,015,210
Payments in accordance with trust agreements	1,485,225		1,485,225
Depreciation		12,369	12,369
Interest and fiscal charges		7,038,167	7,038,167
	<u>1,485,225</u>	<u>22,065,746</u>	<u>23,550,971</u>
Change in net position before extraordinary item	(1,454,481)	5,773,079	4,318,598
<b>EXTRAORDINARY ITEM</b>			
Assets transferred to the Successor Agency		5,328,244	5,328,244
Change in net position	(1,454,481)	11,101,323	9,646,842
NET POSITION (DEFICIT), BEGINNING OF YEAR	<u>21,059,834</u>	<u>(82,046,001)</u>	<u>(60,986,167)</u>
NET POSITION (DEFICIT), END OF YEAR	<u>\$19,605,353</u>	<u>(\$70,944,678)</u>	<u>(\$51,339,325)</u>

CITY OF RICHMOND  
SUBCOMBINING SCHEDULE OF NET POSITION OF THE  
SUCCESSOR AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY  
PRIVATE PURPOSE TRUST FUNDS  
JUNE 30, 2013

	<u>Redevelopment Property Tax Trust Fund</u>	<u>Administration</u>	<u>Capital Projects</u>	<u>Low to Moderate Income Housing</u>
<b>ASSETS</b>				
Cash and investments	\$11,001,908	\$12,790		
Restricted cash and investments			\$3,022,946	
Accounts receivable		36	106,553	
Grants receivable			2,947,000	\$1,636,092
Loans receivable			2,406,000	
Due from other funds	120,570			2,506,487
Prepays and other assets			7,317,024	
Capital assets:				
Nondepreciable			22,931,406	
Depreciable, net			33,133	
Total Assets	<u>11,122,478</u>	<u>12,826</u>	<u>38,764,062</u>	<u>4,142,579</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	1,144,000	12,826	3,357,686	3,359,915
Due to other funds			161,413	
Interest payable				
Derivative instrument at fair value-liability				
Long-term debt:				
Due within one year				
Due in more than one year				
Total Liabilities	<u>1,144,000</u>	<u>12,826</u>	<u>3,519,099</u>	<u>3,359,915</u>
<b>NET POSITION (DEFICIT)</b>				
Held in trust for other governments	<u>\$9,978,478</u>	<u></u>	<u>\$35,244,963</u>	<u>\$782,664</u>

<u>Bond Funded Capital Projects</u>	<u>Bond Payments</u>	<u>Intra Fund Eliminations</u>	<u>Total</u>
			\$11,014,698
\$7,479,094	\$21,813,357		32,315,397
			106,589
			4,583,092
			2,406,000
		(\$2,627,057)	
			7,317,024
			22,931,406
			33,133
<u>7,479,094</u>	<u>21,813,357</u>	<u>(2,627,057)</u>	<u>80,707,339</u>
			7,874,427
2,465,644		(2,627,057)	
	1,858,049		1,858,049
	7,619,232		7,619,232
	7,483,781		7,483,781
	126,816,528		126,816,528
<u>2,465,644</u>	<u>143,777,590</u>	<u>(2,627,057)</u>	<u>151,652,017</u>
<u>\$5,013,450</u>	<u>(\$121,964,233)</u>	<u></u>	<u>(\$70,944,678)</u>

CITY OF RICHMOND  
SUBCOMBINING SCHEDULE OF CHANGES IN NET POSITION OF THE  
SUCCESSOR AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY  
PRIVATE PURPOSE TRUST FUNDS  
JUNE 30, 2013

	<u>Redevelopment Property Tax Trust Fund</u>	<u>Administration</u>	<u>Capital Projects</u>	<u>Low to Moderate Income Housing</u>
ADDITIONS				
Property taxes	\$16,320,481			
Investment income		\$1,149	\$120,595	
Intergovernmental revenue		741,371	7,008,670	
Transfers from other funds		542,798	7,476,231	
Gain on sale of capital assets				
Miscellaneous revenue			2,423,627	
<b>Total Additions</b>	<u>16,320,481</u>	<u>1,285,318</u>	<u>17,029,123</u>	
DEDUCTIONS				
Community development		1,285,318	12,213,437	\$1,516,455
Depreciation			12,369	
Interest and fiscal charges			539,370	
Transfers to other funds	14,006,804		3,165,978	1,843,460
<b>Total Deductions</b>	<u>14,006,804</u>	<u>1,285,318</u>	<u>15,931,154</u>	<u>3,359,915</u>
Change in net position before extraordinary item	2,313,677		1,097,969	(3,359,915)
EXTRAORDINARY ITEM				
Assets transferred from the City			5,328,244	
Change in net position	2,313,677		6,426,213	(3,359,915)
NET POSITION (DEFICIT), BEGINNING OF YEAR	<u>7,664,801</u>		<u>28,818,750</u>	<u>4,142,579</u>
NET POSITION (DEFICIT), END OF YEAR	<u>\$9,978,478</u>		<u>\$35,244,963</u>	<u>\$782,664</u>

<u>Bond Funded Capital Projects</u>	<u>Bond Payments</u>	<u>Intra Fund Eliminations</u>	<u>Total</u>
			\$16,320,481
\$983	\$1,221,949		1,344,676
	15,055,008	(\$23,074,037)	7,750,041
			<u>2,423,627</u>
<u>983</u>	<u>16,276,957</u>	<u>(23,074,037)</u>	<u>27,838,825</u>
			15,015,210
265	6,498,532		12,369
4,047,234	10,561	(23,074,037)	7,038,167
<u>4,047,499</u>	<u>6,509,093</u>	<u>(23,074,037)</u>	<u>22,065,746</u>
(4,046,516)	9,767,864		5,773,079
			<u>5,328,244</u>
(4,046,516)	9,767,864		11,101,323
<u>9,059,966</u>	<u>(131,732,097)</u>		<u>(82,046,001)</u>
<u>\$5,013,450</u>	<u>(\$121,964,233)</u>		<u>(\$70,944,678)</u>

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**CITY OF RICHMOND**  
**JUNE 30, 2013**

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<b>AGENCY FUNDS</b>
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**AGENCY FUNDS** account for assets held by the City as an agent for individuals, governmental entities, and non-public organizations. These funds include the following:

**Special Assessment Fund** accounts for the monies collected and disbursed for land-based debt, where the City is not obligated for the debt.

**General Agency Fund** accounts for assets held by the City as an agent for individuals, private organizations, and other governments.

**Johnson Library Fund** accounts for nonexpendable trust funds to be used to provide funding for special library projects.

**Senior Center Fund** accounts for assets held by the City in an agent capacity for programs benefiting the senior citizens residing within the City.

**JPFA Reassessment Fund** receives secured tax payments (from assessment rolls), and makes payments on the JPFA Revenue Reassessment Bonds Series 2003-1.

**1999 Revenue Refunding Bonds Fund** receives payments of principal and interest on prior assessment bonds, and makes payments on the JPFA Revenue Refunding Bonds Series 1999-A.

**Payroll Benefits Fund** accounts for accumulation of monies relating to employee and employer payroll liabilities.

**2006 A&B Reassessment District Fund** receives payments of principal and interest on prior assessment bonds, and makes payments on the JPFA Reassessment Revenue Bonds Series A and B.

CITY OF RICHMOND  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013
<u>Special Assessment</u>				
Cash and investments	\$1,016,132	\$515,769	\$536,461	\$995,440
Restricted cash and investments	652,798	1,966		654,764
Accounts receivable		16,285		16,285
Interest receivable	104	63	104	63
Total Assets	<u>\$1,669,034</u>	<u>\$534,083</u>	<u>\$536,565</u>	<u>\$1,666,552</u>
Due to assessment district bondholders	<u>\$1,669,034</u>	<u>\$534,083</u>	<u>\$536,565</u>	<u>\$1,666,552</u>
<u>General Agency</u>				
Cash and investments	\$1,302,603	\$377	\$154,492	\$1,148,488
Interest receivable	198	72	198	72
Total Assets	<u>\$1,302,801</u>	<u>\$449</u>	<u>\$154,690</u>	<u>\$1,148,560</u>
Accounts payable and accrued liabilities	\$1,876	\$251	\$1,876	\$251
Refundable Deposits	1,300,925	198	152,814	1,148,309
Total Liabilities	<u>\$1,302,801</u>	<u>\$449</u>	<u>\$154,690</u>	<u>\$1,148,560</u>
<u>Johnson Library</u>				
Cash and investments	\$10,071	\$82		\$10,153
Interest receivable	2	1	\$2	1
Total Assets	<u>\$10,073</u>	<u>\$83</u>	<u>\$2</u>	<u>\$10,154</u>
Refundable deposits	<u>\$10,073</u>	<u>\$83</u>	<u>\$2</u>	<u>\$10,154</u>
<u>Senior Center</u>				
Cash and investments	\$46,014	\$8,634	\$8,830	\$45,818
Interest receivable	7	3	7	3
Total Assets	<u>\$46,021</u>	<u>\$8,637</u>	<u>\$8,837</u>	<u>\$45,821</u>
Accounts payable and accrued liabilities	\$8,830	\$2,499	\$8,830	\$2,499
Refundable Deposits	37,191	6,138	7	43,322
Total Liabilities	<u>\$46,021</u>	<u>\$8,637</u>	<u>\$8,837</u>	<u>\$45,821</u>

(Continued)

CITY OF RICHMOND  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>
<hr/> <u>JPFA Reassessment</u> <hr/>				
Cash and investments	\$1,986,151	\$957,384	\$866,783	\$2,076,752
Restricted cash and investments	639,370		17,911	621,459
Interest receivable	303	130	303	130
Investment in reassessment bonds	<u>5,300,000</u>		<u>355,000</u>	<u>4,945,000</u>
Total Assets	<u>\$7,925,824</u>	<u>\$957,514</u>	<u>\$1,239,997</u>	<u>\$7,643,341</u>
Due to assessment district bondholders	<u>\$7,925,824</u>	<u>\$957,514</u>	<u>\$1,239,997</u>	<u>\$7,643,341</u>
<hr/> <u>Payroll Benefits</u> <hr/>				
Cash and investments	\$1,048,670	\$210,752	\$221,281	\$1,038,141
Accounts receivable	<u>210,752</u>	<u>204,456</u>	<u>210,752</u>	<u>204,456</u>
Total Assets	<u>\$1,259,422</u>	<u>\$415,208</u>	<u>\$432,033</u>	<u>\$1,242,597</u>
Accounts payable and accrued liabilities	<u>\$1,259,422</u>	<u>\$415,208</u>	<u>\$432,033</u>	<u>\$1,242,597</u>
<hr/> <u>2006 A&amp;B Reassessment District</u> <hr/>				
Cash and investments	\$926,897	\$898,256	\$869,083	\$956,070
Restricted cash and investments	570,967		153	570,814
Interest receivable	139	58	139	58
Investment in reassessment bonds	<u>9,600,000</u>		<u>267,500</u>	<u>9,332,500</u>
Total Assets	<u>\$11,098,003</u>	<u>\$898,314</u>	<u>\$1,136,875</u>	<u>\$10,859,442</u>
Due to assessment district bondholders	<u>\$11,098,003</u>	<u>\$898,314</u>	<u>\$1,136,875</u>	<u>\$10,859,442</u>

(Continued)

CITY OF RICHMOND  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>
<hr/> <u>Total Agency Funds</u> <hr/>				
Cash and investments	\$6,336,538	\$2,591,254	\$2,656,930	\$6,270,862
Restricted cash and investments	1,863,135	1,966	18,064	1,847,037
Investment in reassessment bonds	14,900,000		622,500	14,277,500
Accounts receivable	210,752	220,741	210,752	220,741
Interest receivable	<u>753</u>	<u>327</u>	<u>753</u>	<u>327</u>
Total Assets	<u>\$23,311,178</u>	<u>\$2,814,288</u>	<u>\$3,508,999</u>	<u>\$22,616,467</u>
Accounts payable and accrued liabilities	\$1,270,128	\$417,958	\$442,739	\$1,245,347
Refundable Deposits	1,348,189	6,419	152,823	1,201,785
Due to assessment district bondholders	<u>20,692,861</u>	<u>2,389,911</u>	<u>2,913,437</u>	<u>20,169,335</u>
Total Liabilities	<u>\$23,311,178</u>	<u>\$2,814,288</u>	<u>\$3,508,999</u>	<u>\$22,616,467</u>

**CITY OF RICHMOND**  
**JUNE 30, 2013**

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**STATISTICAL SECTION**

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

***Financial Trends***

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

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

***Revenue Capacity***

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

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

***Debt Capacity***

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

1. Ratio of Outstanding Debt by Type
2. Revenue Bond Coverage – 1999, 2006, 2008 & 2010B Wastewater Revenue Bonds
3. Revenue Bond Coverage – 1996, 1999, 2004 & 2007 and 2009 Port Terminal Lease Revenue Bonds, Note and Point Potrero Lease Revenue Bonds.
4. Bonded Debt Pledged Revenue Coverage – Tax Allocation Bonds
5. General Bonded Debt – Pension Obligation Bonds
6. Computation of Direct and Overlapping Debt
7. Computation of Legal Bonded Debt Margin

***Demographic and Economic Information***

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

1. Demographic and Economic Statistics
2. Principal Employers

***Operating Information***

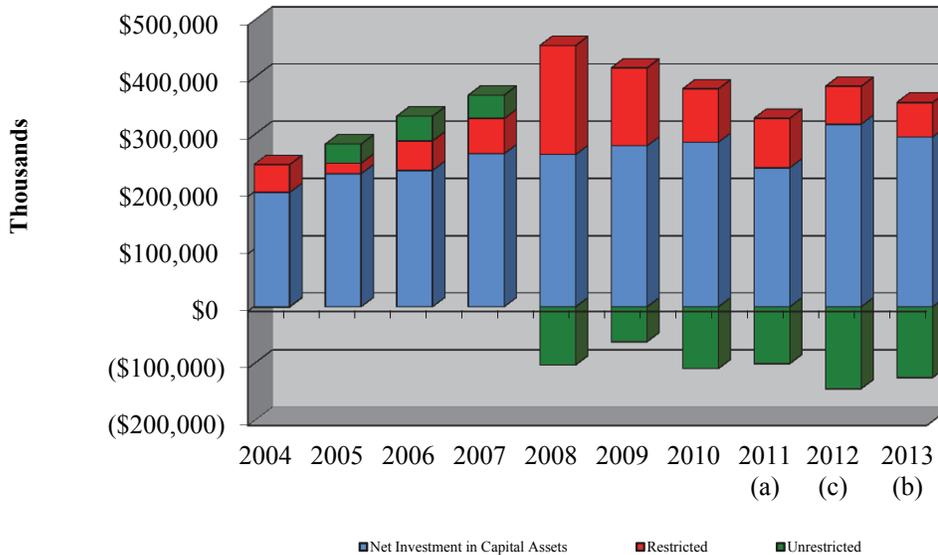
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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

***Sources***

Unless otherwise noted, the information in these schedules is derived from the Annual Financial Reports for the relevant year.

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



	<b>Fiscal Year Ended June 30</b>				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Governmental activities</b>					
Net investment in capital assets	\$123,741,262	\$155,699,999	\$155,930,914	\$170,258,857	\$188,467,600
Restricted	45,358,192	16,193,394	49,291,795	60,271,169	188,950,882
Unrestricted	19,096,845	42,225,569	44,525,862	48,795,188	(101,295,871)
<b>Total governmental activities net position</b>	<b>\$188,196,299</b>	<b>\$214,118,962</b>	<b>\$249,748,571</b>	<b>\$279,325,214</b>	<b>\$276,122,611</b>
<b>Business-type activities</b>					
Net investment in capital assets	\$75,917,317	\$76,670,956	\$82,419,674	\$97,164,301	\$77,558,806
Restricted	3,156,207	2,246,548	2,283,065	1,427,804	1,526,840
Unrestricted	(19,724,085)	(8,865,682)	(1,351,641)	(8,084,756)	(519,625)
<b>Total business-type activities net position</b>	<b>\$59,349,439</b>	<b>\$70,051,822</b>	<b>\$83,351,098</b>	<b>\$90,507,349</b>	<b>\$78,566,021</b>
<b>Primary government</b>					
Net investment in capital assets	\$199,658,579	\$232,370,955	\$238,350,588	\$267,423,158	\$266,026,406
Restricted	48,514,399	18,439,942	51,574,860	61,698,973	190,477,722
Unrestricted	(627,240)	33,359,887	43,174,221	40,710,432	(101,815,496)
<b>Total primary government net position</b>	<b>\$247,545,738</b>	<b>\$284,170,784</b>	<b>\$333,099,669</b>	<b>\$369,832,563</b>	<b>\$354,688,632</b>

- (a) Balance was restated in fiscal year 2012. Years prior to 2011 have not been restated.
- (b) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".
- (c) Balance was restated in fiscal year 2013. Years prior to 2012 have not been restated.

**Fiscal Year Ended June 30**

<b>2009</b>	<b>2010</b>	<b>2011 (a)</b>	<b>2012 (c)</b>	<b>2013 (b)</b>
\$201,607,368	\$201,197,639	\$164,739,567	\$242,281,323	\$219,606,153
135,801,179	72,114,985	78,105,002	57,989,820	51,268,906
(57,236,422)	(66,103,671)	(83,013,306)	(118,620,471)	(117,821,846)
<u>\$280,172,125</u>	<u>\$207,208,953</u>	<u>\$159,831,263</u>	<u>\$181,650,672</u>	<u>\$153,053,213</u>
\$79,540,643	\$86,432,590	\$78,162,970	\$76,731,871	\$76,966,448
612,613	21,150,740	8,334,722	8,169,878	9,196,255
(3,963,417)	(42,004,396)	(16,389,951)	(24,759,367)	(6,282,570)
<u>\$76,189,839</u>	<u>\$65,578,934</u>	<u>\$70,107,741</u>	<u>\$60,142,382</u>	<u>\$79,880,133</u>
\$281,148,011	\$287,630,229	\$242,902,537	\$319,013,194	\$296,572,601
136,413,792	93,265,725	86,439,724	66,159,698	60,465,161
(61,199,839)	(108,108,067)	(99,403,257)	(143,379,838)	(124,104,416)
<u>\$356,361,964</u>	<u>\$272,787,887</u>	<u>\$229,939,004</u>	<u>\$241,793,054</u>	<u>\$232,933,346</u>

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

	Fiscal Year Ended June 30				
	2004	2005	2006	2007	2008
<b>Expenses</b>					
Governmental Activities:					
General Government	\$33,157,403	\$11,798,558	\$20,757,394	\$24,107,042	\$26,826,443
Public Safety	55,122,382	46,320,116	64,704,505	69,145,528	80,140,357
Public Works	39,509,425	36,743,774	40,119,182	25,265,766	31,252,681
Community Development	5,771,490	4,487,223	6,400,700	5,446,357	5,046,846
Cultural and Recreational	11,426,024	7,120,024	10,516,483	15,637,748	19,624,717
Housing and Redevelopment	9,610,845	10,883,850	14,587,522	11,338,512	17,471,811
Interest and Fiscal Charges	14,665,716	10,163,111	13,970,272	16,041,384	24,242,109
Total Governmental Activities Expenses	<u>169,263,285</u>	<u>127,516,656</u>	<u>171,056,058</u>	<u>166,982,337</u>	<u>204,604,964</u>
Business-Type Activities:					
Richmond Housing Authority	27,920,939	28,054,660	25,761,763	21,902,483	24,324,334
Port of Richmond	2,911,772	2,545,842	2,896,324	3,690,733	4,589,789
Richmond Marina	272,694	248,045	245,732	331,099	240,542
Municipal Sewer	10,047,198	9,020,928	9,599,570	12,236,185	15,084,727
Storm Sewer	2,461,223	2,142,358	2,953,974	3,590,975	4,685,796
Cable TV	699,809	646,770	702,849	798,758	853,646
Convention Center	291,078	269,595	274,542		
Total Business-Type Activities Expenses	<u>44,604,713</u>	<u>42,928,198</u>	<u>42,434,754</u>	<u>42,550,233</u>	<u>49,778,834</u>
Total Primary Government Expenses	<u>\$213,867,998</u>	<u>\$170,444,854</u>	<u>\$213,490,812</u>	<u>\$209,532,570</u>	<u>\$254,383,798</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$12,779,067	\$6,195,631	\$9,579,562	\$12,500,031	\$13,061,289
Public Safety	22,300	1,061,832	2,674,213	3,337,186	3,435,021
Public Works	5,133,200	6,829,231	2,017,908	1,641,139	952,330
Community Development	17	1,488,832	2,488,628	562,647	393,878
Cultural and Recreational	234,308	230,187	1,230,022	277,523	257,258
Housing and Redevelopment	26	54	3,145,276	320,165	1,037,112
Operating Grants and Contributions	10,143,316	9,035,667	10,737,556	11,310,497	9,642,093
Capital Grants and Contributions	2,409,429	2,502,038	4,584,637	8,659,910	4,066,710
Total Government Activities Program Revenues	<u>30,721,663</u>	<u>27,343,472</u>	<u>36,457,802</u>	<u>38,609,098</u>	<u>32,845,691</u>
Business-Type Activities:					
Charges for Services:					
Richmond Housing Authority	2,234,580	1,822,316	1,663,345	1,630,745	1,776,252
Port of Richmond	2,491,147	5,913,472	6,130,166	5,392,626	5,900,126
Richmond Marina	458,473	456,142	579,581	448,630	484,212
Municipal Sewer	10,008,499	9,099,788	11,009,699	12,410,236	13,864,120
Storm Sewer	1,478,790	1,546,345	1,545,977	1,655,799	1,637,151
Cable TV	911,227	840,773	944,693	930,168	974,924
Convention Center	202,246	273,008	326,715	37,659	
Operating Grants and Contributions	9,498				
Capital Grants and Contributions	33,845,368	32,707,460	33,223,130	23,789,008	24,675,667
Total Business-Type Activities Program Revenue	<u>51,639,828</u>	<u>52,659,304</u>	<u>55,423,306</u>	<u>46,294,871</u>	<u>49,312,452</u>
Total Primary Government Program Revenues	<u>\$82,361,491</u>	<u>\$80,002,776</u>	<u>\$91,881,108</u>	<u>\$84,903,969</u>	<u>\$82,158,143</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	(\$138,541,622)	(\$100,173,184)	(\$134,598,256)	(\$128,373,239)	(\$171,759,273)
Business-Type Activities	7,035,115	9,731,106	12,988,552	3,744,638	(466,382)
Total Primary Government Net Expense	<u>(\$131,506,507)</u>	<u>(\$90,442,078)</u>	<u>(\$121,609,704)</u>	<u>(\$124,628,601)</u>	<u>(\$172,225,655)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes:					
Property Taxes:					
Current Collections	\$36,475,512	\$39,806,022	\$58,637,096	\$73,496,915	\$77,012,808
Released from Pension Reserve Fund		8,342,849	17,315,525		
Sales Tax	12,352,198	20,273,363	25,402,253	28,217,895	29,005,711
Utility user taxes	29,322,850	29,721,091	30,199,388	27,007,410	29,553,243
Document transfer taxes					
Other Taxes	9,421,142	13,847,030	14,690,034	12,042,215	8,802,995
Use of Money and Property	2,597,233	2,993,086	5,490,761	7,895,609	9,990,413
Unrestricted Intergovernmental	4,157,098	3,031,587	954,905	438,625	4,330,572
Miscellaneous	18,778,396	152,775	3,144,463	3,253,446	3,101,841
Gain on Sales of Capital Assets		11,361,312	2,361,410	3,113,487	4,008,197
Pension stabilization revenue			4,175,381	4,240,135	4,256,500
Developer revenue sharing			3,254,620	591,051	201,270
Settlement reimbursement			4,226,289		
Transfers	49,486	167,153	375,740	(2,346,906)	(1,706,880)
Extraordinary items					
Assets transferred to/liabilities assumed by Housing Successor/Successor Agency					
Total Government Activities	<u>113,153,915</u>	<u>129,696,268</u>	<u>170,227,865</u>	<u>157,949,882</u>	<u>168,556,670</u>
Business-Type Activities:					
Taxes:					
Property Taxes		10,193	10,867	10,576	10,382
Use of Money and Property	1,809,249	1,222,413	1,247,868	1,618,432	919,679
Settlement					
Other		1,956,342			313,863
Gain (Loss) on Sales of Capital Assets				41,000	
Special Item					(14,425,750)
Transfers	(49,486)	(167,153)	(375,740)	2,346,906	1,706,880
Extraordinary item					
Total Business-Type Activities	<u>1,759,763</u>	<u>3,021,795</u>	<u>882,995</u>	<u>4,016,914</u>	<u>(11,474,946)</u>
Total Primary Government	<u>\$114,913,678</u>	<u>\$132,718,063</u>	<u>\$171,110,860</u>	<u>\$161,966,796</u>	<u>\$157,081,724</u>
<b>Change in Net Position</b>					
Governmental Activities	(\$25,387,707)	\$29,523,084	\$35,629,609	\$29,576,643	(\$3,202,603)
Business-Type Activities	8,794,878	12,752,901	13,871,547	7,761,552	(11,941,328)
Total Primary Government	<u>(\$16,592,829)</u>	<u>\$42,275,985</u>	<u>\$49,501,156</u>	<u>\$37,338,195</u>	<u>(\$15,143,931)</u>

(a) The Redevelopment Agency was dissolved effective January 31, 2012 and its net assets transferred to a Successor Agency.

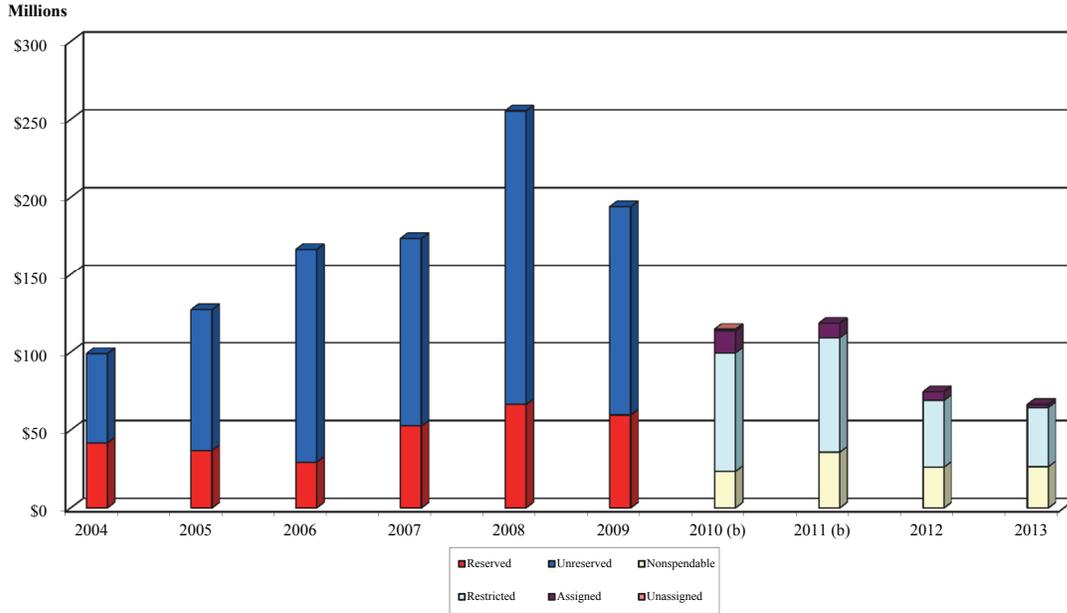
(b) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

**Fiscal Year Ended June 30**

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013 (b)</b>
\$18,745,594	\$19,044,449	\$17,127,696	\$32,549,754	\$35,272,517
91,432,506	95,147,888	101,613,767	100,403,365	97,136,602
43,289,943	43,342,529	41,004,033	42,747,958	46,011,618
4,316,710	7,698,693	7,685,733	5,845,968	4,909,158
16,618,663	14,952,438	14,647,978	14,583,687	12,129,962
19,209,243	18,014,624	15,524,912	19,768,765	2,816,094
22,961,838	30,251,260	23,108,139	19,633,486	15,411,831
<u>216,574,497</u>	<u>228,451,881</u>	<u>220,712,258</u>	<u>235,532,983</u>	<u>213,687,782</u>
23,335,623	27,709,496	27,246,056	30,989,229	28,992,229
4,739,269	8,611,216	7,033,016	7,868,918	9,337,252
235,571	232,855	343,734	1,681,461	266,918
14,290,536	13,611,098	14,193,822	14,655,752	16,964,175
4,466,645	2,527,838	2,670,397	2,744,775	2,815,541
898,370	991,506	961,059	1,037,142	990,802
<u>47,966,014</u>	<u>53,684,009</u>	<u>52,448,084</u>	<u>58,977,277</u>	<u>59,366,917</u>
<u>\$264,540,511</u>	<u>\$282,135,890</u>	<u>\$273,160,342</u>	<u>\$294,510,260</u>	<u>\$273,054,699</u>
\$7,813,724	\$6,612,893	\$8,155,496	\$8,496,532	\$11,596,612
3,931,893	5,674,457	5,177,825	5,075,588	5,400,290
1,669,681	1,656,353	3,741,601	2,596,312	3,090,211
170,872	504,726	135,215	361,706	234,836
594,205	1,294,976	1,151,374	1,118,777	516,499
7,000	222,459			
8,402,636	12,286,127	17,934,341	11,259,829	9,703,416
6,997,666	9,685,942	20,016,974	17,238,057	11,360,153
<u>29,587,677</u>	<u>37,937,933</u>	<u>56,312,826</u>	<u>46,146,801</u>	<u>41,902,017</u>
3,096,831	2,100,519	1,916,352	2,354,197	2,619,669
5,095,840	3,882,153	6,329,914	7,745,580	9,043,026
476,588	417,679	220,858	259,777	466,921
14,432,849	15,991,488	17,342,276	17,565,632	17,733,454
1,579,698	1,593,792	1,697,475	1,800,536	1,842,001
1,084,389	1,157,502	1,099,919	1,022,100	1,320,552
18,683,329	21,549,967	23,332,167	22,742,102	22,323,336
50,027	2,429,709	2,685,479	3,775,002	10,087,538
<u>44,499,551</u>	<u>49,122,809</u>	<u>54,624,440</u>	<u>57,264,926</u>	<u>65,436,497</u>
<u>\$74,087,228</u>	<u>\$87,060,742</u>	<u>\$110,937,266</u>	<u>\$103,411,727</u>	<u>\$107,338,514</u>
(\$186,986,820)	(\$190,513,948)	(\$164,399,432)	(\$189,386,182)	(\$171,785,765)
(3,466,463)	(4,561,200)	2,176,356	(1,712,351)	6,069,580
<u>(\$190,453,283)</u>	<u>(\$195,075,148)</u>	<u>(\$162,223,076)</u>	<u>(\$191,098,533)</u>	<u>(\$165,716,185)</u>
\$78,279,818	\$62,620,002	\$61,155,694	\$52,219,777	\$47,207,734
27,922,698	25,000,182	23,025,923	27,788,339	29,865,548
48,953,004	50,298,719	45,007,806	45,984,315	48,398,349
			2,765,842	2,957,834
7,959,683	6,092,050	3,361,146	3,784,986	3,289,518
6,851,266	(7,618,093)	8,877,982	(22,064,295)	11,331,823
2,197,148	957,140	2,427,575	4,752,245	44,814
9,220,595	5,465,467	6,723,228	7,917,715	3,461,402
5,000,000				
5,292,746	2,728,314	2,728,314	2,544,175	2,549,922
51,767	138,454	101,739	55,958	
(692,391)	500,000	(85,629)	1,030,428	(590,394)
			84,426,106 (a)	(5,328,244)
<u>191,036,334</u>	<u>146,182,235</u>	<u>153,323,778</u>	<u>211,205,591</u>	<u>143,188,306</u>
390,189	(2,768,103)	1,657,791	(5,331,300)	4,054,073
	1,922,260			
7,701	188,143	609,031		
692,391	(500,000)	85,629	(1,030,428)	590,394
				9,023,704
<u>1,090,281</u>	<u>(1,157,700)</u>	<u>2,352,451</u>	<u>(6,361,728)</u>	<u>13,668,171</u>
<u>\$192,126,615</u>	<u>\$145,024,535</u>	<u>\$155,676,229</u>	<u>\$204,843,863</u>	<u>\$156,856,477</u>
\$4,049,514	(\$44,331,713)	(\$11,075,654)	\$21,819,409	(\$28,597,459)
(2,376,182)	(5,718,900)	4,528,807	(8,074,079)	19,737,751
<u>\$1,673,332</u>	<u>(\$50,050,613)</u>	<u>(\$6,546,847)</u>	<u>\$13,745,330</u>	<u>(\$8,859,708)</u>

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



	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010 (b)	2011 (b)	2012	2013
<b>General Fund</b>										
Reserved	\$23,334,569	\$17,083,473	\$9,638,843	\$22,090,540	\$27,048,978	\$24,682,489				
Unreserved	12,440,443	26,510,417	38,590,926	32,341,360	19,387,650	20,855,189				
Nonspendable							\$23,360,596	\$28,021,103	\$25,944,325	\$26,366,829
Assigned							1,009,480	380,999	377,181	219,646
Unassigned							14,836,337	12,077,471	11,036,847	10,238,862
<b>Total General Fund</b>	<b>\$35,775,012</b>	<b>\$43,593,890</b>	<b>\$48,229,769</b>	<b>\$54,431,900</b>	<b>\$46,436,628</b>	<b>\$45,537,678</b>	<b>\$39,206,413</b>	<b>\$40,479,573</b>	<b>\$37,358,353</b>	<b>\$36,825,337 (a)</b>
<b>All Other Governmental Funds</b>										
Reserved	\$18,402,465	\$19,734,505	\$19,716,191	\$30,517,337	\$39,341,789	\$34,982,192				
Unreserved, reported in:										
Special revenue funds	7,730,927	9,644,237	22,266,931	23,291,973	21,732,666	10,128,026				
Debt service funds	(1,555,799)	462,267	6,647,877	11,101,399	28,551,466	26,219,974				
Capital project funds	38,672,895	53,792,412	69,561,861	54,143,312	119,382,544	77,066,114				
Nonspendable							\$19,160	\$7,666,605	\$174,067	
Restricted							76,120,393	73,538,765	42,888,150	\$37,990,309
Assigned							12,925,706	8,925,705	5,147,506	1,734,260
Unassigned							(13,673,750)	(13,944,936)	(11,929,833)	(14,327,402)
<b>Total all other governmental funds</b>	<b>\$63,250,488</b>	<b>\$83,633,421</b>	<b>\$118,192,860</b>	<b>\$119,054,021</b>	<b>\$209,008,465</b>	<b>\$148,396,306</b>	<b>\$75,391,509</b>	<b>\$76,186,139</b>	<b>\$36,279,890</b>	<b>\$25,397,167</b>

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

(b) The City implemented the provisions of GASB Statement 54 in fiscal year 2011, and years prior to 2010 have not been restated to conform with the new regulations.

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

	Fiscal Year Ended June 30, 2012				
	2004	2005	2006	2007	2008
<b>Revenues</b>					
Property taxes	\$36,475,512	\$48,148,871	\$76,431,421	\$73,983,141	\$77,764,608
Sales taxes	12,352,198	20,273,363	25,402,253	28,217,895	29,005,711
Utility user fees	29,322,850	29,721,091	30,199,388	27,007,410	29,553,243
Other taxes	9,421,142	13,847,030	14,690,034	12,042,215	8,342,809
Licenses, permits and fees	8,414,668	8,347,868	14,272,803	8,379,660	8,164,006
Developer revenue sharing			3,254,620	591,051	201,270
Fines, forfeitures and penalties	435,057	522,015	396,257	312,723	312,706
Use of money and property	2,628,566	2,496,624	5,149,718	6,879,814	10,360,029
Intergovernmental	15,892,578	15,980,671	16,303,188	24,439,246	18,092,672
Charges for services	6,775,449	3,864,491	4,421,803	4,488,092	6,026,165
Pension stabilization revenue			4,175,381	4,240,135	4,256,500
Settlement reimbursement			4,226,289		
Rent	2,560,987	237,568	414,716	605,207	336,617
Other	23,152,932	3,191,685	3,496,107	3,009,820	3,407,481
<b>Total Revenues</b>	<b>147,431,939</b>	<b>146,631,277</b>	<b>202,833,978</b>	<b>194,196,409</b>	<b>195,823,817</b>
<b>Expenditures</b>					
Current:					
General government		12,871,884	18,986,723	22,646,791	26,022,760
Public safety		52,859,724	64,006,470	72,869,340	86,716,916
Public works		20,947,719	20,371,718	12,207,805	18,121,576
Highway and streets					
Health and sanitation					
Community development		4,542,606	6,306,343	5,449,106	5,196,860
Cultural and recreational		7,362,852	10,300,456	15,142,703	20,814,698
Housing and redevelopment		11,971,460	20,778,294	11,345,178	22,828,774
Salaries and wages	86,240,536				
General and administrative	40,886,151				
Maintenance	2,182,381				
Other	601,026				
SERAF					
Capital outlay	12,570,471	10,630,365	17,479,290	34,281,457	62,742,853
Debt service:					
Principal repayment	7,989,730	7,639,995	6,515,045	9,079,459	6,300,998
Interest and fiscal charges	12,102,434	9,206,783	11,257,775	10,129,575	15,612,543
<b>Total Expenditures</b>	<b>162,572,729</b>	<b>138,033,388</b>	<b>176,002,114</b>	<b>193,151,414</b>	<b>264,357,978</b>
Excess (deficiency) of revenues over (under) expenditures	(15,140,790)	8,597,889	26,831,864	1,044,995	(68,534,161)
<b>Other Financing Sources (Uses)</b>					
Transfers in	66,659,138	27,587,164	53,092,947	33,071,479	184,513,795
Transfers out	(69,609,652)	(34,410,933)	(54,131,970)	(31,800,296)	(185,857,975)
Sale of property	578,907	9,071,591	3,167,685	4,747,114	4,287,517
Payment to refund bond escrow agent					(32,897,515)
Issuance of long-term debt	29,145,759	17,356,100	124,111,809		172,962,622
Bond Premium					
Payment to retirement plan			(113,877,017)		
<b>Total other financing sources (uses)</b>	<b>26,774,152</b>	<b>19,603,922</b>	<b>12,363,454</b>	<b>6,018,297</b>	<b>143,008,444</b>
<b>Special and Extraordinary Items</b>					
Assets transferred to/liabilities assumed by Housing Successor/Successor Agency					
Interfund advance restructuring					
<b>Total Special and Extraordinary Items</b>					
<b>Net Change in fund balances</b>	<b>\$11,633,362</b>	<b>\$28,201,811</b>	<b>\$39,195,318</b>	<b>\$7,063,292</b>	<b>\$74,474,283</b>
Debt service as a percentage of noncapital expenditures	13.4%	13.2%	11.2%	11.9%	10.7%

NOTE:

(a) Debt service in 2010 includes the current refunding of the 2007 Tax Allocation Bonds of \$64,275,000.

(b) The Redevelopment Agency was dissolved effective January 31, 2012 and its net assets transferred to a Successor Agency.

Fiscal Year Ended June 30,

2009	2010	2011	2012	2013
\$79,047,050	\$63,858,143	\$57,113,666	\$51,964,005	\$48,518,328
27,922,698	25,000,182	23,025,923	27,788,339	29,865,548
48,953,004	40,298,719	50,007,806	50,984,315	48,398,349
7,959,683	6,092,050	7,824,181	6,550,828	6,247,352
6,415,896	7,598,407	7,495,563	9,393,833	11,830,426
51,767	138,454	101,739	55,958	
359,870	481,264	474,889	536,510	617,509
5,278,605	1,849,884	1,031,746	932,393	557,936
15,753,684	21,627,513	38,605,526	36,121,561	19,995,922
5,585,383	8,517,238	9,425,484	9,204,016	9,350,051
5,292,746	2,728,314	2,728,314	2,544,175	2,549,922
312,096	766,017	960,661	793,144	681,141
11,685,170	4,766,408	6,686,908	7,142,854	2,703,133
214,617,652	183,722,593	205,482,406	204,011,931	181,315,617
19,044,304	14,412,971	15,053,928	30,303,614	33,251,610
93,507,626	95,989,053	94,269,101	87,286,248	87,573,539
20,513,373	20,997,847	23,144,011	25,555,928	26,065,996
4,334,599	7,692,545	7,655,697	5,643,542	4,709,478
16,796,528	15,137,648	14,559,213	12,183,399	11,175,362
22,049,876	12,098,783	11,767,304	6,267,418	3,089,640
80,466,151	10,118,826	2,083,288	28,721,772	15,704,486
9,684,582	171,714,191 (a)	14,879,506	14,312,544	8,691,629
14,038,265	21,418,597	14,559,340	11,393,091	7,504,922
280,435,304	394,723,153	225,161,110	221,667,556	197,766,662
(65,817,652)	(211,000,560)	(19,678,704)	(17,655,625)	(16,451,045)
79,414,731	49,963,245	62,507,821	38,456,022	21,145,031
(80,148,188)	(43,560,606)	(55,482,457)	(33,437,663)	(19,666,470)
5,040,000	23,300		188,489	53,618
	121,076,391	14,721,130	3,214,243	2,621,558
			109,701	106,740
4,306,543	127,502,330	21,746,494	8,530,792	4,260,477
			(33,902,636) (b)	745,119
			(33,902,636)	745,119
(\$61,511,109)	(\$83,498,230)	\$2,067,790	(\$43,027,469)	(\$11,445,449)
11.1%	51.9%	14.5%	12.3%	8.7%

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**CITY OF RICHMOND**  
**ASSESSED AND ESTIMATED ACTUAL**  
**VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
*(In Thousands)*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>ASSESSED VALUE <sup>(1)</sup></b>										
Land	\$2,627,744	\$2,959,317	\$3,418,224	\$4,039,890	\$4,514,200	\$4,498,812	\$3,541,992	\$3,427,021	\$3,329,164	\$3,216,147
Improvements	5,738,751	6,621,854	7,266,076	7,862,708	8,395,671	8,995,536	8,071,718	6,721,515	7,413,276	9,268,934
Total Real Property	8,366,495	9,581,171	10,684,300	11,902,598	12,909,871	13,494,348	11,613,710	10,148,536	10,742,440	12,485,081
Personal Property	558,698	563,253	538,693	572,948	333,505	632,670	683,995	671,258	681,204	795,573
<b>TOTAL</b>	<b>\$8,925,193</b>	<b>\$10,144,424</b>	<b>\$11,222,993</b>	<b>\$12,475,546</b>	<b>\$13,243,376</b>	<b>\$14,127,018</b>	<b>\$12,297,705</b>	<b>\$10,819,794</b>	<b>\$11,423,644</b>	<b>\$13,280,654</b>
<b>EXEMPTIONS <sup>(2)</sup></b>										
Homeowners <sup>(a)</sup>	\$116,687	\$115,580	\$117,722	\$111,746	\$113,417	\$113,296	\$111,793	\$110,280	\$107,571	\$104,144
Other <sup>(b)</sup>	243,788	267,660	317,429	332,611	338,751	364,531	432,140	473,917	495,344	519,976
<b>TOTAL</b>	<b>\$360,475</b>	<b>\$383,240</b>	<b>\$435,151</b>	<b>\$444,357</b>	<b>\$452,168</b>	<b>\$477,827</b>	<b>\$543,933</b>	<b>\$584,197</b>	<b>\$602,915</b>	<b>\$624,120</b>
<b>ASSESSED VALUE</b>										
(Net of Exemptions)	\$8,564,718	\$9,761,184	\$10,787,842	\$12,031,189	\$12,791,208	\$13,649,191	\$11,753,772	\$10,235,597	\$10,820,729	\$12,656,534
<b>Less:</b>										
<b>Redevelopment Tax</b>										
<b>Increments<sup>(3)</sup></b>	1,102,499	1,200,250	1,346,439	1,982,930	2,333,771	2,404,325	1,736,546	1,594,287	1,578,082	1,558,233
<b>NET ASSESSED</b>										
<b>VALUE</b>	<b>\$7,462,219</b>	<b>\$8,560,934</b>	<b>\$9,441,403</b>	<b>\$10,048,259</b>	<b>\$10,457,437</b>	<b>\$11,244,866</b>	<b>\$10,017,226</b>	<b>\$8,641,310</b>	<b>\$9,242,647</b>	<b>\$11,098,301</b>
<b>NET INCREASE</b>										
<b>(DECREASE)</b>	\$370,913	\$1,098,715	\$880,469	\$606,856	\$409,178	\$787,429	(\$1,227,640)	(\$1,375,916)	\$601,337	\$1,855,654
<b>% OF INCREASE</b>										
<b>(DECREASE)</b>	5.23%	14.72%	10.28%	6.43%	4.07%	7.53%	-10.92%	-14%	7%	20%
<b>Total Direct Tax Rate<sup>(4)</sup></b>	0.24212%	0.37246%	0.38727%	0.53811%	0.42849%	0.43216%	0.40770%	0.41395%	0.40618%	0.38653%

<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).

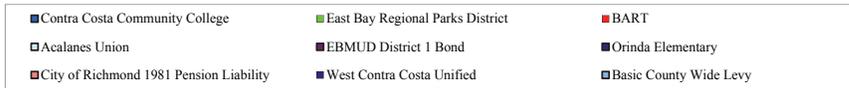
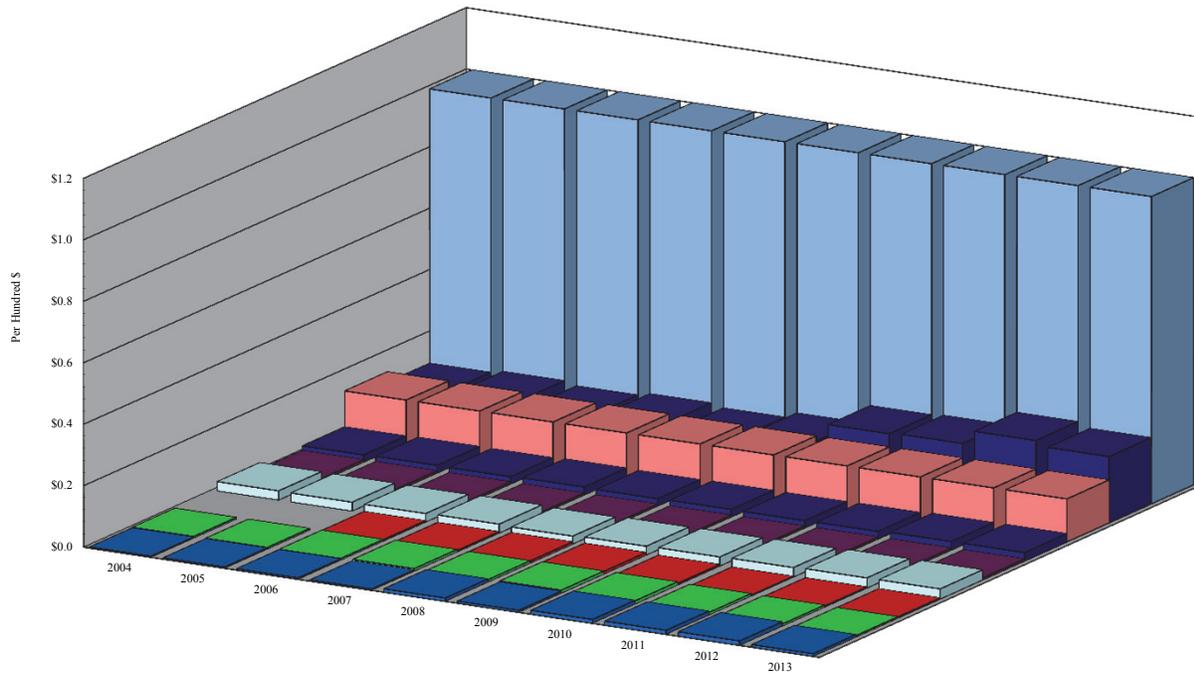
(b) Other exemptions are revenues lost to the City because of provisions of California Constitution, Article XIII(3).

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

<sup>(4)</sup> California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The City of Richmond encompasses more than 92 tax rate areas. See Property Tax Rates statistics for additional information.

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

**CITY OF RICHMOND  
PROPERTY TAX RATES  
ALL OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**



Fiscal Year	Basic County Wide Levy (1)	City of Richmond 1981 Pension Liability (2)	BART	East Bay Regional Parks District	Acalanes Union	East Bay MUD Dist. 1 Bond	Orinda Elementary	West Contra Costa Unified	Contra Costa Community College	Total Direct & Overlapping Tax Rates (3)
2004	\$1.00000	\$0.14000		\$0.00570	\$0.03020	\$0.00790	\$0.02310	\$0.10640	\$0.00380	\$1.31710
2005	1.00000	0.14000		0.00570	0.02900	0.00760	0.02470	0.11530	0.00420	1.32650
2006	1.00000	0.14000	\$0.00480	0.00570	0.02790	0.00720	0.02360	0.10410	0.00470	1.31800
2007	1.00000	0.14000	0.00500	0.00850	0.02920	0.00680	0.02590	0.11430	0.00430	1.33400
2008	1.00000	0.14000	0.00760	0.00800	0.02590	0.00650	0.02370	0.10350	0.01080	1.32600
2009	1.00000	0.14000	0.00900	0.01000	0.02890	0.00640	0.02470	0.12300	0.00660	1.34860
2010	1.00000	0.14000	0.00570	0.01080	0.02980	0.00650	0.02360	0.18280	0.01260	1.41180
2011	1.00000	0.14000	0.00310	0.00840	0.03110	0.00670	0.02440	0.18690	0.01330	1.41390
2012	1.00000	0.14000	0.00410	0.00710	0.03330	0.00670	0.02740	0.23220	0.01440	1.46520
2013	1.00000	0.14000	0.00430	0.00510	0.03330	0.00680	0.02730	0.21570	0.00870	1.44120

**NOTES:**

- (1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- (2) Voter approved debt.
- (3) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- (4) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest next taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.
- (5) RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California state statute. RDA direct and overlapping rates are applied only to the incremental property values.
- (6) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

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

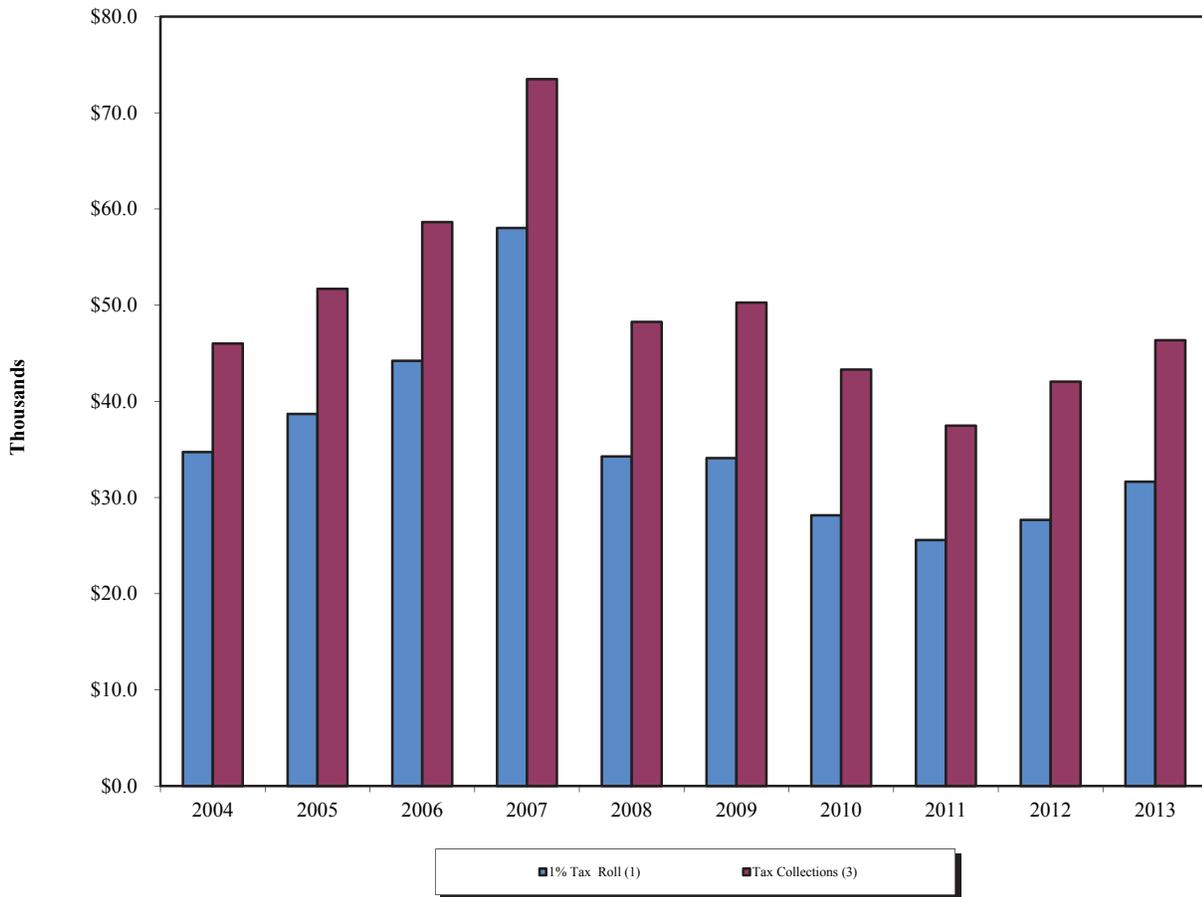
<u>City's Share of 1% Levy Per Prop 13 (4)</u>	<u>General Obligation Debt Rate</u>	<u>Redevelopment Rate (5)</u>	<u>Total Direct Rate (6)</u>
\$0.00274	\$0.14000	\$1.14570	\$0.24212
0.28784	0.14000	1.14570	0.37246
0.28784	0.14000	1.14570	0.38727
0.28784	0.14000	1.14850	0.53811
0.28784	0.14000	1.14800	0.42849
0.28784	0.14000	1.15000	0.43216
0.28784	0.14000	1.15080	0.40770
0.28784	0.14000	1.14840	0.41395
0.28784	0.14000	1.14710	0.40618
0.28784	0.14000	0.00000	0.38653

**CITY OF RICHMOND**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**  
**(In Thousands)**

Taxpayer	Type of Business	2012-13			2003-04		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Chevron USA	Industry	\$5,194,308	1	41.04%	\$2,137,138	1	24.95%
Guardian KW Hilltop LLC	Residential	143,382	2	1.13%			
Kaiser Foundation Health Plan	Unsecured	76,677	3	0.61%			
US Bank	Commercial	75,184	4	0.59%			
Richmond Essex LP	Residential	60,694	5	0.48%	46,523	6	0.54%
Biorichland LLC	Industrial	59,777	6	0.47%			
Cherokee Simeon Venture LLC	Commercial	46,477	7	0.37%	42,200	9	0.49%
Pacific Atlantic Terminals LLC	Industrial	45,295	8	0.36%			
Auto Warehousing Company	Unsecured	42,817	9	0.34%			
Foss Maritime Company	Unsecured	42,314	10	0.33%			
Berlex Laboratories Inc	Industrial				140,032	2	1.63%
Dicon Fiberoptics	Industrial				73,283	3	0.86%
Richmond Associates LLC	Commercial				59,341	4	0.69%
Watch Holdings LLC	Residential				56,115	5	0.66%
Developers Diversified Reality	Commercial				46,488	7	0.54%
Security Capital Pacific Trust	Residential				44,809	8	0.52%
Kristra Investment Limited	Unsecured				35,149	10	0.41%
Subtotal		<u>\$5,786,925</u>		<u>45.72%</u>	<u>\$2,681,078</u>		<u>31.30%</u>
Total Net Assessed Valuation:							
Fiscal Year 2012-2013		\$12,656,534					
Fiscal Year 2003-2004		\$8,564,718					

Source: Contra Costa County Assessor Fiscal Year Combined Tax Rolls.

**CITY OF RICHMOND  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(In Thousands)**

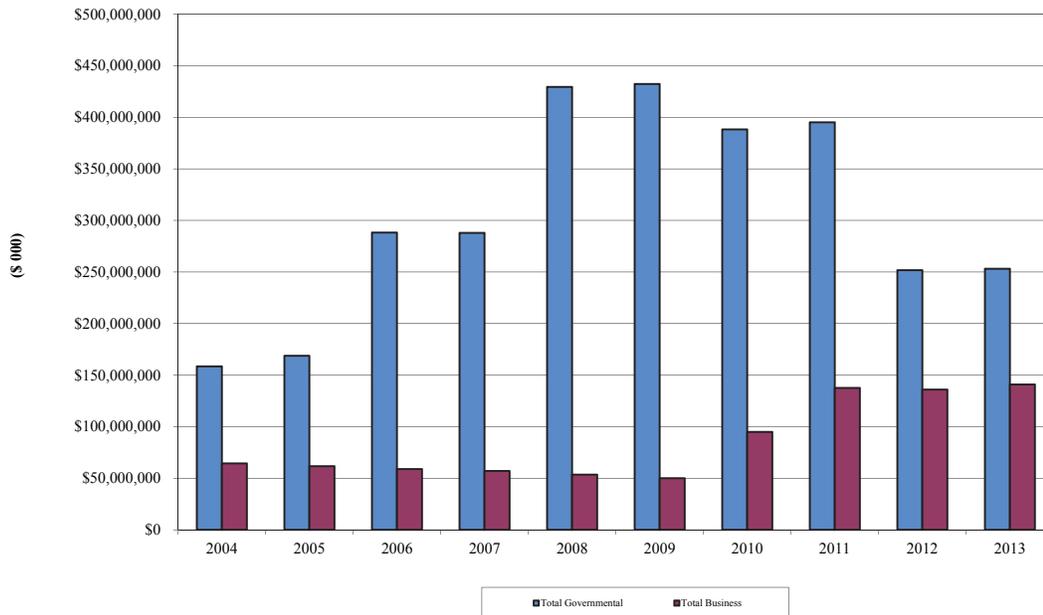


<b>Fiscal Year</b>	<b>1% Tax Roll (1)</b>	<b>Voter Approve Debt Tax Rolls (2)</b>	<b>Total Tax Collections (3)</b>	<b>Percent of Total Tax Collections to Tax Levy</b>
2004	\$34,721	\$11,282	\$46,003	100%
2005	38,687	13,009	51,696	100%
2006	44,209	14,426	58,635	100%
2007	58,024	15,473	73,497	100%
2008	34,269	13,983	48,252	100%
2009	34,096	16,172	50,268	100%
2010	28,147	15,155	43,302	100%
2011	25,573	11,900	37,473	100%
2012	27,669	14,377	42,046	100%
2013	31,638	14,718	46,356	100%

Source: City of Richmond Records

- NOTES: (1) The maximum tax rate is 1% of the assessed value or \$1/\$100 of the assessed value, excluding the tax rate for debt.
- (2) Voter approved tax roll for debt is in addition to the 1% rate shown in note (1).
- (3) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement which allows the County to keep all interest and delinquency charges collected.

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



**Governmental Activities**

Fiscal Year	Tax Allocation Bonds	Pension Obligation Bonds	Loans and Notes Payable	Capital Leases	Total	
2004	\$82,965,168	\$27,945,000	\$38,155,000	\$2,963,702	\$6,500,204	\$158,529,074
2005	98,578,513	26,225,000	36,715,000	3,204,394	4,045,158	168,768,065
2006	96,801,090	140,799,775	35,205,000	12,200,843	3,195,340	288,202,048
2007	95,079,118	143,575,313	33,630,000	10,518,963	5,111,871	287,915,265
2008	168,838,368	146,453,616	99,619,143	10,578,390	3,964,298	429,453,815
2009	165,200,399	150,493,392	97,750,000	10,544,185	8,300,966	432,288,942
2010	130,953,999	152,059,727	88,271,545	10,460,463	6,536,310	388,282,044
2011	125,899,530	153,589,314	87,906,545	20,723,084	7,022,284	395,140,757
2012	(B)	155,060,554	87,526,545	635,646	(B) 8,523,072	251,745,817
2013	(B)	156,483,676	87,121,545	1,231,880	8,269,494	253,106,595

**Business-Type Activities**

Fiscal Year	Wastewater Revenue Bonds	Port Lease Revenue Bonds	Loans and Notes Payable	Total	Total Primary Government	Percentage of Personal Income (A)	Per Capita (A)
2004	\$39,903,191	\$11,989,189	\$12,543,740	\$64,436,120	\$222,965,194	10.63%	\$2,205
2005	39,218,632	10,650,351	11,877,513	61,746,496	230,514,561	10.48%	2,268
2006	38,516,264	9,251,513	11,195,682	58,963,459	347,165,507	15.09%	3,393
2007	41,857,327	7,782,675	7,419,009	57,059,011	344,974,276	14.20%	3,376
2008	42,152,480	5,933,813	5,427,429	53,513,722	482,967,537	18.98%	4,675
2009	41,934,902	3,203,312	4,971,846	50,110,060	482,399,002	18.70%	4,643
2010	41,416,658	49,015,199	4,501,732	94,933,589	483,215,633	19.08%	4,620
2011	84,893,408	48,683,747	4,016,617	137,593,772	532,734,529	21.12%	5,043
2012	84,246,892	48,252,294	3,516,009	136,015,195	387,761,012	15.26%	3,697
2013	90,096,593 (C)	47,834,187	3,007,372	140,938,152	394,044,747	15.06%	3,733

Notes: Debt amounts exclude any premiums, discounts, or other amortization amounts.

(A) See Demographic Statistics for personal income and population data.

(B) Due to the dissolution of the Redevelopment Agency, the Tax Allocation Bonds and the Loans and Notes Payable that were related to the Redevelopment Agency were transferred to the Successor Agency as of February 1, 2012 and are no longer governmental commitments.

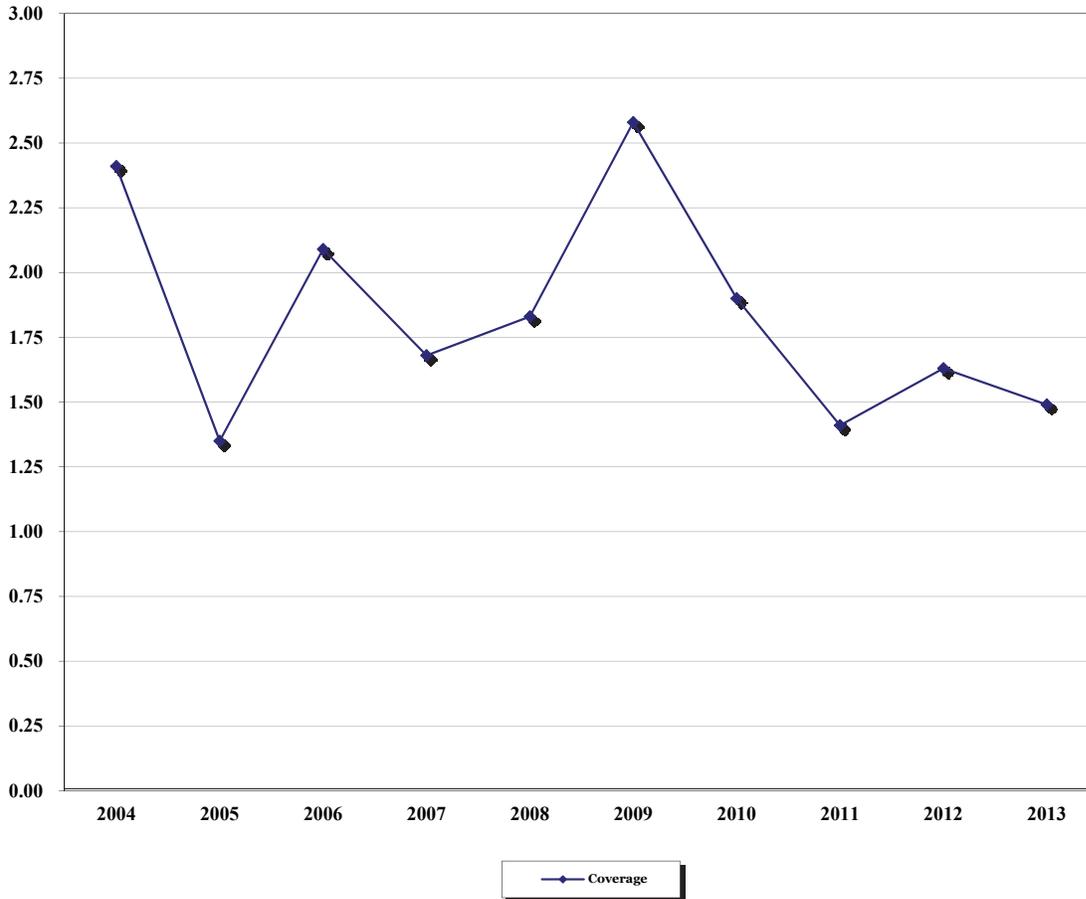
(C) With the implementation of GASB Statement No. 65, the deferred amount on refunding previously reported as a component of the long-term debt balance is not reported as a deferred inflows of resources.

Sources: City of Richmond

State of California, Department of Finance (population)

U.S. Department of commerce, Bureau of the Census (income)

**CITY OF RICHMOND**  
**REVENUE BOND COVERAGE**  
**1999, 2006, 2008, 2010A AND 2010B WASTEWATER REVENUE BONDS**  
**LAST TEN FISCAL YEARS**

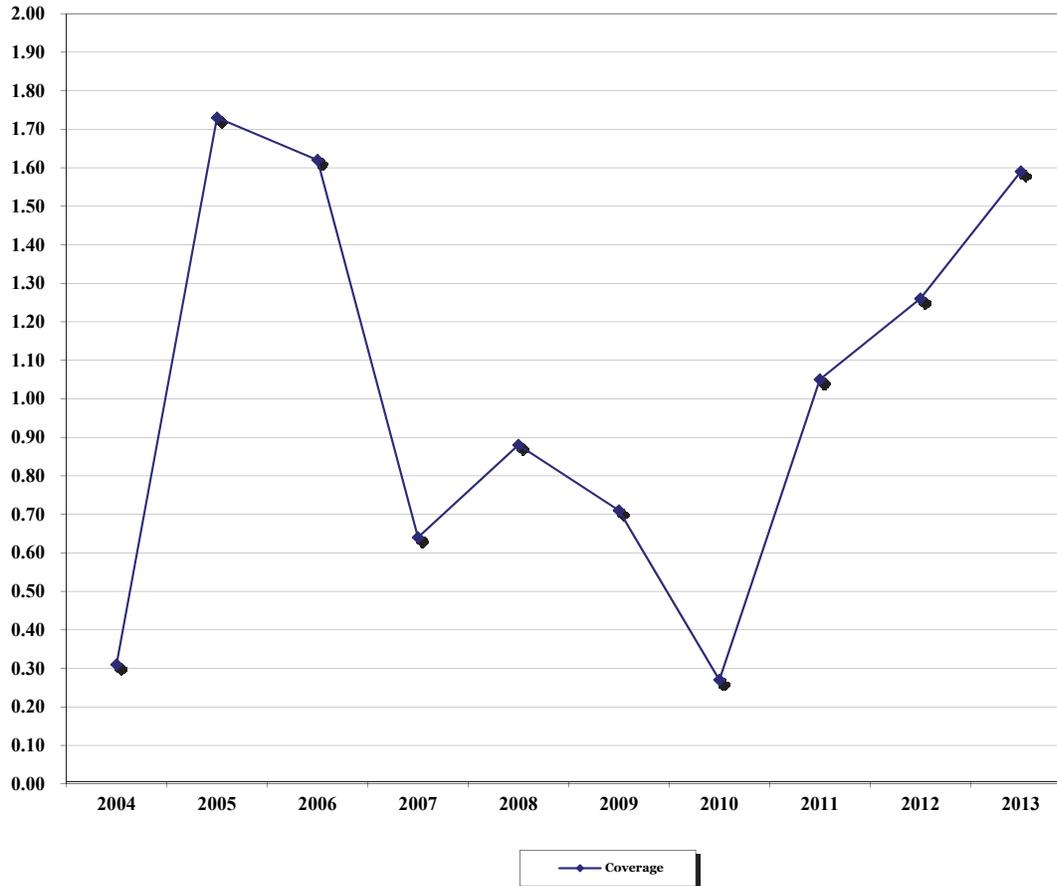


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$11,825,418	\$7,715,459	\$4,109,959	\$150,000	\$1,552,811	\$1,702,811	2.41
2005	10,180,595	6,291,348	3,889,247	1,355,000	1,518,949	2,873,949	1.35
2006	11,922,340	5,918,001	6,004,339	1,415,000	1,455,916	2,870,916	2.09
2007	13,687,290	8,799,108	4,888,182	1,480,000	1,422,950	2,902,950	1.68
2008	14,421,345	9,991,039	4,430,306		2,414,409	2,414,409	1.83
2009	14,498,712	8,287,431	6,211,281		2,403,307	2,403,307	2.58
2010	16,075,782	10,362,653	5,713,129	865,000	2,146,974	3,011,974	1.90
2011	17,399,624	9,154,788	8,244,836	905,000	4,943,042	5,848,042	1.41
2012	17,697,208	8,956,411	8,740,797	975,000	4,399,406	5,374,406	1.63
2013	17,840,042	9,447,236	8,392,806	1,005,000	4,613,635	5,618,635	1.49

Notes: (1) Includes all Municipal Sewer Operating Revenues and Non-operating Interest Revenue excluding Derivative Investment Interest  
(2) Includes all Municipal Sewer Operating Expenses less Depreciation

Source: City of Richmond Annual Financial Statements

**CITY OF RICHMOND  
REVENUE BOND COVERAGE  
1996, 1999, 2004, 2007 AND 2009 PORT TERMINAL LEASE REVENUE BONDS, NOTE  
AND POINT POTRERO LEASE REVENUE BONDS  
LAST TEN FISCAL YEARS**

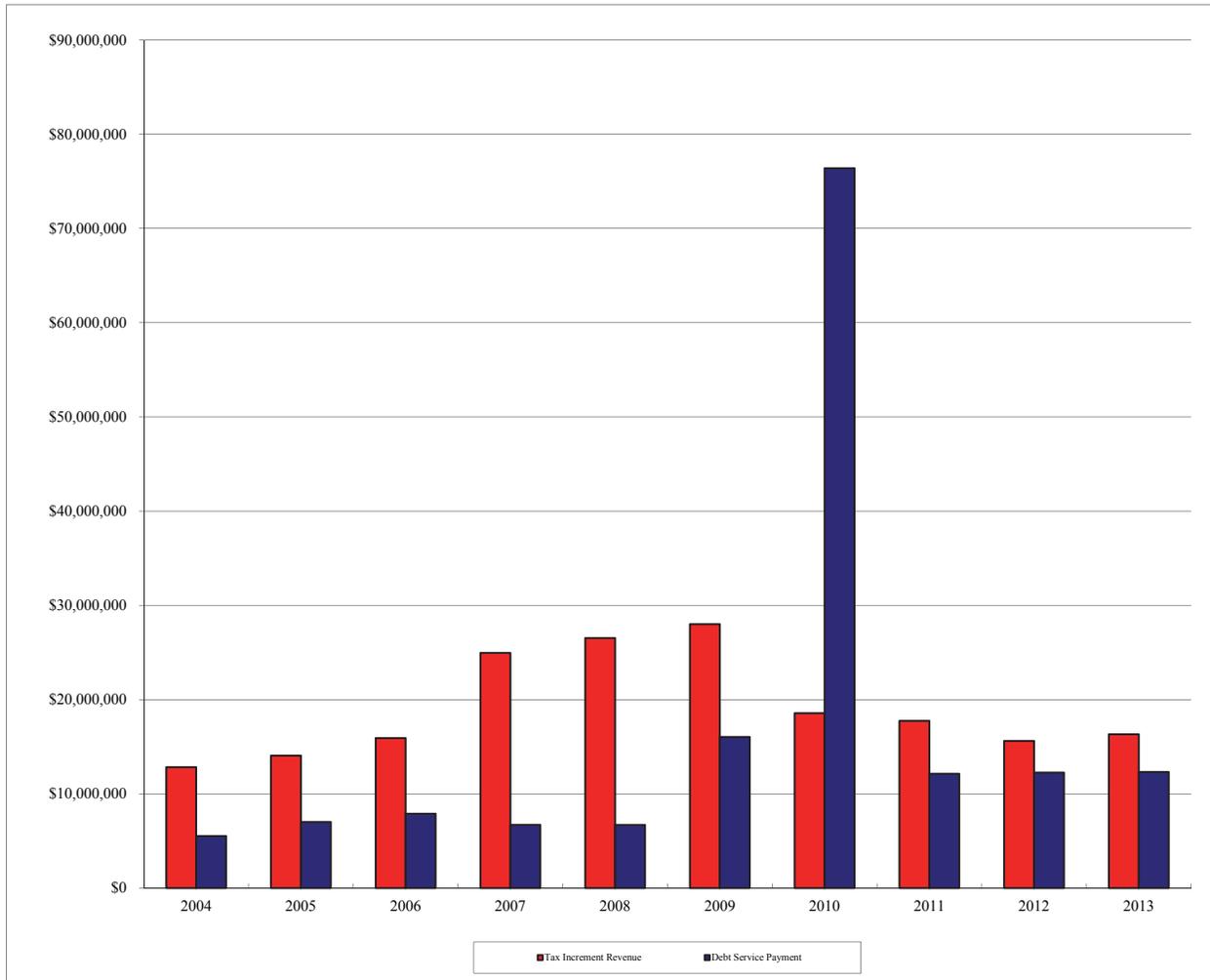


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$2,491,147	\$1,879,276	\$611,871	\$1,290,000	\$686,057	\$1,976,057	0.31
2005	5,944,719	1,655,877	4,288,842	1,603,385	878,851	2,482,236	1.73
2006	6,237,708	2,209,972	4,027,736	1,672,140	808,267	2,480,407	1.62
2007	5,621,400	2,106,307	3,515,093	4,823,787	643,463	5,467,250	0.64
2008	6,061,660	3,024,733	3,036,927	3,094,865	362,194	3,457,059	0.88
2009	5,292,289	3,129,349	2,162,940	2,745,000	292,367	3,037,367	0.71
2010	4,334,422	3,007,455	1,326,967	3,270,000	1,671,265	4,941,265	0.27
2011	6,357,466	2,035,968	4,321,498	405,000	3,728,541	4,133,541	1.05
2012	7,822,496	2,931,799	4,890,697	505,000	3,381,546	3,886,546	1.26
2013	9,138,193	2,964,060	6,174,133	525,000	3,348,154	3,873,154	1.59

Notes: (1) Includes all Port of Richmond Operating Revenues and Non-operating Interest Revenue excluding Derivative Investment Interest  
(2) Includes all Port of Richmond Operating Expenses less Depreciation

Source: City of Richmond Annual Financial Statements

**CITY OF RICHMOND  
BONDED DEBT PLEDGED REVENUE COVERAGE  
TAX ALLOCATION BONDS (1)  
LAST TEN FISCAL YEARS**

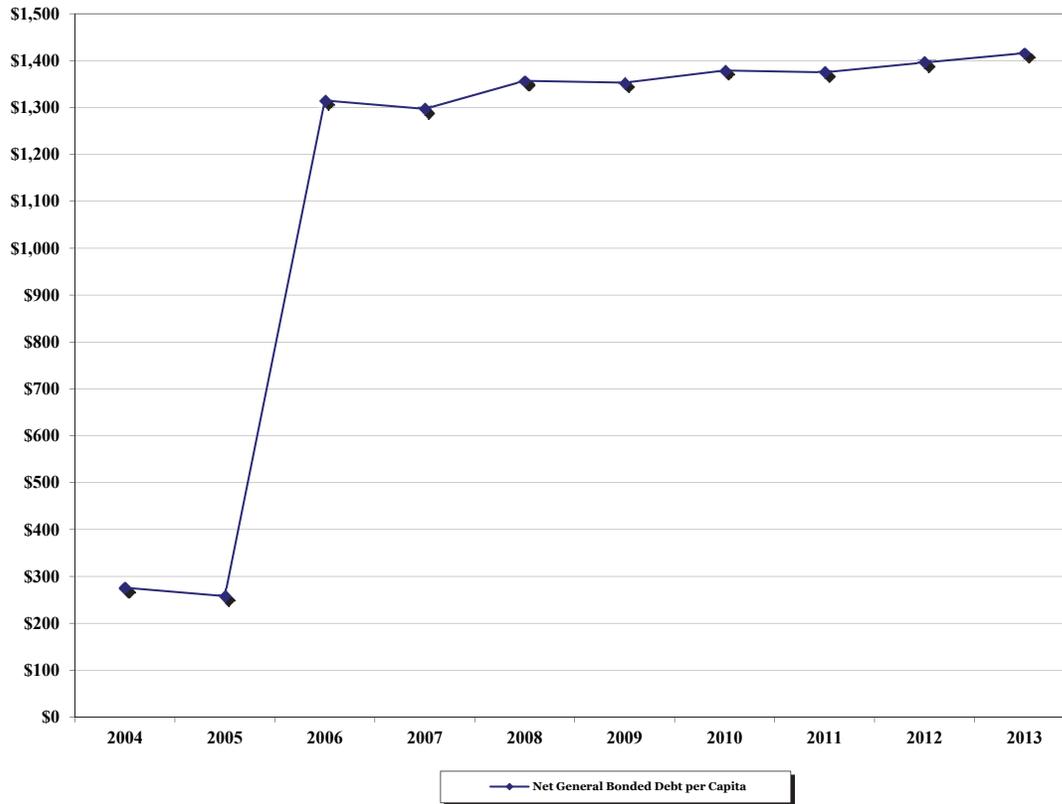


Fiscal Year	Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2004	\$12,835,207	\$2,035,000	\$3,491,256	\$5,526,256	2.32
2005	14,065,091	2,610,000	4,404,180	7,014,180	2.01
2006	15,925,961	3,075,000	4,817,908	7,892,908	2.02
2007	24,953,805	2,250,000	4,463,106	6,713,106	3.72
2008	26,535,184	2,345,000	4,359,236	6,704,236	3.96
2009	28,012,195	6,450,000	9,589,715	16,039,715	1.75
2010	18,559,284	69,170,000 (2)	7,220,349	76,390,349	0.24
2011	17,743,295	6,225,000	5,905,703	12,130,703	1.46
2012	15,619,530 (3) (4)	6,285,000	5,972,529	12,257,529	1.27
2013	16,320,481 (4)	6,565,000	5,754,825	12,319,825	1.32

- Note: (1) Includes the 1991, 1998, 2000, 2003, 2004, 2007 and 2010 Bonds.  
(2) Includes current refunding of the 2007 Bonds of \$64,275,000  
(3) The Redevelopment Agency was dissolved effective January 31, 2012, and its liabilities were assumed by a Successor Agency. Amounts reported here include tax revenue and debt service of both the former Redevelopment Agency and the Successor Agency.  
(4) Beginning in fiscal year 2012, tax increment reported in this table is the amount calculated by the County Auditor-Controller. Under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.

Source: City of Richmond Annual Financial Statements

**CITY OF RICHMOND  
GENERAL BONDED DEBT  
PENSION OBLIGATION BONDS (1)  
LAST TEN FISCAL YEARS**



<b>Fiscal Year</b>	<b>Bonds Outstanding</b>	<b>Restricted Cash and Investments (2)</b>	<b>Net Bonds Outstanding</b>	<b>Net Assessed Value of Property</b>	<b>Ratio of General Bonded Debt to Net Assessed Value of Property</b>	<b>Net General Bonded Debt per Capita</b>
2004	\$27,945,000		\$27,945,000	\$7,462,219,000	0.37%	\$276
2005	26,225,000		26,225,000	8,560,934,000	0.31%	258
2006	140,799,775	\$6,288,686	134,511,089	9,441,403,000	1.42%	1,315
2007	143,575,313	11,013,589	132,561,724	10,048,259,000	1.32%	1,297
2008	146,453,616	6,291,336	140,162,280	10,457,437,000	1.34%	1,357
2009	150,493,392	9,916,755	140,576,637	11,244,866,000	1.25%	1,353
2010	152,059,727	7,841,951	144,217,776	10,017,226,000	1.44%	1,379
2011	153,589,314	8,314,362	145,274,952	8,641,310,346	1.68%	1,375
2012	155,060,554	8,617,952	146,442,602	9,242,647,000	1.58%	1,396
2013	156,483,676	7,054,942	149,428,734	11,098,301,000	1.35%	1,416

Note: (1) Includes the 1999 Bonds issued in fiscal year 2000, and the 2005 Bonds issued in fiscal year 2006.  
(2) Restricted cash is being held with the City's fiscal agent, Union Bank, and is restricted for the payment of the bonds.

Source: City of Richmond Annual Financial Statements

**CITY OF RICHMOND  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2013**

2012-2013 Assessed Valuation: \$12,760,534,416

	Total Debt June 30, 2013	% Applicable (1)	City's Share of Debt June 30, 2013
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Bay Area Rapid Transit District	\$410,690,000	2.539%	\$10,427,419
Contra Costa Community College District	209,930,000	9.034%	18,965,076
West Contra Costa Unified School District	795,770,136	53.995%	429,676,085
West Contra Costa Healthcare District Parcel Tax Obligations	60,845,000	49.021%	29,826,827
East Bay Municipal Utility District, Special District No. 1	18,555,000	0.631%	117,082
East Bay Regional Park District	135,565,000	3.923%	5,318,215
City of Richmond Community Facilities District No. 1998-1	3,290,000	100%	3,290,000
City of Richmond 1915 Act Bonds	18,470,000	100%	18,470,000
<b>TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$516,090,704</b>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Contra Costa County General Fund Obligations	\$282,641,006	8.999%	\$25,434,864
Contra Costa County Pension Obligations	310,110,000	8.999%	27,906,799
Alameda-Contra Costa Transit District Certificates of Participation	31,380,000	7.458%	2,340,320
Contra Costa Community College District Certificates of Participation	780,000	9.034%	70,465
West Contra Costa Unified School District Certificates of Participation	7,915,000	53.995%	4,273,704
<b>City of Richmond General Fund Obligations</b>	<b>135,470,000</b>	<b>100%</b>	<b>135,470,000</b>
<b>City of Richmond Pension Obligations</b>	<b>106,345,133</b>	<b>100%</b>	<b>106,345,133</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>			<b>301,841,285</b>
Less: Contra Costa County general fund obligations supported by revenue funds			9,448,297
<b>City of Richmond obligations supported by port revenues</b>			<b>49,760,800</b>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>			<b>\$242,632,188</b>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency)</u>	\$106,962,002	100%	\$106,962,002
<b>TOTAL GROSS DIRECT DEBT</b>			<b>\$241,815,133</b>
<b>TOTAL NET DIRECT DEBT</b>			<b>\$192,054,333</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<b>\$683,078,858</b>
<b>TOTAL NET OVERLAPPING DEBT</b>			<b>\$673,630,561</b>
<b>GROSS COMBINED TOTAL DEBT</b>			<b>\$924,893,991 (2)</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$865,684,894</b>

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2011-12 Assessed Valuation:  
Total Net Overlapping Tax and Assessment Debt 4.04%

Ratios to Adjusted Assessed Valuation:  
**Gross Combined Direct Debt (\$924,893,991) 2.37%**  
**Net Combined Direct Debt (\$865,684,894) 1.90%**  
Combined Total Debt 7.25%  
Net Combined Total Debt 6.78%

Ratios to Successor Agency Redevelopment Incremental Valuation (\$1,558,233,442):  
Total Overlapping Tax Increment Debt 6.86%

Source: HdL Coren & Cone, Contra Costa County Assessor and Auditor

**CITY OF RICHMOND  
COMPUTATION OF LEGAL BONDED DEBT MARGIN  
JUNE 30, 2013**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$12,656,534,000
---	------------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$474,620,025
---	---------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$0
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	0
Amount of debt subject to limit	0

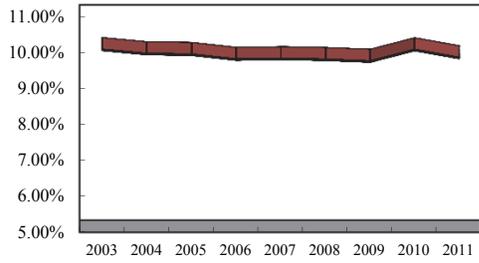
LEGAL BONDED DEBT MARGIN	\$474,620,025
--------------------------	---------------

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2004	\$321,176,925	\$0	\$321,176,925	0.00%
2005	366,044,400	0	366,044,400	0.00%
2006	404,544,075	0	404,544,075	0.00%
2007	451,169,588	0	451,169,588	0.00%
2008	479,670,300	0	479,670,300	0.00%
2009	511,844,663	0	511,844,663	0.00%
2010	440,766,450	0	440,766,450	0.00%
2011	383,834,888	0	383,834,888	0.00%
2012	405,777,338	0	405,777,338	0.00%
2013	474,620,025	0	474,620,025	0.00%

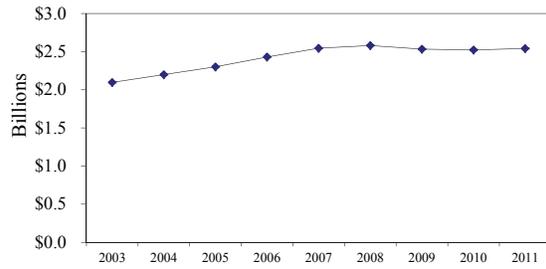
NOTE:

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

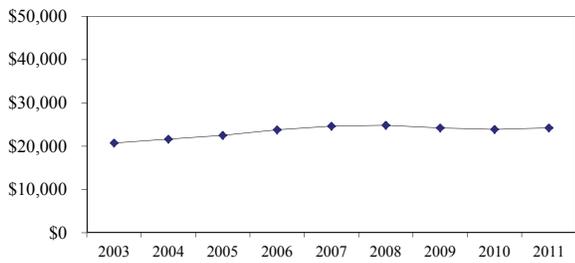
CITY OF RICHMOND  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN CALENDAR YEARS



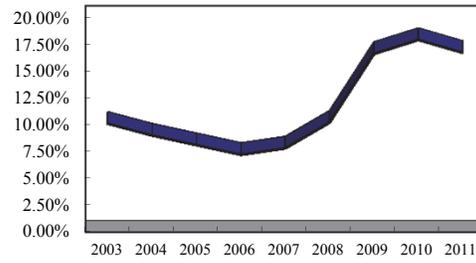
■ City Population as a % of County Population



◆ Per Capita Personal Income



◆ Per Capita Personal Income



■ Unemployment Rate (%)

Calendar Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%)	Contra Costa County Population	City Population % of County
2003	101,137	\$2,096,562,000	\$20,730	10.1%	1,003,900	10.07%
2004	101,660	2,198,664,000	21,628	9.0%	1,020,898	9.96%
2005	102,307	2,301,226,000	22,493	8.1%	1,029,377	9.94%
2006	102,182	2,429,855,000	23,780	7.2%	1,042,341	9.80%
2007	103,306	2,544,898,000	24,635	7.8%	1,051,674	9.82%
2008	103,895	2,579,939,000	24,832	10.2%	1,060,435	9.80%
2009	104,602	2,532,776,000	24,213	16.6%	1,073,055	9.75%
2010	105,630	2,522,550,000	23,881	17.9%	1,049,025	10.07%
2011	104,887	2,540,888,000	24,225	16.7%	1,065,117	9.85%
2012	105,562	2,615,932,000	24,781	11.6%	1,079,597	9.78%

Source: HDL Coren & Cone

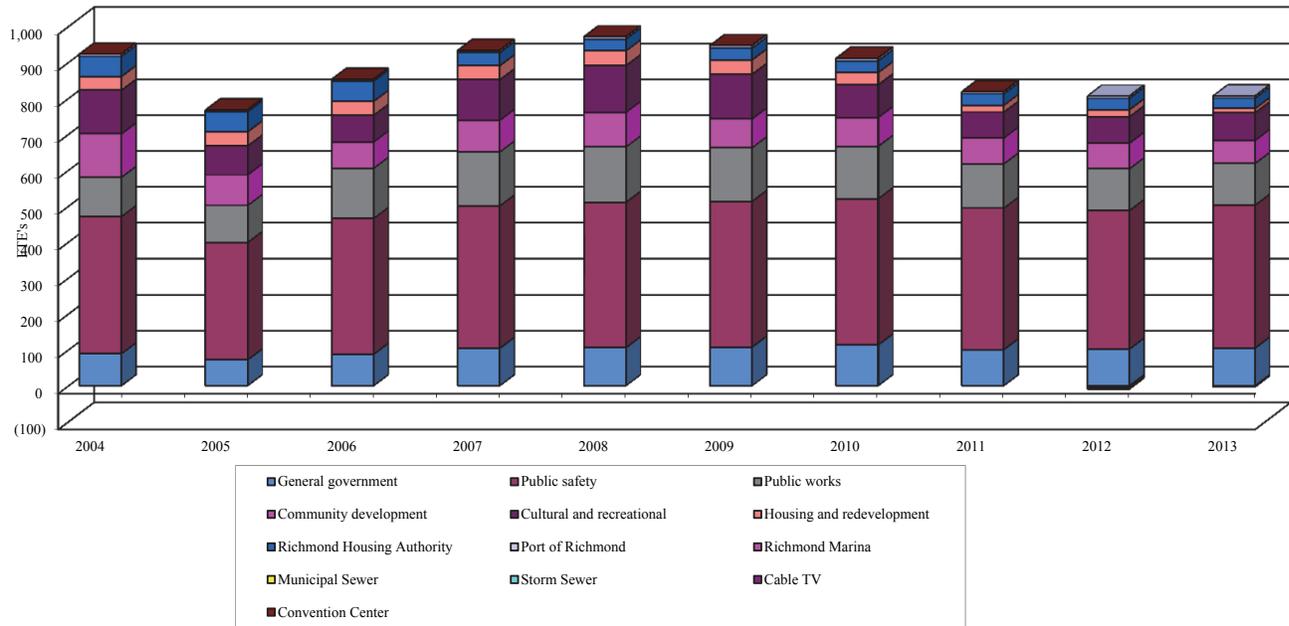
**CITY OF RICHMOND**  
**Principal Employers**  
**Current Year**

<u>Employer</u>	<u>2012-13</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Chevron Refinery	2,191	1	2.1%
West Contra Costa Unified School District	1,580	2	1.5%
Social Security Administration	1,259	3	1.2%
U.S. Postal Service	1,047	4	1.0%
Contra Costa County	844	5	0.8%
City of Richmond	776	6	0.7%
The Permanente Medical Group	694	7	0.7%
Kaiser Foundation Hospitals	426	8	0.4%
Bio-Rad Laboratories	473	9	0.5%
Michael Stead Auto Depot and Sales	<u>472</u>	10	<u>0.5%</u>
Subtotal	<u><u>9,762</u></u>		<u><u>9.3%</u></u>
Total City Day Population	<u><u>104,887</u></u>		

Source: City of Richmond Community Development Department

Notes: Data for fiscal year 2003/04 is not available

**CITY OF RICHMOND**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Nine Fiscal Years**



	Adopted for Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Function</b>										
General government	89.0	71.5	87.2	104.0	105.5	107.2	113.2	100.2	101.7	104.5
Public safety	382.0	327.0	378.5	396.5	405.0	406.0	407.0	394.0	386.0	398.0
Public works	109.0	103.0	139.5	150.0	154.0	149.0	146.0	123.0	116.0	116.0
Community development	120.9	84.9	73.0	88.0	96.0	80.0	80.0	72.0	71.0	64.0
Cultural and recreational	121.6	80.8	74.4	113.2	130.4	124.4	91.2	72.2	73.8	76.8
Housing and redevelopment	38.2	39.2	39.0	39.0	41.0	40.0	34.0	19.0	19.6	12.0
Richmond Housing Authority and RHA Properties	56.0	56.0	56.0	36.5	33.0	33.0	33.0	32.0	32.0	29.0
Port of Richmond	6.1	5.1	5.0	6.0	6.0	7.0	7.0	6.0	6.0	6.0
Richmond Marina	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Municipal Sewer	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Storm Sewer	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Cable TV	(1)	(1)	(1)	(1)	(1)	(1)	(3)	(3)	(3)	(3)
Convention Center	(1)	(1)	(1)	(2)	(2)	(2)	(3)	(3)	(3)	(3)
<b>Total</b>	<b>922.80</b>	<b>767.50</b>	<b>852.60</b>	<b>933.20</b>	<b>970.90</b>	<b>946.60</b>	<b>911.40</b>	<b>818.40</b>	<b>806.10</b>	<b>806.30</b>

Source: City of Richmond Budget

Notes:

Data prior to fiscal year 2004 is not available

(1) These services are provided by outside contractors.

(2) Convention Center closed during renovation and staff moved under cultural and recreational.

(3) Staff that perform these functions are included under General Government and Cultural and Recreational.

**CITY OF RICHMOND**  
**Operating Indicators by Function/Program**  
**Last Nine Fiscal Years**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Function/Program</b>									
<b>Public safety:</b>									
Fire:									
Fire calls for service	10,068	10,068	11,006	10,677	9,861	11,723	12,237	12,770	12,868
Primary fire inspections conducted	5,502	5,502	9,795	5,581	6,201	5,752	5,055	1,071	2,716
Number of firefighters	78	93	99	99	98	109	83	85	93
Number of firefighters and civilians per thousand population	0.8	0.9	1.0	1.0	1.1	1.0	1.2	0.8	0.8
Police:									
Number of police officers per thousand population	1.6	1.7	1.7	1.7	1.7	1.9	1.7	1.8	1.8
Number of sworn officers	164	179	179	187	176	200	188	191	195
Water									
Daily average consumption in gallons per family	250	250	250	250	250	250	250	250	250

**Source:** City of Richmond

**Note:** Data prior to 2005 is not available

**CITY OF RICHMOND**  
**Capital Asset Statistics by Function/Program**  
**Last Eight Fiscal Years**

	2006	2007	2008	2009	2010	2011	2012	2013
<b>Function/Program</b>								
Public safety:								
Fire stations	7	7	7	7	7	7	7	7
Police stations	6	6	6	6	6	4	4	4
Library (#) of Locations	1	1	3 *	3	3	3	3	3
(* two branch library sites were refurbished and opened in January 2008)								
Public works								
Miles of streets	280	280	280	280	280	280	280	280
Street lights	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Urban Forest (trees)	39,900	40,200	40,200	40,200	40,757	41,293	41,562	26,000 (a)
Culture and recreation:								
Community services:								
City parks	53	55	55	55	55	55	55	55
City parks acreage	280.0	336.6	336.6	336.6	336.6	336.6	336.6	336.6
Open Space & Public Landscapes acreage	562.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0
Lawn bowling	1	1	1	1	1	1	1	1
Recreation centers	8	8	8	8	8	8	8	8
Auditorium/Theater	1	1	1	1	1	1	1	1
Gymnasiums	3	3	3	3	3	3	3	3
Senior centers	2	2	2	2	2	2	2	2
Headstart centers/day cares	10	6	6	6	6	6	6	6
Putting green	1	1	1	1	1	1	1	1
Basketball courts	28	28	28	28	28	28	28	28
Swimming pools	1	1	1	1	1	2	2	2
Tennis courts	17	20	20	20	20	20	20	20
Baseball/softball diamonds	26	26	26	26	26	26	26	26
Soccer/football fields	17	17	17	17	17	17	17	17
Cricket fields	2	2	2	2	2	2	2	2
Water								
Fire hydrants	3,153	3,153	3,153	3,153	3,153	3,153	3,153	3,153
Wastewater								
Miles of sanitary sewers	230	230	230	230	230	230	230	230
Miles of storm sewers	310	310	310	310	310	310	310	310
Land Area (square miles)	33.7	33.7	33.7	33.7	33.7	33.7	33.7	33.7
Miles of waterfront	32	32	32	32	32	32	32	32

**Source:** City of Richmond

**Note:** Data prior to 2006 is not available

(a) Trees managed by the City.

Data Prior to 2013 includes trees managed by other entities, such as East Bay Regional Park District, National Parks and Privately owned.

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