



Comprehensive
Annual
Financial Report
Richmond, California



For The Year Ended June 30, 2007



CITY OF RICHMOND, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Prepared by
THE FINANCE DEPARTMENT

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**CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2007

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FINANCE DEPARTMENT



1401 MARINA WAY SOUTH
RICHMOND, CA 94804
(510) 620-6740

February 22, 2008

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, 2007, 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 respects.

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, 2007, 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, 2007. The Independent Auditors' Report is presented as the first component of the Financial Section of this report.

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

The Reporting Entity and Its Services

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

As required by GAAP, these 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 Community Redevelopment Agency, the Richmond Housing Authority, the Richmond Joint Powers Financing 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 two inactive component units, Richmond Parking Authority and Richmond Surplus Property 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 eight members elected at-large to alternating 4-year terms. The Mayor is elected at large and is a ninth 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, including a Wal-Mart that

opened April, 2007, in retail space at Hilltop Mall and a Target that will replace a vacant Montgomery Ward site at Macdonald and Interstate 80. Growth in these sectors is adding diversity to Richmond's broad-based economy. At the same time, the Port of Richmond has recently found new success in the importation of automobiles.

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

- The ongoing development and leasing of light industrial/business park property at Hilltop and along the relatively new I-580 freeway along Richmond's South Shoreline evidence that an active market for this kind of space exists in the Richmond area;
- Availability of fairly extensive vacant or under-utilized land areas zoned for industrial use;
- Relatively lower land costs than 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 recent Richmond Transit Village featuring an inter-modal station providing easy access to Bay Area Rapid Transit (BART), Amtrak and busses); and
- Availability of relatively affordable housing for employees in a variety of neighborhoods, housing types and price ranges.

Small business firms, 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 recently implemented 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, 2007 include the following:

Public Safety

- Implemented an Office of Neighborhood Safety in the City Manager's Office.
- Reorganized the Police Department with a stronger focus on community-oriented policing.
- Contracted with the Contra Costa District Attorney's Office for more effective prosecution of misdemeanors.
- Expanded fire suppression capabilities through the addition of a truck company.
- Authorized nine Police Report Transcribers to improve the productivity of Police officers and to facilitate the timely reporting of crime incidents and analysis of crime patterns.
- Relocated Police Department offices to renovated, leased facilities to facilitate Police operations and employee safety and morale.

Economic & Neighborhood Development

- Increased funding for the Summer Youth Employment Program.
- Commenced physical renovation of the downtown Civic Center.
- Initiated specific urban design and development strategies for Macdonald Avenue and 23rd Street corridors.

Strategic Support

- Added a grants manager to expand efforts in acquiring grants, as well as to assist departments with fiscal management of their grants.
- Received the Distinguished Budget Presentation Award from the Government Finance Officers Association for the FY 2006-2007 Adopted Budget.
- Adopted a comprehensive Five-Year Capital Improvement Plan; received the Meritorious Award for Capital Budgeting from the California Society of Municipal Finance Officers for the Fiscal Year 2006-07 through Fiscal Year 2010-2011 Five-Year Capital Improvement Plan.
- Received the Award for Outstanding Financial Reporting from the California Society of Municipal Finance Officers for the Comprehensive Annual Financial Report for the year ending June 30, 2006.
- Initiated and monitored budget performance measures, transitioning to performance-based budgeting.
- Selected a provider for the City's new, integrated, automated Enterprise Resource Planning (ERP) system.
- Revised the City's website to promote greater transparency of City activities, especially financial activities and processes. The operating and capital budgets, ten years of annual financial statements, monthly investment and cash reports and many other reports are currently posted to the website to facilitate user access to the City's financial operations.
- Implemented an on-line vendor registration and bid process system to expedite the City purchase of goods and services.
- Revised purchasing and accounts payable processes to provide more-timely processing of all vendor invoices.
- Set aside an additional \$2 million to commence contributions toward the unfunded actuarial liability of post-employment health benefits.

Recreation & Cultural Services

- Reorganized Recreation Division and added new positions to significantly expand program offerings.
- Rehabilitated five community centers, along with surrounding parks in preparation for summer 2007.
- Installed web-connected computers at targeted community centers.
- Reorganized and added staff to enhance landscape maintenance of parks and medians.

Public Works

- Reorganized Public Works Department with expanded staffing levels for increased field services and supervision.
- Increased staffing levels in Engineering to more effectively deliver capital projects on time and on budget.
- Instituted a sewer lateral inspection program.

Long-term Financial Planning

- Adopted and adhered to a structurally balanced budget for 2006-07 that resulted in the continued designation of \$10 million for contingency reserves.
- Completed the pavement distress survey, updated the pavement condition index and generated a five-year work plan for the Pavement Management Program.

Recent growth in the City's revenues, coupled with a balance sheet that is significantly stronger than in recent years, enabled the City to include enhanced service levels in a number of areas as part of the Adopted Budget for Fiscal Year 2007-08:

Public Safety

- Increasing funding for the institutionalizing of the Office of Neighborhood Safety.
- Implementing new wireless camera technology in various areas of the City to reduce illegal activities and improve public safety.
- Adding a staff to better manage and coordinate technology services and enhancements for the Police and Fire departments.
- Adding funds for a contracted forensics specialist to handle priority analyses at the County crime laboratory.
- Adding staff for more expeditious processing of Police records.
- Adding staff to assist the Office of Emergency Services and the Fire Training Division.
- Providing funding to reduce fire risk in the fields and hills surrounding Pt. Molate.
- Operating the new (temporary) Police facilities.

Economic & Neighborhood Development

- Increasing the funding for and the number of youth served by the Summer Youth Employment Program.
- Securing the funding to complete the physical renovation of the downtown Civic Center.
- Continuing specific urban design and development strategies for Macdonald Avenue and 23rd Street corridors.
- Implementing programs that increase the development and permit application processing efficiency and effectiveness in the Planning and Building Services Department.

Strategic Support

- Adding a grants management system to expand efforts in acquiring grants, as well as to assist departments with fiscal management of their grants.
- Received the Distinguished Budget Presentation Award from the Government Finance Officers Association for the FY 2007-2008 Adopted Budget, the second consecutive year.
- Adopted a comprehensive Five-Year Capital Improvement Plan; received the Meritorious Award for Capital Budgeting from the California Society of Municipal Finance Officers

for the Fiscal Year 2007-08 through Fiscal Year 2011-2012 Five-Year Capital Improvement Plan, the second consecutive year.

- Initiating development of a five-year Strategic Business Plan for the City to incorporate the forthcoming adoption of the City's General Plan.
- Initiating efforts to implement a new, integrated, automated Enterprise Resource Planning (ERP) system following an 18-month vendor selection process.
- Adding funding for the development of an enhanced program to develop and utilize local vendors in the contracting of City services, as well as to increase the utilization of the local workforce.
- Adding staff to provide better fleet maintenance and reduce down time.
- Providing for full funding of the City's Annual Required Contribution (ARC) for retirees' health benefits.
- Adding part-time administrative interns to support the public outreach of and analysis of issues for Council members.
- Ensuring that all vehicles within the City's fleet were on a replacement schedule and fully funded.

Recreation & Cultural Services

- Establishing a stand alone Recreation Department, with a dedicated Recreation Director to develop and implement expanded recreational opportunities.
- Renovating and reopening two branch libraries.
- Adding staff for operation of the two branch libraries and extending hours of operation at the Main Library.

Public Works

- Realigning and expanding staff resources in the Engineering Department to create a capital projects management division to more effectively manage and deliver quality capital projects.
- Replacing street lighting systems to improve illumination and improve system reliability.
- Adding staff and operating support for improved park and landscape maintenance, including street medians and pedestrian/bike pathways.
- Instituting a \$100,000 per year contribution to fund to private sewer lateral sewer replacements under the new inspection program.
- Adding additional street repair crews.
- Adding funding to effect improved neighborhood clean-up efforts.

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 April 17, 2007. The Investment Policy is in compliance with Section 53601 of the State of California Code.

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

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

The average earned interest yield for the year ended June 30, 2007 was 3.07 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 controlling the City’s overall cost of risk. This entails a number of components including exposure assessment, loss control and mitigation, loss funding and claims management. The Division’s pre-loss efforts include safety training and employee education programs, operational, financial and transactional risk and hazard evaluation, implementation of regulatory and legislative requirements and the evaluation and use of risk financing methods including self-insured retentions, risk transfer opportunities and the purchase of insurance.

The City self-insures and self administers a portion of its Workers’ Compensation program and purchases insurance coverage for claims up to \$24 million in excess of the annually-determined self-insured retention (\$1 million). Risk Management is instrumental in evaluating retention and insurance costs to optimize the City’s cash flow and manage its overall Workers’ Compensation costs. The City also self-insures a portion of its liability risk and purchases excess insurance above an annually-determined self-insured retention from a governmental risk pool. Liability claims are administered by the risk pool. As with Workers’ Compensation risk, Risk Management is instrumental in evaluating retention and insurance costs to optimize the City’s cash flow and manage its overall liability costs.

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

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.

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 Plan.

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.

In addition to the pension benefits described 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, 2007, 413 retirees met those eligibility requirements. The City has funded these benefits on a pay-as-you-go basis. During fiscal year 2007, expenditures of \$1,973,346 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 City received the California Society of Municipal Finance Officers (CSMFO) Certificate of Award for Outstanding Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. We believe our current report continues to conform to the Certificate program requirements. This report will be submitted to CSMFO and the Finance Officers' Association of the United States and Canada (GFOA) for award recognition.

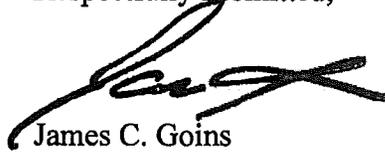
ACKNOWLEDGEMENTS

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.

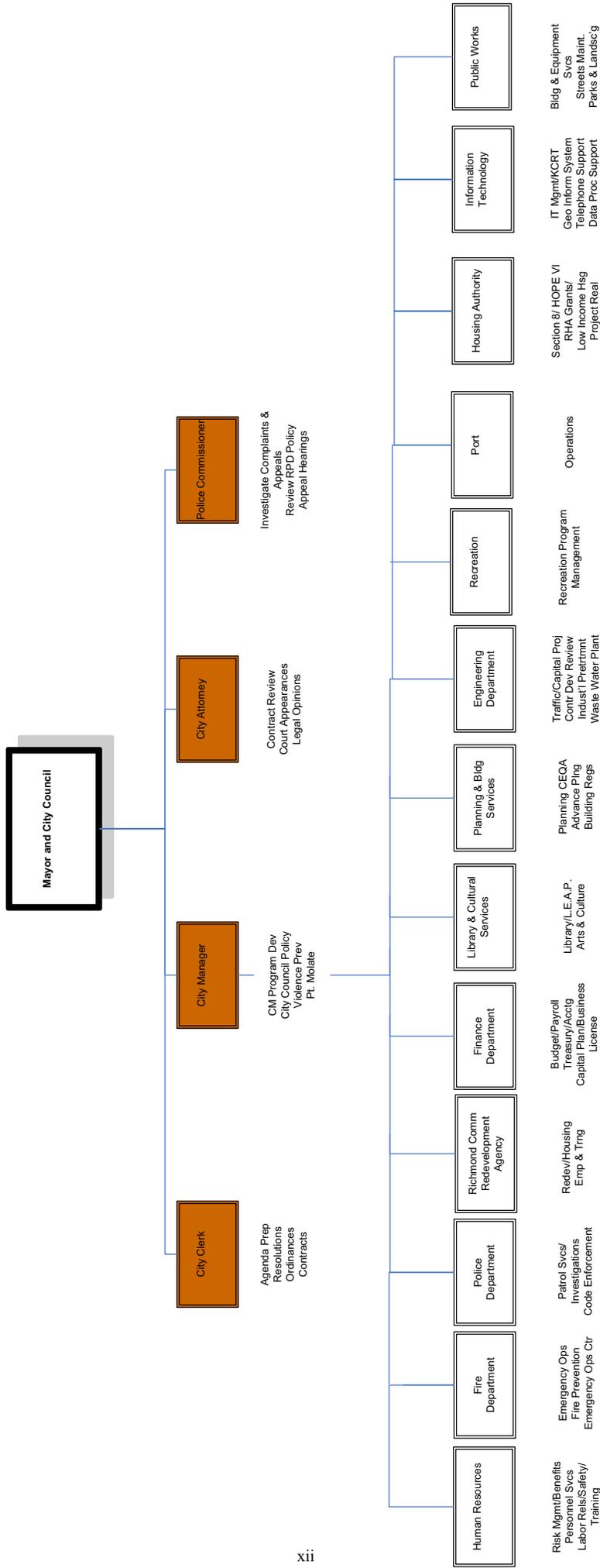
Respectfully submitted,



James C. Goins
Finance Director/Treasurer



City of Richmond
Fiscal Year 2007-08 Organizational Chart



CITY OF RICHMOND, CALIFORNIA

CITY OFFICIALS

CITY COUNCIL

Gayle McLaughlin	Mayor
John E. Marquez.....	Vice-Mayor
Nathanial Bates.....	Councilmember
Tom K. Butt.....	Councilmember
Ludmyrna Lopez.....	Councilmember
John Marquez.....	Councilmember
Jim Rogers.....	Councilmember
Harpreet Sandhu	Councilmember
Tony Thurmond.....	Councilmember
Maria Viramontes	Councilmember

ADMINISTRATION AND DEPARTMENT HEADS

Bill Lindsay.....	City Manager
Leslie Knight.....	Asst. City Manager/Human Resources Director
Louise Renne.....	City Attorney
Diane Holmes.....	City Clerk
James Goins.....	Finance Director/Treasurer
Michael Banks.....	Fire Chief
Monique LeConge.....	Library and Community Services Director
Yader Bermudez.....	Public Works Director
Sal Vaca.....	Employment & Training Director
Sue Hartman.....	Information Technology Director
Jim Matzorkis.....	Port Director
Tim Jones.....	Public Housing Director
Christopher Magnus.....	Police Chief
Richard Mitchell.....	Planning Director
Steve Duran.....	Community & Economic Dev. Director
Rich Davidson	Engineering Director
Devone Boggan.....	Neighborhood Safety Director

CITY OF RICHMOND, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT For The Fiscal Year Ended June 30, 2007

Prepared by the City of Richmond Department of Finance
Accounting Division

PROJECT TEAM

James C. Goins
Finance Director/Treasurer

Herbert L. Pike
Deputy Finance Director

General Accounting

Tina Mckenney, *Chief Accountant*

Nena Gapasin, *Senior Accountant*

Yolanda Skelton, *Senior Accountant*

Crispin Nunez, *Accountant II*

Chinwe Okoli, *Accountant II*

Rhonda Jackson, *Accountant II*

Tracie Thomas, *Accountant I*

Other Finance Department Contributors

Administration Division Accounts Payable Division
Treasury Division Purchasing Division Revenue Division
Payroll Division Budget Division
Grants Division

Special Assistance from Other Departments

RICHMOND COMMUNITY REDEVELOPMENT AGENCY
HOUSING & COMMUNITY DEVELOPMENT
RICHMOND HOUSING AUTHORITY

*California Society of
Municipal Finance Officers*

Certificate of Award

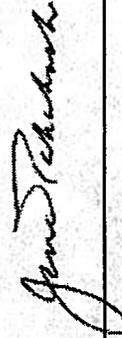
Outstanding Financial Reporting 2005-06

Presented to the

City of Richmond

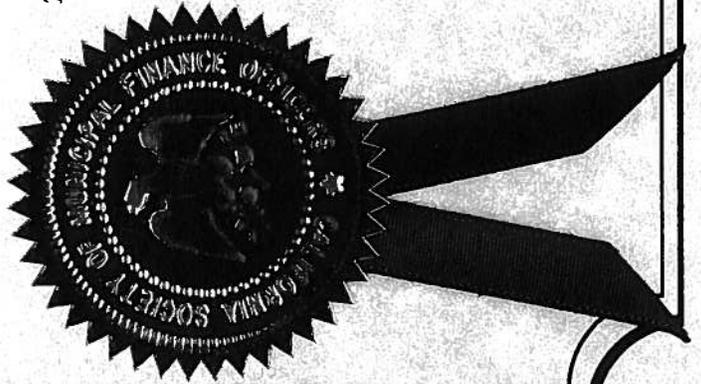
*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

March 6, 2007



Jesse Takahashi
Professional and Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Richmond, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit of RHA Properties, each major fund, and the aggregate remaining fund information of the City of Richmond, California as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, based on our audit the basic financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Richmond, California at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof listed as part of the basic financial statements for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued reports dated February 22, 2008 on our consideration of the City's internal control structure and on its compliance with laws and regulations.

Management's Discussion and Analysis and the Budget and Actual Statement for the General Fund are not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Richmond. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section listed in the table of contents were not audited by us and we do not express an opinion on this information.



February 22, 2008

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MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2007

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, 2007. We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 24.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$370 million (net assets). Of this amount, \$61.7 million is restricted for specific purposes (restricted net assets), \$267.4 million is invested in capital assets, and \$40.7 million is unrestricted.
- The City's total net assets increased by \$37.3 million during the fiscal year. \$29.6 million of the increase is attributed to governmental activities. Restricted assets for governmental activities increased \$15.7 million to \$60.3 million, while capital assets, net of debt, increased \$14.3 million to \$170.3 million. Unrestricted net assets increased \$4.3 million to \$48.8 million. Business-type activities net assets increased \$7.8 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending balances of \$173.5 million, an increase of \$7.1 million in comparison to prior year. This increase of \$7.1 million includes a \$16.2 million increase in total assets and a \$9.1 million increase in liabilities. Approximately 70 percent of the fund balance, \$120.9 million, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the fiscal year, the General Fund had fund balance of \$54.4 million, of which \$10 million was designated for contingencies. This reflects a \$6.2 million increase over the prior year. This is the fourth consecutive year that the fund balance has increased.
- The City's investment in its capital assets continues to increase. Total capital assets increased \$22.4 million over the previous year. Construction in progress increase \$31.3 million, 50 percent, from the prior year. Governmental activities total assets increased \$15.1 million, accounting for almost three-fourths of the all funds increase.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements:

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

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

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

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

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

Business-Type Activities – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities of the City include Richmond Housing Authority, Port of Richmond, Richmond Marina, Municipal Sewer District, Storm Sewer 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 24-27 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 has 19 governmental funds, of which four are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City’s four major funds are the General Fund, Redevelopment Agency, Joint Powers Financing Authority (JPFA) and Secured Pension Override. The basic governmental fund financial statements can be found on pages 30 through 33 of the financial report. Data from the other fifteen governmental funds are combined into a single, aggregated presentation.

Proprietary Funds – Proprietary funds of the City are two types: (1) enterprise funds; and (2) internal service funds. The City maintains seven 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 36 through 38 of the financial report.

The five internal service funds are also considered a proprietary fund type. The funds consist of the Insurance Reserves, Information Technology, Equipment Services and Replacement, Facilities Maintenance 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 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 40-41.

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 43 through 101 of this report.

Required Supplementary Information:

In addition to the basic financial statements and accompanying notes, this report also includes certain required supplementary information providing a budgetary comparison statement for the General Fund. Required supplementary information can be found on pages 102 through 103 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Assets:

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. The City’s combined net assets (government and business type activities) totaled \$370 million at the close of the fiscal year ending June 30, 2007. The City’s net assets increased by \$37.3 million during the current fiscal year. This is the result of continued growth in major revenue categories, along with tight controls on expenditures.

The largest portion of the City's net assets is invested in capital assets (e.g. land, streets, sewers, buildings, machinery, and equipment). Investment in capital assets totaled \$267.4 million, 72 percent of the total net asset amount. The net asset amount for capital assets is net of the outstanding debt that was incurred to acquire the assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A \$61.7 million portion of the City's net assets is accounted for as restricted net assets and represents resources that are subject to external restrictions on how they may be used. This was an increase from the prior year of \$12.2 million primarily as the result of property tax increment received by the Redevelopment Agency.

City of Richmond's Net Assets
(in thousands)

June 30, 2007

	Governmental Activities		Business-type Activities		Totals	
	FY2007	FY2006	FY2007	FY2006*	FY2007	FY2006
Assets:						
Current assets	\$ 359,831	\$ 341,376	\$ 10,323	\$ 12,348	\$ 370,154	\$ 353,724
Capital assets	255,165	240,031	140,495	133,239	395,660	373,270
Total assets	<u>614,996</u>	<u>581,407</u>	<u>150,818</u>	<u>145,587</u>	<u>765,814</u>	<u>726,994</u>
Liabilities:						
Current liabilities	34,355	26,814	6,287	6,952	40,642	33,766
Long-term liabilities	301,315	304,845	54,023	55,890	355,338	360,735
Total liabilities	<u>335,670</u>	<u>331,659</u>	<u>60,310</u>	<u>62,842</u>	<u>395,980</u>	<u>394,501</u>
Net Assets:						
Invested in capital assets, net of related debt	170,259	155,931	97,164	90,590	267,423	246,521
Restricted	60,271	49,292	1,428	177	61,699	49,468
Unrestricted	48,795	44,526	(8,085)	(8,022)	40,711	36,504
Total net assets	<u>\$ 279,326</u>	<u>\$ 249,749</u>	<u>\$ 90,508</u>	<u>\$ 82,745</u>	<u>\$ 369,834</u>	<u>\$ 332,493</u>

* The discrete component unit is excluded in the FY 2006 Business-type Activities for purposes of comparison.

At the end of the current fiscal year, the City is able to report positive and improved balances for both governmental and business-type activities in all categories.

Analysis of Activities:

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

City of Richmond's Changes in Net Assets						
For the Year Ended June 30, 2007						
(in thousands)						
	Governmental		Business-type		Totals	
	Activities	Activities	Activities	Activities	Activities	Activities
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
Revenues:						
Program revenues:						
Charges for services	\$ 18,639	\$ 21,136	\$ 22,506	\$ 22,200	\$ 41,145	\$ 43,336
Operating grants/contributions	11,310	10,738	-	-	11,310	10,738
Capital grants/contributions	8,660	4,585	23,789	32,876	32,449	37,461
General revenues:						
Property taxes-current collections	73,497	58,637	11	11	73,507	58,648
Property taxes-Pension Reserve Fd	-	17,316	-	-	-	17,316
Sales taxes	28,218	25,402	-	-	28,218	25,402
Utility user taxes	27,007	30,199	-	-	27,007	30,199
Documentary transfer taxes	7,298	10,671	-	-	7,298	10,671
Other taxes	4,744	4,019	-	-	4,744	4,019
Use of money and property	7,896	5,491	1,618	1,150	9,514	6,641
Unrestricted Intergovernmental	439	955	-	-	439	955
Gain on sale of capital assets	3,113	2,361	41	-	3,154	2,361
Pension stabilization revenue	4,240	4,175	-	-	4,240	4,175
Developer revenue sharing	591	3,255	-	-	591	3,255
Settlement reimbursement	-	4,226	-	-	-	4,226
Other	3,255	3,144	-	-	3,255	3,144
Total revenues	<u>198,907</u>	<u>206,310</u>	<u>47,965</u>	<u>56,237</u>	<u>246,872</u>	<u>262,547</u>
Expenses:						
General government	24,107	20,757	-	-	24,107	20,757
Public safety	69,146	64,706	-	-	69,146	64,706
Public works	25,266	40,119	-	-	25,266	40,119
Community development	5,446	6,401	-	-	5,446	6,401
Cultural & recreation	15,638	10,516	-	-	15,638	10,516
Housing & redevelopment	11,339	14,588	-	-	11,339	14,588
Interest and fiscal charges	16,041	13,970	-	-	16,041	13,970
Richmond Housing Authority	-	-	21,902	25,762	21,902	25,762
Port of Richmond	-	-	3,691	2,896	3,691	2,896
Richmond Marina	-	-	331	246	331	246
Municipal Sewer	-	-	12,236	9,600	12,236	9,600
Storm Sewer	-	-	3,591	2,954	3,591	2,954
Cable TV	-	-	799	703	799	703
Convention Center	-	-	-	275	-	275
Total expenses	<u>166,983</u>	<u>171,056</u>	<u>42,550</u>	<u>42,435</u>	<u>209,533</u>	<u>213,493</u>
Excess (Deficiency) of Revenues	-	-	-	-	-	-
Over (Under) Expenses	31,924	35,254	5,415	13,802	37,339	49,056
Transfers	(2,347)	376	2,347	(376)	-	-
Changes in Net Assets	29,577	35,630	7,762	13,426	37,339	49,056
Net assets at beginning of year, as restated	249,749	214,119	82,746	69,319	332,495	283,438
Net assets at end of year	<u>\$ 279,326</u>	<u>\$ 249,749</u>	<u>\$ 90,508</u>	<u>\$ 82,745</u>	<u>\$ 369,834</u>	<u>\$ 332,493</u>

Governmental Activities:

Governmental activities increased the City's net assets by \$29.6 million accounting for 78 percent of the City's total increase in net assets of \$37.3 million. A comparison of the cost of services by function for the City's governmental activities is shown in the preceding table, along with the revenues used to cover the net expenses of the governmental activities. Costs increased in General Government, Public Safety and Cultural & Recreation reflecting the restoration of services supported by revenue growth. While there are reductions in expenditures reflected in Public Works, Community Development, and Housing & Redevelopment, there were no reductions in authorized staffing; the reductions are attributed to vacancies, reorganization, accounting changes (Public Works Facilities Maintenance moved from the General Fund to an internal service fund) and capitalization of expenses incurred within the operating budget.

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

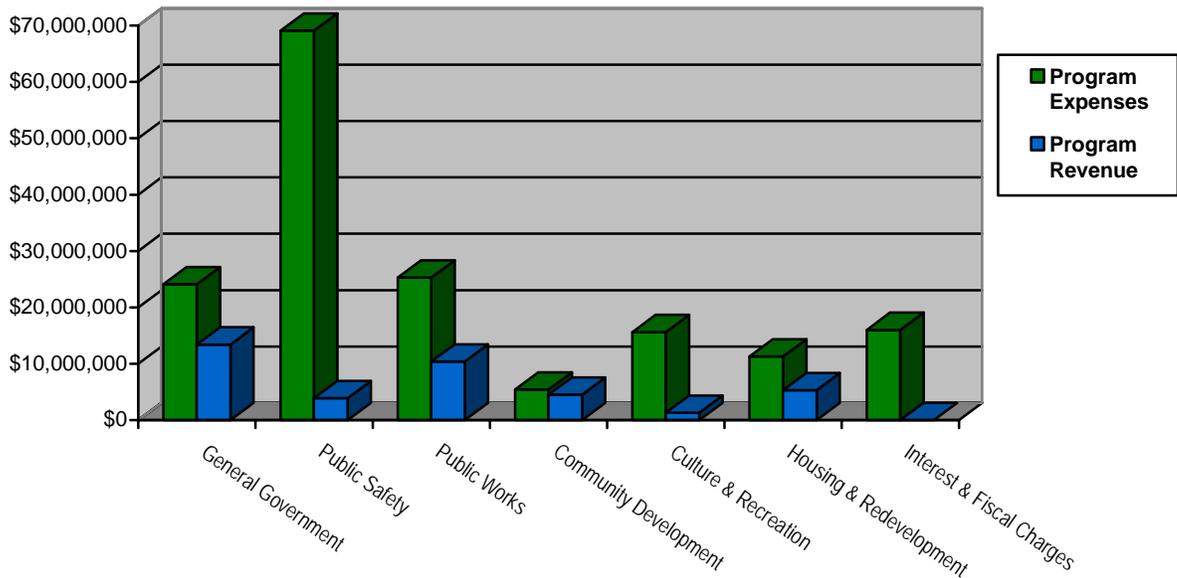
Revenue Highlights:

- Although current year operating revenues of \$198.9 million reflect a \$7.4 million decrease from the prior year, it is the result of a one-time infusion of \$17.3 million from pension reserve property taxes. Without the one-time funding in the prior year, current year revenues are actually improved by \$9.9 million over the prior year, or 5.2 percent.
- Property taxes (current collections) in the current year reached \$73.5 million, an increase of \$14.9 million, or 25 percent. Part of this is attributable to the cessation of the State's swaps, but most of it was from supplemental property taxes paid by new buyers based on bringing the assessment value up to the purchase price.
- Sales taxes continue to evidence robust growth. Current fiscal year receipts of \$28.2 million reflect a \$2.8 million increase over the prior year. Continued growth is anticipated with the opening of a Wal-Mart store in April 2007 and anticipated opening of a Target store before the end of fiscal year 2008.
- The significant increase in Use of money and property reflects the improved yield on investments. The \$7.9 million realized in the current fiscal year exceeds by \$2.4 million, or 44 percent, the revenues in the prior fiscal year.
- The growth in Other taxes is attributable to the extension of the business license tax to rental properties. The \$4.7 million realized is a \$725 thousand increase, 18 percent, increase over the prior year revenues.
- The \$20.0 million realized in operating and capital grants for the current fiscal year is a \$4.7 million, or 30 percent, prior year revenues. The increase is attributed to strengthened efforts to research and apply for grants and then the improved management of grants for optimal and timely reimbursements.

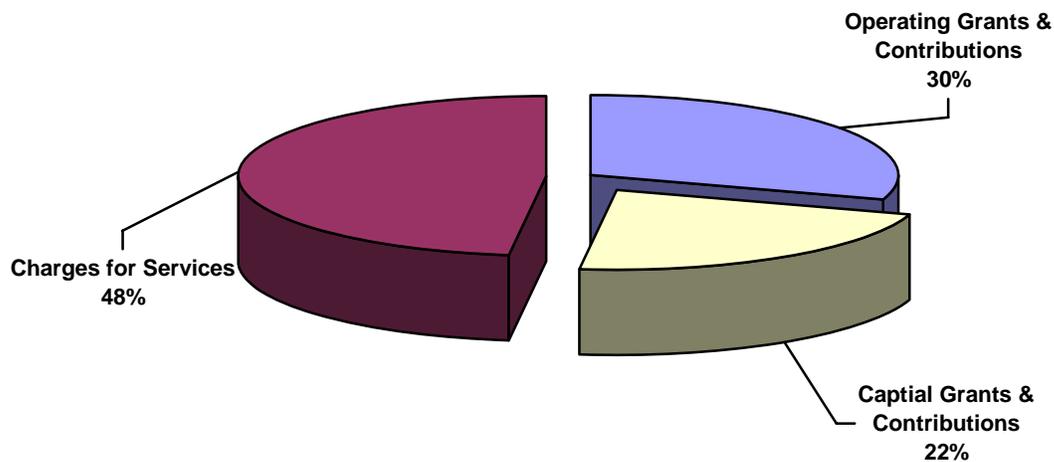
Expense Highlights:

- Operating expenditures of \$167.0 million reflect a \$4.1 million decrease from prior year. The \$3.2 million decrease in Redevelopment is the largest factor in this decrease.
- Redevelopment expenditures decreased \$3.2 million to \$11.3 million. The decrease is attributed to a decrease in Housing and redevelopment due to the deferral of several large projects
- With improved revenues, efforts were made to restore basic services reduced in previous years. This was most notable in restoration of Cultural and recreation services with funding added for re-opening two branch libraries and expansion of recreational programs.
- The current year \$16.0 million for Interest and fiscal charges is a \$2.1 million increase over the prior year. This increase reflects additional bond expenses. Following careful review of the City’s long term financing capacity, the bonds these fees support are critical as the City rebuilds its infrastructure.
- Public Works expenditures of \$25.3 million represent a \$14.8 million decrease from prior year. Most of the decrease is attributed to the transition of Facilities Maintenance from a General Fund-supported activity to an internal service fund and impacts of capitalizing specific operating expenditures.

**Expenses and Program Revenues
Governmental Activities**



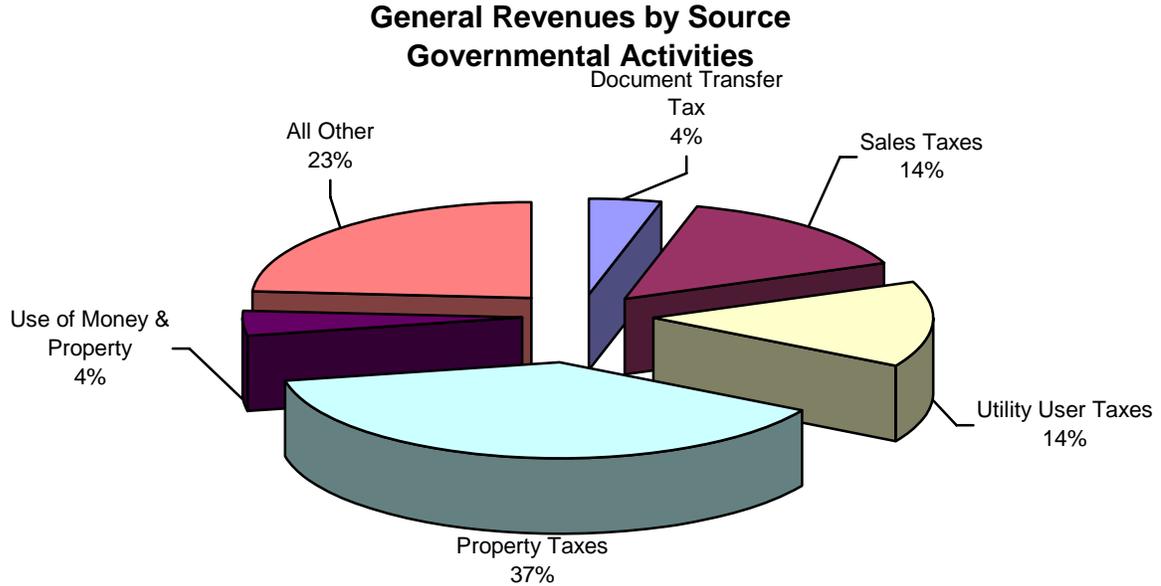
Program Revenue by Source Governmental Activities



Total governmental activities expenses were \$166.9 million in fiscal year 2007. The largest expenses, in descending order, were for Public Safety, Public Works, General Government, Interest on long term debt, and Cultural and recreation. These expenses do not include capital outlays, which are now reflected in the City's capital assets.

Total program revenues from governmental activities were \$38.6 million in fiscal year 2007. 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, 48 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. Program revenues under the Operating Grants and Contributions category include restricted revenues such as Gas Tax, Transportation and Sales Tax, and Federal/State Grants.

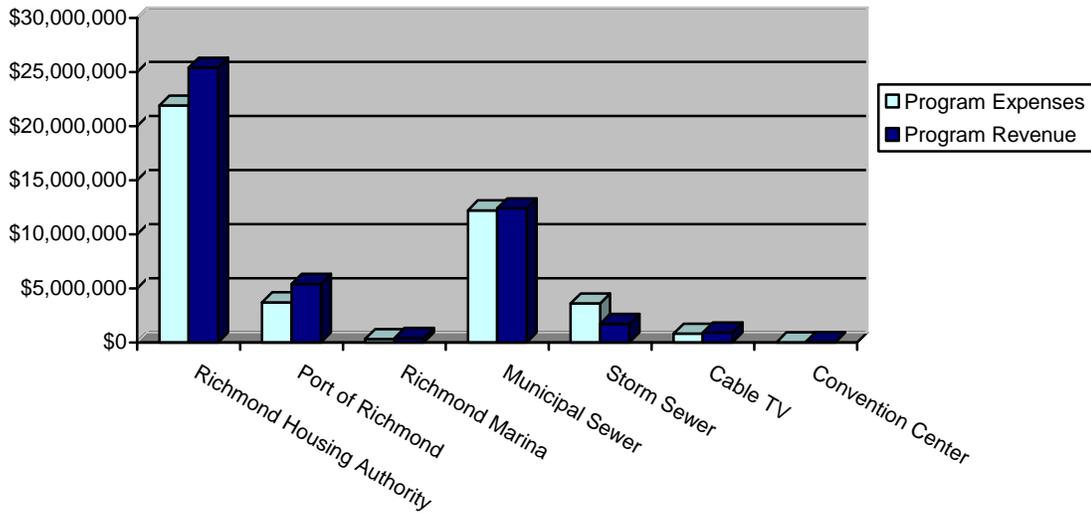
General revenues are all other revenues not categorized as program revenues such as property taxes, sales taxes, utility users' tax, gain (loss) on sale of capital assets, and investment earnings, and grants and contributions not related to specific programs and several miscellaneous general revenues. Total general revenues and transfers from governmental activities were \$157.9 million in fiscal year 2007. The three largest components of general revenues received during fiscal year 2007 for governmental activities were Property Taxes-current collections of \$73.5 million, Utility User Taxes of \$27.0 million and Sales Taxes of \$28.2 million. These three components represent over four-fifths of all general revenues.



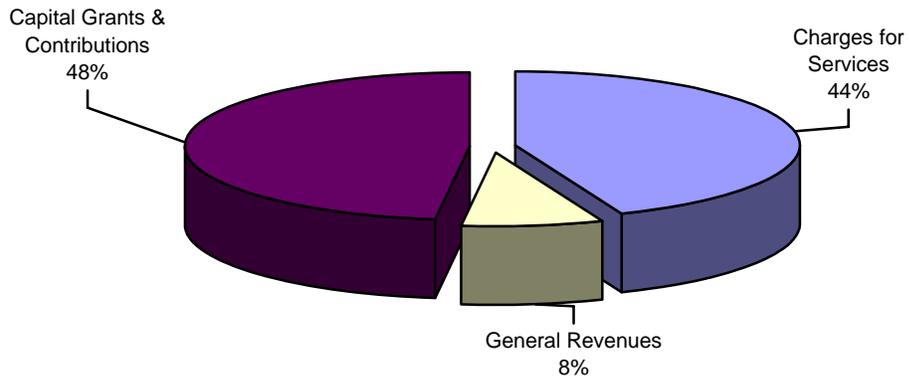
Business Type Activities: Business-type activities increased the City’s net assets by \$7.8 million. Key factors in the business-type activities increase are as follows:

- The Richmond Housing Authority net assets increased by \$3.5 million. While total revenues of \$24.4 million represent a decrease of \$9.1 million from the previous year, operating expenditures of \$21.9 million represents a decrease of \$3.8 million from the previous year.
- The Port of Richmond net assets increased \$3.0 million. The Port reported a \$2.4 million operating gain, operating revenues over operating expenditures, but had \$447 thousand in non-operating losses. The balance of the gain in net assets is due to a \$1.0 million transfer in.
- The Municipal Sewer net assets increased by \$2.2 million. The Municipal Sewer reported operating income of \$12.4 million, up \$1.4 million from prior year due to an increase in rates. Operating expenditures of \$10.2 million reflect a \$2.9 million increase over prior year. The increase is attributed to increased operating expense as the operations are transferred to a contractor.

Expenditures and Program Revenues Business-Type Activities



Revenue 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:

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$173.5 million. Approximately \$120.9 million of this amount constitutes unreserved fund balance, which is available for spending at the government's discretion. Of the \$120.9 million, \$10.0 million has been designated for contingency reserve in compliance with Council's established policy. There is \$52.6 million of fund balance that is reserved to indicate that it is not available for spending because it has already been legally committed.

General Fund The General Fund is the primary operating fund of the City. It is used to report the financial results of the daily operations of the City. The major revenue sources are property taxes, utility users' tax and sales tax. The major expenditures are salaries and administrative expenses.

At the end of the current fiscal year, the General Fund had an undesignated, unreserved fund balance of \$22.3 million of a total fund balance that reached \$54.4 million. During the current year, the overall fund balance grew by over \$6.2 million, while the undesignated, unreserved balance decreased by \$6.2 million, or 22 percent. The designation for contingencies remained at \$10 million. The difference in the gain in the overall fund balance in contrast to the decline in the undesignated, unreserved fund balance is the \$10.2 million increase in advances to other funds and a \$2.0 million increase in encumbrances.

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

The Redevelopment Agency Fund was established to account for improvement projects related to the various redevelopment areas. At the end of fiscal year 2007, the unreserved fund balance had a balance of \$33.3 million, a decrease of \$6.0 million from the prior year. The latter is primarily due to a \$4.0 million increase in funds reserved for Low and Moderate income housing, a \$2.0 increase Advances to other funds and a \$1.1 million increase in reserves for debt service. These were offset by a \$1.7 million increase in the overall fund balance.

Joint Powers Financing Authority Debt Service Fund The Richmond Joint Powers Financing Authority was established pursuant to a joint powers agreement between the City and the Redevelopment Agency to issue debt on behalf of the City to finance various capital improvements within the City. The Joint Powers Financing Authority Debt Service Fund accounts for debt service payments related to said debt. At the end of fiscal year 2007, the reserved fund balance was \$10.4 million, an increase of \$135 thousand from prior year.

Secured Pension Override Fund This fund was established to record the receipt of Pension Tax Override funds collected through property taxes for payment of pension contributions.

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 total net assets were \$67.9 million at June 30, 2007, of which \$2.5 million was unrestricted. The gain in net assets is primarily due to operating surpluses used to pay off \$3.6 million in advances from other funds.

The Port of Richmond The Port of Richmond 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 had a total net asset deficit of \$2.7 million as of June 30, 2007, which is a decrease of \$3.0 million from prior year. The reduced deficit is due to continuation of the prior two years' improved revenues generated from new tenants, while continuing to control expenses.

Municipal Sewer Fund This fund is used to account for a variety of sewer service-related revenues and expenditures. At the end of fiscal year 2007, the total net assets for the sewer fund were \$12.6 million, which was a \$2.2 million increase from the prior fiscal year primarily due to an improvements from the prior year of \$1.2 million in service charge revenue from a rate increase, reduced bond costs of \$0.5 million and improved interest revenue on cash assets of \$0.35 million.

Fiduciary Funds:

The City's fiduciary funds are the pension trust funds and various agency funds. The Pension Trust Funds were established to account for revenues and expenditures related to City employee's pension activities. The City administers the activities of the pension funds on behalf of the employees. The assets are not accessible for City operations. The City maintains the following pension funds: the Pension Reserve, General Pension, Police and Firemen Pension and Garfield Pension Funds. The various agency funds are used to maintain records of assets and the fund's financial activities on behalf of a third party. The City does not make any decisions relating to the uses of the assets nor can they be used for City operations.

The Pension Trust Funds total assets at June 30, 2007 were \$25.7 million held in trust for employees' pension benefits. Net Assets increased by \$4.3 million which is the result of improved returns on fund assets and increased funding from the City.

Agency Funds total assets at June 30, 2007 were \$37.6 million which is recorded on the City books as a liability to third parties.

GENERAL FUND BUDGETARY HIGHLIGHTS

The adopted budget, including transfers, reflected \$125.2 million in estimated revenues and \$124.0 million in appropriations leaving \$1.2 million available for an operating contingency. Deducting the transfer-out of \$9.7 million, operating appropriations were \$114.1 million. Deducting proceeds from sale of property and transfers in, the adopted operating revenue estimate was \$117.5 million. These yield an operating surplus of \$3.2 million.

Over the course of the year, the City Council revised the City budget a number of times. Most of the budget adjustments reflect extensive analysis and updates arising from the Mid-Year Revenue and Expenditure Review. The City's 2006-2007 Mid-Year Budget Review is available on the City's website.

The final amended budget included a \$3.0 million reduction in estimated revenue, primarily in property taxes, utility user fees and reductions in property transfer tax offset by increases in sales tax and other revenue sources.

Sales tax was the revenue growth leader for the current year. The original appropriation of \$16.1 million was followed with a mid-year adjustment upward to \$19.0 million. In the end, \$28.2 million in sales tax was realized. Overall growth was enhanced by the April 2007 opening of a Wal-Mart store. Additional increases are projected into 2007-08 as additional retail outlets open and business-to-business sales accelerate.

While projected property taxes were reduced \$3.3 million at mid-year because the prior year had not reached previous projections, a late surge in supplemental property taxes exceeded the mid-year projection by \$1.3 million.

Property transfer taxes were adopted at \$10 million, a reduction from the prior year of \$10.8 million. At mid-year, the forecast was reduced to \$8.5 million.

The utility user fees are a percentage of utility bills. A large consumer changed the method of calculation accounting for a reduction of over \$2 million. Along with other contributing factors, the adopted projection of \$32.1 million was reduced \$3.0 million to \$29.1 million.

Actual revenues of \$113.9 million were just \$582 thousand less than adjusted operating revenue projections, a variance of just 0.5 percent.

Appropriations were increased first by encumbrances of \$400 thousand carried forward from the prior year, and then, at the Mid-Year Budget Review to address critical and unforeseen needs such as the relocation of the Police Department to a new site and personnel cost increases arising from newly negotiated labor contracts. The final adjusted appropriations were \$117.3 million, an increase of \$3.1 million over the adopted budget appropriation.

Actual operating expenditures of \$103.7 million were realized. Almost all of the savings are attributed to personnel expenditures. There are multiple reasons including vacancies as some departments encountered difficulty in recruiting the newly authorized personnel provided in the adopted budget to restore services. Other reasons are salary savings attributed to costs reimbursed through workers' compensation and staff turnover. Because of this variance, salary discounts are being incorporated into subsequent budget cycles.

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, 2007, amounted to \$395.7 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The net increase in the City's investment in capital assets for the current fiscal year was \$22.4 million, or 6.0 percent.

Capital assets, net of 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	
	2007	2006	2007	2006	2007	2006
Land	\$ 25,854,935	\$ 26,107,489	\$ 11,215,340	\$ 11,215,215	\$ 37,070,275	\$ 37,322,704
Construction in Progress	51,844,936	26,195,870	42,063,819	36,392,258	93,908,755	62,588,128
Building and improvements	19,312,222	18,238,135	45,019,253	48,736,732	64,331,475	66,974,867
Machinery and equipment	6,359,279	7,317,019	2,009,864	4,508,669	8,369,143	11,825,688
Infrastructure	151,793,434	162,172,980	40,186,467	32,386,172	191,979,901	194,559,152
Total Capital assets	\$ 255,164,806	\$ 240,031,493	\$ 140,494,743	\$ 133,239,046	\$ 395,659,549	\$ 373,270,539

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 7 on pages 64 through 66 in the financial statements.

Debt Administration:

Long Term Debt - At the end of the current fiscal year, the City had \$344.9 million in debt outstanding compared to the \$347.2 million the previous year; a decrease of \$2.3 million. This decrease is due primarily to the payoff of a \$4.5 million loan from the Continental Environmental Redevelopment Fund and a \$1.5 million Hilltop Exterior Renovation Loan, offset with interest accretion on capitalized interest bonds of \$6.3 million.

Outstanding Debt June 30

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Tax Allocation bonds	\$95,079,118	\$96,801,090			\$95,079,118	\$96,801,090
Revenue bonds	7,640,000	8,695,000	\$41,857,327	\$38,516,264	49,497,327	47,211,264
Lease revenue bonds	25,990,000	26,510,000	7,782,675	9,251,513	33,772,675	35,761,513
Pension obligation bonds	143,575,313	140,799,778			143,575,313	140,799,778
Total bonds payable	272,284,431	272,805,868	49,640,002	47,767,777	321,924,433	320,573,645
Loans payable	10,518,963	12,200,843	7,419,009	11,195,682	17,937,972	23,396,525
Capital leases	5,111,871	3,195,340			5,111,871	3,195,340
Total outstanding debt	\$287,915,265	\$288,202,051	\$57,059,011	\$58,963,459	\$344,974,276	\$347,165,510

The City does not have any general obligation bonds as of June 30, 2007.

On July 17, 2007, Standard & Poor's Ratings Service ("S&P) assigned its "A" issuer credit rating (ICR) to the City and a rating of "A-" on the City's outstanding 1996 Port Terminal Lease Revenue Bonds, 1995A Lease Revenue Bonds and 2007 Lease Revenue Bonds (Civic Center financing). Earlier (August 7, 2006), S&P had issued a rating of "BBB" on the City's Wastewater Revenue Refunding Bonds, Series 2006. S&P stated the raised City rating from "BBB+" to "A" reflected the City's "continued strong fiscal recovery in fiscals 2006 and 2007, including increased unreserved fund balances, the collection of various large receivables, and a demonstrated structurally balance general fund." The two-notch increase in the rating of the City's bonds was supported by the same rationale in addition to "the collection of various large receivables".

With improved credit ratings and increased sophistication of City staff, several bond issues have been transacted to enable the City to realize reduced interest costs. During the fiscal year ending June 20, 2007, bonds were issued to realize net present value savings of \$74 thousand. These included \$16.6 million from the issuance of the \$48.8 million 2006 Wastewater Revenue Bonds used to refund 1999 bonds and to fund additional capital improvements.

With the continued increase in operating reserves and five years of structurally balanced budgets, the City expects to continue to improve its credit position.

The City has purchased municipal bond insurance policies on its bond issuance in fiscal year 2007, thereby resulting in the debt issue being assigned the ratings of the respective bond insurers. For the affected debt issue, the ratings are the highest possible ratings of "AAA" from Moody's and "AAA" from S&P.

For more detailed information on the City's long-term debt see Note 8 on pages 66-88.

Economic Factors, Next Year's Budget and Inflation Rates

- The City currently faces a continuation of a favorable economic environment. Revenues from recent strong growth in assessed valuation is slowing, but still growing. Projected strong growth in revenue streams from both increasing assessed valuation and increased retail sales are expected with the opening of a Wal-Mart in April 2007 and the projected opening of a Target before the end of fiscal year 2008. Coupled with a continuing tight rein on appropriations, a continuing positive cash flow is projected. A \$1.5 million operating contingency was built into the adopted budget.
- The City has formally adopted debt and investment policies to guide critical financing and investment decisions. The City is 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 eight 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.
- The City has funded the implementation of a new, integrated financial, human resources and payroll system that will be the hub of other new software, including “best of breed” software in building permits, cash management, investments, debt management, equipment and many others.
- The adopted budget added in excess of \$2 million to enhance street maintenance.
- The adopted five-year capital improvement plan included a fiscal year 2008 appropriation of \$9.1 for street repaving, the highest annual allocation in over ten years.
- The City Manager has recommended to the City Council that City services only be expanded or re-opened as certain revenue milestones are met, thus preventing the creation of structural deficits.
- The City has established monthly revenue and expenditure variance monitoring reports to assure adherence to budget controls. Simultaneously, position control is being strictly enforced, ensuring that any hire is moving into a funded position.
- 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.
- The State budget will have a significant effect on the City’s financial condition. The impending deficit at the State level will likely manifest itself in cutbacks in state funding and may result in State “borrowing” of municipal revenues and deferral of state allocations and reimbursements.
- The inflation rate for the San Francisco Bay metropolitan area (June 2007 over June 2006) was 3.36 percent, which is higher than the national cities inflation rate for the same period of 2.69 percent.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all of its citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Richmond, Finance Department, 1401 Marina Way South, Richmond, CA 94804. Alternatively, you may send your inquiries via e-mail to Finance@ci.richmond.ca.us

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City of Richmond
June 30, 2007

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

The purpose of the Statement of Net Assets and the Statement of Activities is to summarize the entire City's financial activities and financial position.

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets 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 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 assets. 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, available revenues and measurable expenditures.

Both these Statements include the financial activities of the City, the Redevelopment Agency of the City of Richmond, the Richmond Joint Powers Finance Authority and the City of Richmond Housing 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.

CITY OF RICHMOND
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	RHA Properties
ASSETS				
Cash and investments (Note 3)	\$122,139,235	\$11,907,628	\$134,046,863	\$226,800
Restricted cash and investments (Note 3)	56,270,032	13,533,321	69,803,353	2,218,680
Receivables:				
Accounts, net	14,281,722	1,724,503	16,006,225	36,653
Interest	265,191	14,836	280,027	
Grants	4,796,985	1,090,903	5,887,888	
Loans, net of reserves (Note 5)	26,916,317		26,916,317	
Internal balances (Note 4)	22,353,951	(22,353,951)		
Prepays, supplies, and other assets	1,749,686	627,976	2,377,662	2,099
Bond issuance costs and other investments, net of amortization		3,777,432	3,777,432	1,112,439
Net pension asset (Notes 11 and 12)	111,057,399		111,057,399	
Capital assets (Note 7):				
Nondepreciable	77,699,871	53,279,159	130,979,030	10,431,153
Depreciable, net	177,464,935	87,215,584	264,680,519	20,591,918
Total Assets	614,995,324	150,817,391	765,812,715	34,619,742
LIABILITIES				
Accounts payable and accrued liabilities	9,737,469	1,264,588	11,002,057	830,044
Interest payable	3,480,652	1,077,099	4,557,751	
Refundable deposits	1,519,573	201,602	1,721,175	241,021
Net pension obligation (Note 12)	590,659		590,659	
Unearned revenue	60,113		60,113	
Compensated absences (Note 2):				
Due within one year	1,004,225	207,573	1,211,798	
Due in more than one year	8,362,154	500,169	8,862,323	
Claims liabilities (Note 15):				
Due within one year	9,560,000		9,560,000	
Due in more than one year	13,440,000		13,440,000	
Long-term debt (Note 8):				
Due within one year	8,402,395	3,536,375	11,938,770	300,000
Due in more than one year	279,512,870	53,522,636	333,035,506	33,298,835
Total Liabilities	335,670,110	60,310,042	395,980,152	34,669,900
NET ASSETS				
Invested in capital assets, net of related debt	170,258,857	97,164,301	267,423,158	(357,084)
Restricted for:				
Capital projects	33,250,928		33,250,928	
Debt service	1,203,580	1,427,804	2,631,384	
Housing and redevelopment	24,432,535		24,432,535	2,218,680
Pension benefits	1,384,126		1,384,126	
Total Restricted Net Assets	60,271,169	1,427,804	61,698,973	2,218,680
Unrestricted (deficit)	48,795,188	(8,084,756)	40,710,432	(1,911,754)
Total Net Assets (Deficit)	\$279,325,214	\$90,507,349	\$369,832,563	(\$50,158)

See accompanying notes to financial statements

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CITY OF RICHMOND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$24,107,042	\$12,500,031	\$887,560	
Public safety	69,145,528	3,337,186	429,269	
Public works	25,265,766	1,641,139	3,144,554	\$5,599,700
Community development	5,446,357	562,647	3,912,568	
Cultural and recreational	15,637,748	277,523	1,039,928	
Housing and redevelopment	11,338,512	320,165	1,896,618	3,060,210
Interest on long term debt	16,041,384			
Total Governmental Activities	166,982,337	18,638,691	11,310,497	8,659,910
Business-type Activities:				
Richmond Housing Authority	21,902,483	1,630,745		23,789,008
Port of Richmond	3,690,733	5,392,626		
Richmond Marina	331,099	448,630		
Municipal Sewer	12,236,185	12,410,236		
Storm Sewer	3,590,975	1,655,799		
Cable TV	798,758	930,168		
Convention Center		37,659		
Total Business-type Activities	42,550,233	22,505,863		23,789,008
Total Primary Government	\$209,532,570	\$41,144,554	\$11,310,497	\$32,448,918
Component Unit:				
RHA Properties	\$3,933,223	\$3,551,238		
General revenues:				
Taxes:				
Property taxes-current collections				
Sales taxes				
Utility user taxes				
Documentary transfer taxes				
Other taxes				
Use of money and property				
Unrestricted intergovernmental				
Gain on sale of capital assets				
Pension stabilization revenue				
Developer revenue sharing				
Other				
Transfers, (Note 4)				
Total general revenues and transfers				
Change in Net Assets				
Net Assets-Beginning, as Restated (Note 17)				
Net Assets (Deficit)-Ending				

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets			Net (Expense) Revenue and Changes in Net Assets Component Unit
Governmental Activities	Business-type Activities	Total	RHA Properties
(\$10,719,451)		(\$10,719,451)	
(65,379,073)		(65,379,073)	
(14,880,373)		(14,880,373)	
(971,142)		(971,142)	
(14,320,297)		(14,320,297)	
(6,061,519)		(6,061,519)	
(16,041,384)		(16,041,384)	
<u>(128,373,239)</u>		<u>(128,373,239)</u>	
	\$3,517,270	3,517,270	
	1,701,893	1,701,893	
	117,531	117,531	
	174,051	174,051	
	(1,935,176)	(1,935,176)	
	131,410	131,410	
	37,659	37,659	
	<u>3,744,638</u>	<u>3,744,638</u>	
<u>(128,373,239)</u>	<u>3,744,638</u>	<u>(124,628,601)</u>	
			<u>(\$381,985)</u>
73,496,915	10,576	73,507,491	
28,217,895		28,217,895	
27,007,410		27,007,410	
7,297,735		7,297,735	
4,744,480		4,744,480	
7,895,609	1,618,432	9,514,041	73,503
438,625		438,625	
3,113,487	41,000	3,154,487	
4,240,135		4,240,135	
591,051		591,051	
3,253,446		3,253,446	
<u>(2,346,906)</u>	<u>2,346,906</u>		
<u>157,949,882</u>	<u>4,016,914</u>	<u>161,966,796</u>	<u>73,503</u>
29,576,643	7,761,552	37,338,195	(308,482)
<u>249,748,571</u>	<u>82,745,797</u>	<u>332,494,368</u>	<u>258,324</u>
<u>\$279,325,214</u>	<u>\$90,507,349</u>	<u>\$369,832,563</u>	<u>(\$50,158)</u>

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**City of Richmond
June 30, 2007**

FUND FINANCIAL STATEMENTS

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 2007. 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.

REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND

The Redevelopment Agency Fund accounts for all activities of the Agency, including 1) tax increment allocations set aside for the purpose of increasing or improving housing for low-income residents; 2) the accumulation of property taxes for payment of interest and principal on the Agency's long-term debt; 3) capital projects connected with redevelopment funded by property tax increment revenues.

JOINT POWERS FINANCING AUTHORITY DEBT SERVICE FUND

The Joint Powers Financing Authority Fund accounts for the accumulation of resources from lease payments and the payment of long-term debt incurred by the Finance Authority.

SECURED PENSION OVERRIDE SPECIAL REVENUE FUND

Records the receipt of Pension Tax override collected through property taxes for payment of pension contributions

CITY OF RICHMOND
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2007

	General	Redevelopment Agency	JPFA	Secured Pension Override	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$30,020,859	\$25,075,846	\$1,219,980	\$1,374,387	\$38,616,551	\$96,307,623
Restricted cash and investments	19,014	24,813,897	9,306,510		19,442,427	53,581,848
Receivables:						
Accounts, net	9,751,511	582,445			3,142,344	13,476,300
Interest	67,605	68,317	2,050	9,739	61,143	208,854
Grants					4,796,985	4,796,985
Loans	1,276,861	24,101,307			4,648,182	30,026,350
Due from other funds	3,217,051	26,661				3,243,712
Advances to other funds	22,179,884	2,310,110				24,489,994
Prepays, supplies and other assets	310,466	1,200,000				1,510,466
Total Assets	\$66,843,251	\$78,178,583	\$10,528,540	\$1,384,126	\$70,707,632	\$227,642,132
LIABILITIES						
Accounts payable and accrued liabilities	\$1,959,984	\$2,229,879			\$4,305,733	\$8,495,596
Refundable deposits	399,164	215,560			904,849	1,519,573
Due to other funds		2,409,355	\$71,902		762,455	3,243,712
Advances from other funds	101,685		34,358		2,000,000	2,136,043
Deferred revenue	9,950,518	24,077,357			4,733,412	38,761,287
Total Liabilities	12,411,351	28,932,151	106,260		12,706,449	54,156,211
FUND BALANCES						
Fund balance						
Reserved for:						
Encumbrances	2,919,795	756,041			4,185,111	7,860,947
Prepays, supplies and other assets	310,466	1,200,000				1,510,466
Debt service		3,559,255	10,422,280			13,981,535
Advances to other funds	18,316,706	2,310,110				20,626,816
Loans receivable	543,573	28,710				572,283
Low and moderate income housing		8,055,830				8,055,830
Unreserved, designated for:						
Contingencies	10,000,000					10,000,000
Unreserved, Undesignated, Reported in:						
General Fund	22,341,360					22,341,360
Special Revenue Funds				\$1,384,126	21,907,847	23,291,973
Debt Service Funds					11,101,399	11,101,399
Capital Projects Funds		33,336,486			20,806,826	54,143,312
Total Fund Balances	54,431,900	49,246,432	10,422,280	1,384,126	58,001,183	173,485,921
Total Liabilities and Fund Balances	\$66,843,251	\$78,178,583	\$10,528,540	\$1,384,126	\$70,707,632	\$227,642,132

See accompanying notes to financial statements

CITY OF RICHMOND
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
with the
STATEMENT OF NET ASSETS
JUNE 30, 2007

Total fund balances reported on the governmental funds balance sheet \$173,485,921

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

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 255,164,806

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

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

Cash and investments	25,831,612
Restricted cash and investments	2,688,184
Accounts receivable	805,422
Interest receivable	56,337
Prepays and supplies	239,220
Accounts payable and accrued liabilities	(1,241,873)
Compensated absences	(714,595)
Claims payable	(23,000,000)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 35,591,141

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	(3,480,652)
Long-term debt	(287,915,265)
Net pension obligation	(590,659)
Net pension asset	111,057,399
Governmental activities portion of compensated absences	(8,651,784)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$279,325,214

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, 2007

	General	Redevelopment Agency	JPFA	Secured Pension Override	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$33,069,812	\$24,953,805		\$15,473,298	\$486,226	\$73,983,141
Sales taxes	28,217,895					28,217,895
Utility user taxes	27,007,410					27,007,410
Other taxes	11,517,437				\$524,778	12,042,215
Licenses, permits and fees	3,221,612	319,998			4,838,050	8,379,660
Developer revenue sharing		591,051				591,051
Fines, forfeitures and penalties	286,759				25,964	312,723
Use of money and property	1,701,627	2,304,647	\$460,627	86,031	2,326,882	6,879,814
Intergovernmental	4,596,113	3,060,210			16,782,923	24,439,246
Charges for services	2,760,033	143			1,727,916	4,488,092
Pension stabilization revenue					4,240,135	4,240,135
Other	1,153,406	756,917			1,099,497	3,009,820
Rent	383,319	207,358			14,530	605,207
Total Revenues	113,915,423	32,194,129	460,627	15,559,329	32,066,901	194,196,409
EXPENDITURES						
Current:						
General government	15,032,093			155,330	7,459,368	22,646,791
Public safety	65,989,536			6,215,648	664,156	72,869,340
Public works	5,730,208				6,477,597	12,207,805
Community development	1,095,080				4,354,026	5,449,106
Cultural and recreational	14,784,253				358,450	15,142,703
Housing and redevelopment		9,077,972			2,267,206	11,345,178
Capital outlay	1,084,802	14,284,512			18,912,143	34,281,457
Debt service:						
Principal		3,866,676			5,212,783	9,079,459
Interest and fiscal charges		4,560,932	398,096		5,170,547	10,129,575
Total Expenditures	103,715,972	31,790,092	398,096	6,370,978	50,876,276	193,151,414
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	10,199,451	404,037	62,531	9,188,351	(18,809,375)	1,044,995
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of property	116,037	1,631,077			3,000,000	4,747,114
Transfers in	3,706,920	80,385	74,371		29,209,803	33,071,479
Transfers (out)	(7,820,277)	(376,575)	(1,670)	(9,776,011)	(13,825,763)	(31,800,296)
Total Other Financing Sources (Uses)	(3,997,320)	1,334,887	72,701	(9,776,011)	18,384,040	6,018,297
NET CHANGE IN FUND BALANCES	6,202,131	1,738,924	135,232	(587,660)	(425,335)	7,063,292
BEGINNING FUND BALANCES	48,229,769	47,507,508	10,287,048	1,971,786	58,426,518	166,422,629
ENDING FUND BALANCES	\$54,431,900	\$49,246,432	\$10,422,280	\$1,384,126	\$58,001,183	\$173,485,921

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, 2007

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$7,063,292

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 32,178,219
Depreciation expense is deducted from the fund balance (14,418,658)
Retirements of capital assets are deducted from the fund balance (2,728,483)
Transfers of capital assets from Internal Service Funds are added to the fund balance 27,496

LONG TERM DEBT PROCEEDS AND PAYMENTS

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

Repayment of debt principal is added back to fund balance 9,079,459
Capital appreciation bonds accretion is deducted from fund balance (528,028)
Bond accretion is deducted from fund balance (5,770,538)
Interest accrued to principal is deducted from fund balance (75,000)

ACCRUAL OF NON-CURRENT ITEMS

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

Interest payable 461,757
Deferred revenue 2,538,097
Compensated absences (570,566)
Net pension asset (obligation) 1,707,590

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

Change in Net Assets - All Internal Service Funds 612,006

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$29,576,643

See accompanying notes to financial statements

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City of Richmond
June 30, 2007

MAJOR PROPRIETARY FUNDS

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

The 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 2007.

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 ASSETS
 JUNE 30, 2007

	Business-type Activities-Enterprise Fund				Totals	Governmental Activities- Internal Service Funds
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds		
ASSETS						
Current assets:						
Cash and investments	\$4,529,124	\$302,479	\$3,278,804	\$3,797,221	\$11,907,628	\$25,831,612
Restricted cash and investments	182,791	1,245,013	12,105,517		13,533,321	2,688,184
Receivables:						
Accounts, net	805,751	452,863	184,514	281,375	1,724,503	805,422
Interest		2,742	5,735	6,359	14,836	56,337
Grants	1,090,903				1,090,903	
Prepays and other assets	627,976				627,976	239,220
Total current assets	<u>7,236,545</u>	<u>2,003,097</u>	<u>15,574,570</u>	<u>4,084,955</u>	<u>28,899,167</u>	<u>29,620,775</u>
Noncurrent assets:						
Capital assets:						
Nondepreciable	30,285,881	5,522,865	17,470,413		53,279,159	
Depreciable, net	35,006,652	16,469,734	23,579,920	12,159,278	87,215,584	4,139,769
Bond issuance costs net of amortization						
	<u>1,886,892</u>	<u>267,488</u>	<u>1,623,052</u>		<u>3,777,432</u>	
Total noncurrent assets	<u>67,179,425</u>	<u>22,260,087</u>	<u>42,673,385</u>	<u>12,159,278</u>	<u>144,272,175</u>	<u>4,139,769</u>
Total Assets	<u>74,415,970</u>	<u>24,263,184</u>	<u>58,247,955</u>	<u>16,244,233</u>	<u>173,171,342</u>	<u>33,760,544</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	573,889	208,935	445,801	35,963	1,264,588	1,237,916
Interest payable		128,497	809,339	139,263	1,077,099	3,957
Refundable deposits	131,504	70,098			201,602	
Compensated absences - due within one year	113,709			93,864	207,573	
Claims payable						9,560,000
Current portion of long term debt		3,094,865	386,618	54,892	3,536,375	754,714
Total current liabilities	<u>819,102</u>	<u>3,502,395</u>	<u>1,641,758</u>	<u>323,982</u>	<u>6,287,237</u>	<u>11,556,587</u>
Noncurrent liabilities:						
Advances from other funds	5,264,096	17,089,855			22,353,951	
Compensated absences	398,800	87,956	13,413		500,169	714,595
Claims payable						13,440,000
Long term debt, net		6,237,675	43,963,780	3,321,181	53,522,636	1,664,396
Total noncurrent liabilities	<u>5,662,896</u>	<u>23,415,486</u>	<u>43,977,193</u>	<u>3,321,181</u>	<u>76,376,756</u>	<u>15,818,991</u>
Total Liabilities	<u>6,481,998</u>	<u>26,917,881</u>	<u>45,618,951</u>	<u>3,645,163</u>	<u>82,663,993</u>	<u>27,375,578</u>
NET ASSETS						
Invested in capital assets, net of related debt	65,292,533	12,660,059	10,428,504	8,783,205	97,164,301	4,380,659
Restricted for debt service	182,791	1,245,013			1,427,804	
Unrestricted	2,458,648	(16,559,769)	2,200,500	3,815,865	(8,084,756)	2,004,307
Total Net Assets (Deficit)	<u>\$67,933,972</u>	<u>(\$2,654,697)</u>	<u>\$12,629,004</u>	<u>\$12,599,070</u>	<u>\$90,507,349</u>	<u>\$6,384,966</u>

See accompanying notes to financial statements

CITY OF RICHMOND
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2007

	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	\$1,533,967				\$1,533,967	
Marina berth rentals		\$186,216			186,216	
Service charges		3,469,371	\$12,236,834	\$2,491,142	18,197,347	\$35,377,110
Lease income		1,737,039		417,926	2,154,965	
Other	96,778		173,402	163,188	433,368	
Total Operating Revenues	<u>1,630,745</u>	<u>5,392,626</u>	<u>12,410,236</u>	<u>3,072,256</u>	<u>22,505,863</u>	<u>35,377,110</u>
OPERATING EXPENSES						
Salaries and benefits	4,768,326	735,394	585,536	1,476,731	7,565,987	10,267,867
General and administrative	1,260,055	1,345,398	8,141,745	1,980,893	12,728,091	4,690,577
Maintenance	1,338,651	22,075	8,735		1,369,461	3,195,921
Depreciation	320,451	908,726	1,445,959	1,111,088	3,786,224	1,270,148
Housing assistance	14,215,000				14,215,000	
Claims losses						13,016,200
Other		3,440	63,092		66,532	111,705
Total Operating Expenses	<u>21,902,483</u>	<u>3,015,033</u>	<u>10,245,067</u>	<u>4,568,712</u>	<u>39,731,295</u>	<u>32,552,418</u>
Operating Income (Loss)	<u>(20,271,738)</u>	<u>2,377,593</u>	<u>2,165,169</u>	<u>(1,496,456)</u>	<u>(17,225,432)</u>	<u>2,824,692</u>
NONOPERATING REVENUES (EXPENSES)						
Gain from sale of capital assets		41,000			41,000	1,719
Loss on retirement of capital assets			(221,673)		(221,673)	
Interest income	15,387	187,774	1,266,478	148,793	1,618,432	1,465,764
Property taxes			10,576		10,576	
Grants	23,789,008				23,789,008	
Interest (expense)		(675,700)	(1,769,445)	(152,120)	(2,597,265)	(62,080)
Total Nonoperating Revenues (Expenses)	<u>23,804,395</u>	<u>(446,926)</u>	<u>(714,064)</u>	<u>(3,327)</u>	<u>22,640,078</u>	<u>1,405,403</u>
Income (Loss) Before Contributions and Transfers	<u>3,532,657</u>	<u>1,930,667</u>	<u>1,451,105</u>	<u>(1,499,783)</u>	<u>5,414,646</u>	<u>4,230,095</u>
Transfers in		1,047,225	745,422	1,329,289	3,121,936	1,381,911
Transfers (out)				(775,030)	(775,030)	(5,000,000)
Net contributions and transfers		<u>1,047,225</u>	<u>745,422</u>	<u>554,259</u>	<u>2,346,906</u>	<u>(3,618,089)</u>
Change in net assets	<u>3,532,657</u>	<u>2,977,892</u>	<u>2,196,527</u>	<u>(945,524)</u>	<u>7,761,552</u>	<u>612,006</u>
BEGINNING NET ASSETS (DEFICIT)	<u>64,401,315</u>	<u>(5,632,589)</u>	<u>10,432,477</u>	<u>13,544,594</u>	<u>82,745,797</u>	<u>5,772,960</u>
ENDING NET ASSETS (DEFICIT)	<u>\$67,933,972</u>	<u>(\$2,654,697)</u>	<u>\$12,629,004</u>	<u>\$12,599,070</u>	<u>\$90,507,349</u>	<u>\$6,384,966</u>

See accompanying notes to financial statements

CITY OF RICHMOND
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$1,396,166	\$5,393,942	\$12,559,218	\$3,226,531	\$22,575,857	\$35,442,157
Payments to suppliers	(16,687,482)	(1,289,322)	(8,859,002)	(2,087,167)	(28,922,973)	(3,307,626)
Payments to employees	(4,826,630)	(721,478)	(596,951)	(1,495,729)	(7,640,788)	(13,984,481)
Insurance premiums and claims paid						(12,724,147)
Cash Flows from Operating Activities	(20,117,946)	3,383,142	3,103,265	(356,365)	(13,987,904)	5,425,903
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Interfund receipts	1,497,066		481,220		1,978,286	
Interfund payments		(451,711)		(481,220)	(932,931)	(298,626)
Receipts from other governments	23,781,283				23,781,283	
Property taxes			10,576		10,576	
Transfers in		1,047,225		1,329,289	2,376,514	1,381,911
Transfers (out)				(29,608)	(29,608)	(5,000,000)
Cash Flows from Noncapital Financing Activities	25,278,349	595,514	491,796	818,461	27,184,120	(3,916,715)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of capital assets, net of retirements	(1,756,695)	(117,765)	(9,376,152)	(12,982)	(11,263,594)	(1,344,887)
Proceeds from sale of capital assets		41,000			41,000	1,719
Proceeds from issuance of debt			48,830,000		48,830,000	2,660,000
Payment to bond escrow agent			(43,990,495)		(43,990,495)	
Bond premium			567,584		567,584	
Cost of issuance			(1,663,294)		(1,663,294)	
Principal payments on capital debt		(4,823,787)	(1,855,358)	(52,528)	(6,731,673)	(240,890)
Interest paid		(643,468)	(1,300,887)	(154,287)	(2,098,642)	(58,123)
Cash Flows from Capital and Related Financing Activities	(1,756,695)	(5,544,020)	(8,788,602)	(219,797)	(16,309,114)	1,017,819
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest	15,387	197,602	1,255,206	151,903	1,620,098	1,453,963
Cash Flows from Investing Activities:	15,387	197,602	1,255,206	151,903	1,620,098	1,453,963
Net Cash Flows	3,419,095	(1,367,762)	(3,938,335)	394,202	(1,492,800)	3,980,970
Cash and investments at beginning of period	1,292,820	2,915,254	19,322,656	3,403,019	26,933,749	24,538,826
Cash and investments at end of period	<u>\$4,711,915</u>	<u>\$1,547,492</u>	<u>\$15,384,321</u>	<u>\$3,797,221</u>	<u>\$25,440,949</u>	<u>\$28,519,796</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities						
Operating income (loss)	(\$20,271,738)	\$2,377,593	\$2,165,169	(\$1,496,456)	(\$17,225,432)	\$2,824,692
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation	320,451	908,726	1,445,959	1,111,088	3,786,224	1,270,148
Change in assets and liabilities:						
Receivables, net	(238,025)	(3,684)	215,052	191,396	164,739	65,047
Prepays and other assets	72,288				72,288	2,053
Accounts payable and accrued liabilities and other accrued expenses	53,936	81,591	(645,430)	(106,274)	(616,177)	645,616
Refundable deposits	3,446	5,000	(66,070)	(37,121)	(94,745)	
Compensated absences payable	(58,304)	13,916	(11,415)	(18,998)	(74,801)	328,347
Claims payable						290,000
Cash Flows from Operating Activities	(20,117,946)	\$3,383,142	\$3,103,265	(\$356,365)	(\$13,987,904)	\$5,425,903
Non cash transactions:						
Retirement of capital assets			\$221,673			
Amortization of bond issuance costs		(\$79,305)	(260,442)			

See accompanying notes to financial statements

City of Richmond
June 30, 2007

FIDUCIARY FUNDS

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, and other governments. The financial activities of these funds are excluded from the City-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

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

CITY OF RICHMOND
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2007

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and investments (Note 3)		\$12,299,548
Restricted cash and investments (Note 3)		4,906,973
Investment in reassessment bonds (Note 3)		18,830,000
Pension plan cash and investments (Note 12):		
City of Richmond Investment Pool	\$3,379,395	
Local Agency Investment Fund	173,925	
Mutual Fund Investments	22,094,966	
Accounts receivable		72,346
Interest receivable	<u>5,133</u>	<u>12,556</u>
Total Assets	<u>25,653,419</u>	<u>\$36,121,423</u>
LIABILITIES		
Accounts payable and accrued liabilities		\$5,034,859
Refundable deposits payable		763,216
Due to assessment district bondholders		<u>30,323,348</u>
Total Liabilities		<u>\$36,121,423</u>
NET ASSETS		
Held in trust for employees' pension benefit	<u>\$25,653,419</u>	

See accompanying notes to financial statements

CITY OF RICHMOND
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Pension Trust Funds</u>
ADDITIONS	
Net investment income:	
Net increase in the fair value of investments	\$2,653,509
Interest income	669,951
Investment management fees	(82,775)
Contribution from the City	163,995
Contribution from Pension Reserve	<u>6,363,834</u>
Total Additions	<u>9,768,514</u>
DEDUCTIONS	
Pension benefits	5,460,476
Administrative expenses	<u>4,108</u>
Total Deductions	<u>5,464,584</u>
Net Increase	4,303,930
NET ASSETS, BEGINNING OF YEAR	<u>21,349,489</u>
NET ASSETS, END OF YEAR	<u><u>\$25,653,419</u></u>

See accompanying notes to financial statements

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City of Richmond
Notes to Basic Financial Statements
June 30, 2007

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 redevelopment agency, 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. Each 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.

PRIMARY GOVERNMENT

The financial statements of the primary government of the City include the activities of the City as well as the Richmond Community Redevelopment Agency, the Richmond Housing Authority, the Richmond Joint Powers Financing Authority, 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 Community Redevelopment Agency (Redevelopment Agency) - Formed in October 1949 as a separate legal entity under the provisions of the Community Redevelopment Law, the Redevelopment Agency was established primarily to assist in the clearance and rehabilitation of areas determined to be in a blighted condition in the City. Since that time various Project Area Plans (Plans) have been developed to provide an improved physical, social, and economic environment in various Project Areas.

The Redevelopment Agency is authorized to finance redevelopment through various sources, including assistance from the City, State, Federal governments, incremental property taxes, interest income, issuance of Redevelopment Agency notes and bonds, and sale and rental of real property acquired with these funds.

Although the Redevelopment Agency is a separate legal entity, it is an integral part of the City. The City exercises significant financial and management control over the Redevelopment Agency and members of the City Council serve as the governing board of the Redevelopment Agency. The Redevelopment Agency is presented as a major fund in the City's basic financial statements. Separate financial statements for the Redevelopment Agency may be obtained by contacting the Office of Finance, City of Richmond, 1401 Marina Way South, Richmond, California 94804.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

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

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 24th Street, Richmond, California 94804.

Richmond Joint Powers Financing Authority (JPFA) - A joint exercise of powers authority formed on December 1, 1989, by and between the City and the Redevelopment Agency, the JPFA was created to assist the City, the Redevelopment Agency, and other local public agencies in financing and refinancing 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, 1401 Marina Way South, Richmond, California 94804.

Richmond Parking Authority (Parking Authority) - Formed in 1975 pursuant to the provisions of California statutes for the purpose of financing the construction of off-street parking facilities. 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.

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 is inactive.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

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

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 Assets and the Statement of Activities. Separate financial statements for RHA Properties may be obtained by contacting the Richmond Housing Authority, 330 24th 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.

Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. 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.

City-Wide Financial Statements - The City-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. 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
June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City-wide financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the Statement of Net Assets. The Statement of Activities presents all the City’s revenues, expenses and other changes in Net Assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, internal service fund transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated.

The City applies all applicable GASB pronouncements and applicable FASB pronouncements issued on or before November 30, 1989 to the business type activities, unless those pronouncements conflict with GASB pronouncements.

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 assets as presented in these statements to the net assets presented in the City-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 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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Financial Statements - Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and 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.

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

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, 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 Assets - Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Assets, and a Statement of Changes in Fiduciary Net Assets. The City's Fiduciary funds represent Pension Trust funds and Agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Pension trust funds are accounted for on an economic resources measurement focus under the accrual basis of accounting.

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.

Redevelopment Agency Capital Projects Fund – The Redevelopment Agency Fund accounts for all activities of the Agency, including 1) tax increment allocations set aside for the purpose of increasing or improving housing for low-income residents; 2) the accumulation of property taxes for payment of interest and principal on the Agency's long-term debt; 3) capital projects connected with redevelopment funded by property tax increment revenues.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint Powers Financing Authority Debt Service Fund – The Joint Powers Financing Authority Fund accounts for the accumulation of resources from lease payments and the payment of long-term debt incurred by the Finance Authority.

Secured Pension Override Special Revenue Fund records the receipt of Pension Tax override collected through property taxes for payment of pension contributions

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 worker's compensation, general liability, information technology, equipment services and replacement, police telecommunications and facilities maintenance, all of which are provided to other departments on a cost-reimbursement basis.

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

Use of Restricted/Unrestricted Net Assets

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

Cash, Cash Equivalents and Investments

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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 a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

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 funds at the time individual inventory items are consumed rather than when purchased. Reported governmental fund inventories are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

Capital Assets

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 with a cost exceeding \$5,000. Depreciation is recorded on a straight-line basis over the following estimated useful lives:

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

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
June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 expected to be paid after the end of the fiscal year, while their long-term liabilities are recorded in the Statement of Net Assets.

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

	Governmental Activities	Business Type Activities	Total
Beginning Balance	\$8,467,466	\$782,543	\$9,250,009
Additions	23,727,805	804,575	24,532,380
Payments	(22,828,892)	(879,376)	(23,708,268)
Ending Balance	\$9,366,379	\$707,742	\$10,074,121
Current Portion	\$1,004,225	\$207,573	\$1,211,798

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.

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.

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

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

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

Fund Financial Statements - 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.

Claims Liabilities

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

Net Assets

In the City-wide financial statements, Net Assets are classified as follows:

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation, reduced by outstanding debt that was used for the acquisition, construction, or improvement of these capital assets.

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

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

Fund Reservations and Designations

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Portions of the City's fund balances have been reserved for the following purposes:

Reserved for Encumbrances - represents commitments of funds to pay for future delivery of materials and services on firm purchase orders and contracts.

Reserved for Prepaids, Supplies and Other Assets - represents the portion of fund balance already expended for these assets and not available to be used to meet expenditures in the current period.

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

Reserved for Advances to Other Funds - represents receivables from other City Funds that are not expected to be received in the next fiscal year.

Reserved for Loans Receivable - represents the portion of fund balance already expended for these assets and not available to be used to meet expenditures in the current period.

Reserved for Low and Moderate Income Housing is the portion of redevelopment fund balance legally required to be set-aside for low and moderate income housing expenditures under the California Health and Safety Code.

Portions of the City's fund balances have been designated for the following purposes:

Designated for Contingencies is the portion of fund balance set-aside to be used in the event of fiscal need.

New Funds, Closed Funds and Other Revisions

The Civic Center Capital Projects Fund was established to account for the activities of the new Civic Center project.

The Convention Center Enterprise Fund was closed as of June 30, 2007 and the activity is now reported in the General Fund.

The Facilities Maintenance Internal Service Fund was established to report activities related to maintenance of the City's facilities.

The Police and Crime Prevention Special Revenue Fund has been renamed to the Public Safety Special Revenue Fund.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures in Excess of Appropriations

The funds below incurred expenditures in excess of appropriations in the amounts below. These funds had sufficient fund balances or revenues to finance these expenditures.

Fund	Excess of Expenditures Over Appropriations
Parks, Recreation and Environment Special Revenue Fund	\$433,137
Public Safety Special Revenue Fund	654,877
2005 Pension Obligation Bonds Debt Service Fund	57,281
General Debt Service Fund	1,872,581

NOTE 3 - CASH AND INVESTMENTS

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.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name. The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 3 - CASH AND INVESTMENTS (Continued)

Classification

Cash and investments are classified in the financial statements as shown below at June 30, 2007:

Cash and investments	\$134,046,863
Restricted cash and investments	69,803,353
Total Primary Government cash and investments	203,850,216
Cash and investments	226,800
Restricted cash and investments	2,218,680
Total Component Unit cash and investments	2,445,480
Cash and investments in Fiduciary Funds (Separate Statement)	
Cash and investments	12,299,548
Restricted cash and investments	4,906,973
Investments in reassessment bonds	18,830,000
Total cash and investments	\$242,332,217

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		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	
Bankers Acceptances	180 days		40%	30%
Commercial Paper	270 days	A1/P1/F1	10% (A)	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	\$40 Mil
Collateralized Time Deposits	5 years		30%	10%
Repurchase Agreements	5 years		None (B)	None

(A): City may invest an additional 10% or a total of 20% of City surplus money, only if dollar-weighted average maturity of the entire amount does not exceed 31 days.

(B): City may not utilize Reverse Repurchase Agreement without the prior approval of the Council.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Issues and Lease Agreements:

Under the terms of the City's and RHA Properties' debt issues and lease agreements, it is 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 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, 2007, the City and RHA Properties were in compliance with the terms of all these restrictions.

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	
Primary Government:					
Federal Agency Securities	\$48,402,890	\$12,470,625	\$9,400,000		\$70,273,515
Money Market Mutual Funds (U.S. Securities)	10,966,302				10,966,302
Certificates of Deposit	2,262,920				2,262,920
California Local Agency Investment Fund	20,001,911				20,001,911
CalTrust Short Term Fund	8,244,341				8,244,341
Held by Bond Trustee:					
Federal Agency Securities	1,525,245		8,273,043		9,798,288
Money Market Mutual Funds (U.S. Securities)	45,278,525				45,278,525
California Local Agency Investment Fund	83,809				83,809
U.S Treasury Bill	431,870				431,870
Guaranteed Investment Contracts	70,000			\$4,580,948	4,650,948
Investment Agreements		1,095,500		3,446,192	4,541,692
Repurchase Agreement		1,146,500			1,146,500
Reassessment Bonds	727,500	767,500	2,435,000	14,900,000	18,830,000
RHA Properties:					
Money Market Mutual Funds (U.S. Securities)	2,218,680				2,218,680
Total Investments	\$140,213,993	\$15,480,125	\$20,108,043	\$22,927,140	198,729,301
Cash in Banks and on hand - <i>Primary Government</i>					43,376,116
Cash in banks - <i>RHA Properties</i>					226,800
Total Cash and Investments					\$242,332,217

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

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, 2007, these investments matured in an average of 176 days.

Money market funds and mutual funds are available for withdrawal on demand and as of June 30, 2007 have an average maturity from 1 to 60 days.

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, 2007 for each investment type:

Investment Type	AAA	Aaf/S1+	A-1	Total
Federal Agency Securities	\$80,071,803			\$80,071,803
Money Market Mutual Funds (U.S. Securities)	58,463,507			58,463,507
Certificate of Deposit			\$2,262,920	2,262,920
CalTrust Short Term Fund		\$8,244,341		8,244,341
Totals	<u>\$138,535,310</u>	<u>\$8,244,341</u>	<u>\$2,262,920</u>	149,042,571
<i>Not rated:</i>				
California Local Agency Investment Fund				20,085,720
Guaranteed Investment Contracts				4,650,948
Investment Agreements				4,541,692
Repurchase Agreement				1,146,500
Reassessment Bonds				18,830,000
<i>Exempt from credit rating disclosure:</i>				
U.S. Treasury Bill				431,870
Total Investments				<u>198,729,301</u>
Cash in Banks and on hand				43,602,916
Total cash and Investments				<u><u>\$242,332,217</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 3 - CASH AND INVESTMENTS (Continued)

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 Entity-wide investments are as follows at June 30, 2007:

Issuer	Type of Investments	Amount
Federal Home Loan Bank	Federal Agency Securities	\$44,391,028
Federal Home Loan Mortgage Corporation	Federal Agency Securities	10,519,380
Federal National Mortgage Association	Federal Agency Securities	25,161,395

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, in individual major funds and in non-major funds at June 30, 2007 were as follows:

Fund	Issuer	Type of Investments	Amount
JPFA Debt Service Fund	MBIA Inc	Guaranteed Investment Contract	\$1,429,000
JPFA Debt Service Fund	Federal Home Loan Mortgage Association	Federal Agency Securities	1,525,245
JPFA Debt Service Fund	FGIC	Guaranteed Investment Contract	2,226,948
JPFA Debt Service Fund	AIG	Investment Agreement	1,095,500
Non Major Funds Governmental Funds	Federal Home Loan Mortgage Corporation	Federal Agency Securities	5,625,245
Non Major Funds Governmental Funds	Federal Home Loan Bank	Federal Agency Securities	4,173,043

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, in Agency Funds at June 30, 2007 were as follows:

Agency Fund	Issuer	Type of Investment	Amount
JPFA Reassessment District	City of Richmond	Municipal Bonds	\$8,115,000
2006A&B Reassessment District	City of Richmond	Municipal Bonds	10,715,000

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

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, 2007 were as follows:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	Redevelopment Agency Fund	\$2,409,355
	JPFA Fund	71,902
	Non Major Governmental Funds	735,794
Redevelopment Agency Fund	Non Major Governmental Funds	<u>26,661</u>
		<u>\$3,243,712</u>

B. Long-Term Interfund Advances

At June 30, 2007 the funds below had made advances which were not expected to be repaid within the next year.

<u>Fund Receiving Advance</u>	<u>Fund Making Advance</u>	<u>Amount of Advance</u>
General Fund	Redevelopment Agency Fund	\$101,685
JPFA Fund	Redevelopment Agency Fund	34,358
Non Major Governmental Fund	Redevelopment Agency Fund	2,000,000
Richmond Housing Authority Enterprise Fund	General Fund	5,090,029
Richmond Housing Authority Enterprise Fund	Redevelopment Agency Fund	174,067
Port of Richmond Enterprise Fund	General Fund	<u>17,089,855</u>
Total		<u>\$24,489,994</u>

In fiscal 2007, the 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 term of the advance is one year and the loan bears interest of 3%.

In fiscal 2007 the General Fund advanced \$5,090,029 to the Richmond Housing Authority Enterprise Fund for police, sewer, and other services as well as the Housing Authority's employee payroll. The advance bears no interest and is payable in 360 monthly installments of \$12,531.

In fiscal 2007 the Redevelopment Agency advanced \$2,000,000 to the City's Civic Center Capital Projects Fund for the Civic Center Project.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

In fiscal 2006 the General Fund advanced \$17,139,855 to the Port of Richmond Enterprise Fund to assist the Port with various lease transactions and other projects. The advance does not bear interest for the first three years; the next five years it bears an interest rate of 4% and is payable as follows: \$50,000 in fiscal year 2008, \$6.35 million in fiscal year 2009, five annual installments of \$2,000,000 for fiscal years 2010 to 2014 and a final payment of \$689,855 in 2015.

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.

Transfers between funds during the fiscal year ended June 30, 2007 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Secured Pension Override Fund	\$3,285,391
	Non-Major Governmental Funds	391,921
	Non-Major Enterprise Funds	29,608
Redevelopment Agency	Non-Major Governmental Funds	80,385
JPFA Fund	Non-Major Governmental Funds	74,371
Non-Major Governmental Funds	General Fund	5,140,232
	Redevelopment Agency	376,575
	JPFA Fund	1,670
	Secured Pension Override Fund	6,490,620
	Non-Major Governmental Funds	12,200,706
	Internal Service Funds	5,000,000 (A)
Port of Richmond Enterprise Fund	Non-Major Governmental Funds	1,047,225
Municipal Sewer Enterprise Fund	Non-Major Enterprise Funds	745,422
Non-Major Enterprise Funds	General Fund	1,329,289
Internal Service Funds	General Fund	1,350,756
	Non-Major Governmental Funds	31,155
Total Interfund Transfers		\$37,575,326

With the exception of the items below none of these transfers were unusual or non-recurring in nature.

(A) Equipment Service and Replacement funds set aside for the Civic Center Project.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

D. Internal Balances

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

NOTE 5 - NOTES AND LOANS RECEIVABLE

At June 30, 2007, notes and loans receivable consisted of the following:

	Amount
City's Loans:	
CalTrans Loan	\$834,973
Police Activities League Loan	300,000
Police Chief Loan	141,888
Community Development Block Grant Loans	
Mechanics Bank Loans	41,096
Deferred Loans	3,454,519
Home Improvement Program Loans	842,148
Rental Rehab Loans	310,419
Subtotal - CDBG Loans	4,648,182
Redevelopment Agency Loans:	
EDA Loans	321,498
Olson Urban Housing, LLC.	4,961,843
Harbour Capital Projects Loan	5,440,359
Atchison Village Annex Apartments	447,873
Heritage Park Development	413,741
Silent Second Mortgage Loans	2,140,661
Chesley Avenue Development	4,741,492
Ford Point Building Loan	3,000,000
CALHome Program	351,880
Easter Hill Project	2,281,960
Subtotal- Redevelopment Agency Loans	24,101,307
Total Notes and Loans Receivable	30,026,350
Less Reserve For Conditional Grant	(3,110,033)
Net Notes and Loans Receivable	\$26,916,317

CalTrans Loan

The total of \$834,973 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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

Police Activities League

On January 23, 2007, the City approved a loan of \$300,000 to provide temporary support for the Police Activities League (PAL) Youth Center expansion project to allow PAL to complete construction of the project. The loan is secured by a deed of trust on the property. The loan is due upon sale of the property, or thirty years from the date of the loan, whichever occurs first. The loan bears a fixed rate of 4.546%.

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.

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

EDA loans

The City'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.

Olson Urban Housing, LLC.

This loan was made to provide assistance in the construction of low and moderate income housing. It provides for the eventual forgiveness of the balance upon the issuance of the Certificate of Completion for the Phase One Residential/ Retail Improvements.

Harbor Capital Projects Loan

The \$5,440,359 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.

Atchison Village Annex Apartments

In 1998, the 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 are principal and interest payable in equal monthly payments of \$2,651.

In 2006, the 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 interest is due in 25 years.

Heritage Park Development

In 1999, the 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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

Chesley Avenue Mutual Housing Development

On December 1, 2003, the 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.

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.

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. At June 30, 2007, the Agency had issued loans of \$351,880.

Easter Hill Project

The loan from the Redevelopment Agency to Easter Hill Development, L.P. is providing financial assistance in the development of the Easter Hill Project. The Easter Hill Project will consist 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.

Conditional Grant

The loan to Olson Urban Housing, LLC, provides for the eventual forgiveness of the loan balance if the borrower complies with all the terms of the loan over its full term. The City accounts for this loan as a conditional grant in the Government-wide financial statements, and provides a reserve against the eventual forgiveness.

NOTE 6 – CONDEMNATION DEPOSITS

During fiscal year 2005-2006 the City made a \$1,200,000 deposit with the State of California to be used for the purchase of property located within the City of Richmond in which the Agency was attempting to acquire. The funds will be released to the property owner upon completion of the condemnation process.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 7 - CAPITAL ASSETS

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

	Balance at June 30, 2006	Additions	Retirements	Transfers	Balance at June 30, 2007
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land	\$26,107,489	\$1,869,306	(\$2,121,860)		\$25,854,935
Construction in progress	26,195,870	29,096,808	(606,623)	(\$2,841,119)	51,844,936
Total capital assets not being depreciated	<u>52,303,359</u>	<u>30,966,114</u>	<u>(2,728,483)</u>	<u>(2,841,119)</u>	<u>77,699,871</u>
Capital assets being depreciated:					
Buildings and improvements	30,675,549	786,799		930,103	32,392,451
Machinery and equipment	31,644,388	1,808,654	(25,063)	(878,246)	32,549,733
Land improvements and infrastructure	398,879,078			2,789,262	401,668,340
Total capital assets being depreciated	<u>461,199,015</u>	<u>2,595,453</u>	<u>(25,063)</u>	<u>2,841,119</u>	<u>466,610,524</u>
Less accumulated depreciation for:					
Buildings and improvements	(12,437,414)	(642,815)			(13,080,229)
Machinery and equipment	(24,327,369)	(1,877,183)	14,098		(26,190,454)
Land improvements and infrastructure	(236,706,098)	(13,168,808)			(249,874,906)
Total accumulated depreciation	<u>(273,470,881)</u>	<u>(15,688,806)</u>	<u>14,098</u>		<u>(289,145,589)</u>
Capital asset being depreciated, net	<u>187,728,134</u>	<u>(13,093,353)</u>	<u>(10,965)</u>	<u>2,841,119</u>	<u>177,464,935</u>
Governmental activity capital assets, net	<u><u>\$240,031,493</u></u>	<u><u>\$17,872,761</u></u>	<u><u>(\$2,739,448)</u></u>		<u><u>\$255,164,806</u></u>

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, 2007 were as follows:

Governmental Activities	
General Government	\$205,170
Public Safety	258,470
Public Works	13,622,684
Community Development	6,248
Cultural and Recreational	206,552
Housing and Redevelopment	119,534
Internal Service Funds	1,270,148
Total Governmental Activities	<u><u>\$15,688,806</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 7 - CAPITAL ASSETS (Continued)

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

	Balance at June 30, 2006	Additions	Retirements	Transfers	Balance at June 30, 2007
<i>Business-type activities</i>					
Capital assets not being depreciated:					
Land	\$11,215,215	\$125			\$11,215,340
Construction in progress	36,392,258	11,227,492	(\$221,673)	(\$5,334,258)	42,063,819
Total capital assets not being depreciated	<u>47,607,473</u>	<u>11,227,617</u>	<u>(221,673)</u>	<u>(5,334,258)</u>	<u>53,279,159</u>
Capital assets being depreciated:					
Buildings and improvements	91,639,856			(2,894,453)	88,745,403
Machinery and equipment	14,996,224	35,977	(173,084)	(2,166,636)	12,692,481
Infrastructure	94,160,351			10,395,347	104,555,698
Total capital assets being depreciated	<u>200,796,431</u>	<u>35,977</u>	<u>(173,084)</u>	<u>5,334,258</u>	<u>205,993,582</u>
Less accumulated depreciation for:					
Buildings and improvements	(42,903,124)	(823,026)			(43,726,150)
Machinery and equipment	(10,487,555)	(368,146)	173,084		(10,682,617)
Infrastructure	(61,774,179)	(2,595,052)			(64,369,231)
Total accumulated depreciation	<u>(115,164,858)</u>	<u>(3,786,224)</u>	<u>173,084</u>		<u>(118,777,998)</u>
Capital asset being depreciated, net	<u>85,631,573</u>	<u>(3,750,247)</u>		<u>5,334,258</u>	<u>87,215,584</u>
Business-type activity capital assets, net	<u><u>\$133,239,046</u></u>	<u><u>\$7,477,370</u></u>	<u><u>(\$221,673)</u></u>		<u><u>\$140,494,743</u></u>

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

	Balance at June 30, 2006	Additions	Balance at June 30, 2007
Capital assets not being depreciated:			
Land	\$10,431,153		\$10,431,153
Total capital assets not being depreciated	<u>10,431,153</u>		<u>10,431,153</u>
Capital assets being depreciated:			
Buildings and improvements	23,917,143		23,917,143
Machinery and equipment	49,600		49,600
Total capital assets being depreciated	<u>23,966,743</u>		<u>23,966,743</u>
Less accumulated depreciation for:			
Buildings and improvements	(2,465,785)	(\$869,714)	(3,335,499)
Machinery and equipment	(29,406)	(9,920)	(39,326)
Total accumulated depreciation	<u>(2,495,191)</u>	<u>(879,634)</u>	<u>(3,374,825)</u>
Capital asset being depreciated, net	<u>21,471,552</u>	<u>(879,634)</u>	<u>20,591,918</u>
Business-type activity capital assets, net	<u><u>\$31,902,705</u></u>	<u><u>(\$879,634)</u></u>	<u><u>\$31,023,071</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 7 - CAPITAL ASSETS (Continued)

Business activities depreciation expenses for capital assets allocated to each program for the year ended June 30, 2007 were as follows:

Business-Type Activities	
Richmond Housing Authority	\$320,451
Port of Richmond	908,726
Municipal Sewer	1,445,959
Richmond Marina	91,257
Storm Sewer	983,806
Cable TV	36,025
Total Business-Type Activities	\$3,786,224
Component Unit	
RHA Properties	\$879,634

NOTE 8 - LONG-TERM DEBT OBLIGATIONS

Governmental Activities:

Following is a summary of governmental activities long-term debt transactions during the fiscal year ended June 30, 2007:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year	Due in More than One Year
Bonds payable	\$272,805,865	\$6,298,566	(\$6,820,000)	\$272,284,431	\$7,240,000	\$265,044,431
Loans payable	12,200,843	75,000	(1,756,880)	10,518,963	14,822	10,504,141
Capital leases	3,195,340	2,660,000	(743,469)	5,111,871	1,147,573	3,964,298
Total	\$288,202,048	\$9,033,566	(\$9,320,349)	\$287,915,265	\$8,402,395	\$279,512,870

Bonds Payable

Bonds payable at June 30, 2007 consisted of the following:

	Net
JPFA Revenue Refunding Bonds - 1995 Series A	\$7,640,000
Harbor Tax Allocation Refunding Bonds - 1991	155,000
Harbor Tax Allocation Refunding Bonds - 1998 Series A	24,344,118
Pension Obligation Bonds - 1999 Series A	22,825,000
JPFA Tax Allocation Revenue Bonds - 2000 Series A	21,000,000
JPFA Tax Allocation Revenue Bonds - 2000 Series B	4,550,000
JPFA Lease Revenue Bonds - 2001 Series A	25,990,000
JPFA Tax Allocation Revenue Bonds - 2003 Series A	16,080,000
JPFA Tax Allocation Revenue Bonds - 2003 Series B	12,500,000
JPFA Tax Allocation Revenue Bonds - 2004 Series A	14,590,000
JPFA Tax Allocation Revenue Bonds - 2004 Series B	1,860,000
Pension Funding Bond Series 2005	120,750,313
Total	\$272,284,431

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

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.

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

For the Years Ending June 30,	Principal	Interest	Total
2008	\$1,115,000	\$396,222	\$1,511,222
2009	1,175,000	337,422	1,512,422
2010	1,230,000	275,494	1,505,494
2011	1,305,000	210,590	1,515,590
2012	1,365,000	141,815	1,506,815
2013	1,450,000	69,782	1,519,782
Total	\$7,640,000	\$1,431,325	\$9,071,325

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

The Bonds were issued by the Redevelopment Agency to refund 1985 Tax Allocation and Refunding Bonds used for the Urban Renewal Plan for Project 11-A, the Harbour Redevelopment Plan. The Bonds consist of serial bonds in the amount of \$6,365,000 that mature annually through 2004, in amounts ranging from \$50,000 to \$740,000. Interest rates vary from 3.75% to a maximum of 6% and payments are due semiannually on January 1 and July 1. The Term Bonds bear interest at 7% and mature on July 1, 2009 with sinking fund payment requirements starting in 2004 and are secured by a pledge of incremental tax revenues.

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

For the Years Ending June 30,	Principal	Interest	Total
2008	\$60,000	\$8,750	\$68,750
2009	60,000	4,550	64,550
2010	35,000	1,225	36,225
Total	\$155,000	\$14,525	\$169,525

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (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 amount will be used by the City to finance certain publicly owned capital projects, finance certain redevelopment activities within the Harbour Redevelopment Project Area, fund a reserve account and pay certain costs of issuance of the 1998 bonds. The bonds mature annually through 2023, in amounts ranging from \$50,000 to \$1,130,000. Interest rates vary from 3.5% to a maximum of 5.2% and are payable semiannually on January 1 and July 1. The bonds are secured by a pledge of tax revenues. At June 30, 2007, the Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Current interest bonds	\$13,380,000			\$13,380,000
Capital appreciation bonds	16,935,000	\$528,028	(\$6,498,910)	10,964,118
Total	\$30,315,000	\$528,028	(\$6,498,910)	\$24,344,118

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

For the Years Ending June 30,	Principal	Interest	Total
2008	\$525,000	\$647,753	\$1,172,753
2009	550,000	624,903	1,174,903
2010	1,575,000	600,571	2,175,571
2011	1,595,000	574,826	2,169,826
2012	1,760,000	547,525	2,307,525
2013-2017	9,360,000	2,218,165	11,578,165
2018-2022	10,440,000	1,117,083	11,557,083
2023-2024	4,510,000	106,163	4,616,163
Total	\$30,315,000	\$6,436,989	\$36,751,989

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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 annual debt service requirements on the bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2008	\$1,660,000	\$1,635,407	\$3,295,407
2009	1,620,000	1,518,726	3,138,726
2010	1,570,000	1,404,450	2,974,450
2011	1,505,000	1,293,528	2,798,528
2012	1,435,000	1,186,741	2,621,741
2013-2017	7,025,000	4,422,745	11,447,745
2018-2022	5,285,000	1,873,470	7,158,470
2023-2027	2,285,000	540,831	2,825,831
2028-2030	440,000	39,245	479,245
Total	\$22,825,000	\$13,915,143	\$36,740,143

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

The Bonds consist of Series A Bonds issued to fund certain capital improvements of the Redevelopment Agency. The Series B Bonds were issued for use in certain low and moderate income housing activities.

The Series A Bonds consist of Serial Bonds in the amount of \$25,210,000 and Term Bonds in the amount of \$510,000. The Serial Bonds mature annually through 2018 in amounts ranging from \$1,110,000 to \$2,205,000. Interest rates range from 4.0% to 5.5% and payments are due semiannually on March 1 and September 1. The Term Bonds mature in 2029 and bear interest at 5.25%.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

The Series B Bonds consist of Serial Bonds in the amount of \$1,245,000 and term bonds in the amount of \$4,550,000. The Serial Bonds mature annually through 2006 in amounts ranging from \$170,000 to \$260,000. Interest rate is 7% and payments are due semiannually on March 1 and September 1. The Term Bonds mature as follows: \$1,075,000 in 2010 at an interest rate of 7.35%, \$3,365,000 in 2018 at an interest rate of 7.7% and \$110,000 in 2029 at an interest rate of 8.0%. The Bonds are secured by a pledge of certain tax increment revenues derived from taxable property within certain Redevelopment Agency project areas.

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

For the Years Ending June 30,	Principal	Interest	Total
2008	\$1,305,000	\$1,017,635	\$2,322,635
2009	1,365,000	952,441	2,317,441
2010	1,435,000	885,040	2,320,040
2011	1,500,000	819,720	2,319,720
2012	1,570,000	749,860	2,319,860
2013-2017	9,020,000	2,517,445	11,537,445
2018-2022	4,560,000	353,182	4,913,182
2023-2027	140,000	46,725	186,725
2028-2030	105,000	8,269	113,269
Total	\$21,000,000	\$7,350,317	\$28,350,317

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

For the Years Ending June 30,	Principal	Interest	Total
2008	\$240,000	\$338,098	\$578,098
2009	260,000	319,723	579,723
2010	275,000	300,061	575,061
2011	300,000	278,930	578,930
2012	320,000	255,585	575,585
2013-2017	2,010,000	852,501	2,862,501
2018-2022	1,095,000	117,843	1,212,843
2023-2027	25,000	15,000	40,000
2028-2030	25,000	3,400	28,400
Total	\$4,550,000	\$2,481,141	\$7,031,141

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

The Bonds were issued to finance various street and stormwater improvements within the City and improvements to City facilities. The Bonds consist of serial bonds in the amount of \$11,665,000 and term bonds in the amount of \$17,540,000. The serial Bonds mature annually in amounts ranging from \$450,000 to \$905,000. Interest rates range from 3.2% to 5.125% and are payable on each February 1 and August 1. The term bonds mature as follows: \$7,745,000 due in 2026 bearing an interest rate of 5% and \$9,795,000 due in 2031 bearing an interest rate of 5%. The Bonds are secured by revenues of a lease agreement between the City and the Financing Authority. The Bonds are subject to redemption prior to maturity, starting in 2020.

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

For the Years Ending June 30,	Principal	Interest	Total
2008	\$545,000	\$1,284,075	\$1,829,075
2009	565,000	1,260,913	1,825,913
2010	590,000	1,236,194	1,826,194
2011	620,000	1,209,644	1,829,644
2012	645,000	1,181,744	1,826,744
2013-2017	3,720,000	5,415,206	9,135,206
2018-2022	4,765,000	4,376,837	9,141,837
2023-2027	6,080,000	3,056,500	9,136,500
2028-2031	8,460,000	1,256,250	9,716,250
Total	<u>\$25,990,000</u>	<u>\$20,277,363</u>	<u>\$46,267,363</u>

2003 Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series A and Series B – Original Issue Series A (\$16,080,000), Series B (\$12,500,000)

The Bonds were issued on August 27, 2003 by the Richmond JPFA. The proceeds of the Series A Bonds were used to finance certain capital improvements for the Richmond Redevelopment Agency and pay \$13,000,000 to the City in partial payment of the Prior Obligations. The proceeds of the Series B Bonds were used to finance certain capital improvements for the Agency and pay \$5,000,000 to the City in partial payment of the Prior Obligations. Interest rates range from 3.00% to 6.30% and are payable semiannually on March 1 and September 1. The bonds are secured by a pledge of certain tax increment revenues derived from taxable property within certain Redevelopment Agency project areas.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

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
2008		\$1,515,771	\$1,515,771
2009	\$780,000	1,502,012	2,282,012
2010	810,000	1,472,834	2,282,834
2011	840,000	1,440,250	2,280,250
2012	870,000	1,403,606	2,273,606
2013-2017	5,020,000	6,337,056	11,357,056
2018-2022	7,890,000	4,727,403	12,617,403
2023-2026	12,370,000	1,625,055	13,995,055
Total	<u>\$28,580,000</u>	<u>\$20,023,987</u>	<u>\$48,603,987</u>

2004 Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series A and Series B – Original Issue Series A \$15,000,000, Series B \$2,000,000

The Bonds were issued on October 28, 2004 by the Richmond JPFA. The proceeds from the Series A Bonds were used to repay advances from the City and finance certain working capital requirements and low and moderate income housing activities of the Redevelopment Agency. The proceeds of the Series B Bonds were used to finance certain low and moderate income housing activities of the Redevelopment Agency. Interest rates range from 2.00% to 5.44% and payments are due semiannually on March 1 and September 1. The Bonds are secured by certain amounts payable by the Redevelopment Agency to the Authority and certain tax increment revenues derived from the taxable property within the Merged Project Area.

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

For the Years			
Ending June 30,	Principal	Interest	Total
2008	\$215,000	\$831,229	\$1,046,229
2009	225,000	824,434	1,049,434
2010	230,000	816,766	1,046,766
2011	235,000	808,290	1,043,290
2012	250,000	798,832	1,048,832
2013-2017	1,410,000	3,818,986	5,228,986
2018-2022	5,160,000	3,064,123	8,224,123
2023-2027	8,725,000	1,667,764	10,392,764
Total	<u>\$16,450,000</u>	<u>\$12,630,424</u>	<u>\$29,080,424</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

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, 2007, the City’s net pension asset amounted to \$109,159,526. 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 1/10th 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 “accretes” 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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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.

At June 30, 2007, the Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Current interest bonds	\$25,225,000			\$25,225,000
Capital appreciation bonds	203,186,000	\$5,770,538	(\$113,431,225)	95,525,313
	<u>\$228,411,000</u>	<u>\$5,770,538</u>	<u>(\$113,431,225)</u>	<u>\$120,750,313</u>

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2008	\$1,575,000	\$1,425,928	\$3,000,928
2009	845,000	1,355,325	2,200,325
2010	3,785,000	1,220,244	5,005,244
2011	4,330,000	983,489	5,313,489
2012	4,930,000	713,329	5,643,329
2013-2017	24,580,000	12,641,360	37,221,360
2018-2022	42,499,000	10,238,925	52,737,925
2023-2027	39,214,000	21,643,350	60,857,350
2028-2032	54,137,000	20,519,425	74,656,425
2033-2035	52,516,000	3,975,600	56,491,600
Total	<u>\$228,411,000</u>	<u>\$74,716,975</u>	<u>\$303,127,975</u>

Loans Payable

Loans payable at June 30, 2007 consisted of the following:

Wells Fargo Loan	\$500,000
CalTrans Home Loans	826,808
CHFA Help Loans	2,692,155
HUD Section 108 Loans	6,500,000
Total	<u>\$10,518,963</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

In 1995, the City made a loan to Richmond Associates to finance capital improvement costs of portions of the Hilltop Shopping Center. The loan was due in monthly installments of \$12,500 through 2007. Interest is at a floating rate equal to the prime rate of Wells Fargo Bank plus 2% per annum. As of June 30, 2007 the loan has been fully repaid.

Wells Fargo Loan – Original Amount \$500,000

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

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

For the Years Ending June 30,	Principal	Interest	Total
2008		\$7,500	\$7,500
2009		7,500	7,500
2010		7,500	7,500
2011		7,500	7,500
2012		7,500	7,500
2013-2017	\$500,000	37,500	537,500
Total	\$500,000	\$75,000	\$575,000

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
June 30, 2007

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

CHFA Help Loans – Original Amounts \$1,500,000 and \$1,000,000

The Agency entered into two loan agreements with California Housing Finance Agency in September 2000 and 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 loans are due 10 years from the date of each loan. The loans bear a simple 3% per annum interest rate, and all payments of principal and interest are deferred for a ten-year period. During fiscal year 2006 the interest accrued to principal totaled \$75,000.

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 2025.

For the Years Ending June 30,	Principal	Interest	Total
2008		\$77,400	\$77,400
2009	\$142,822	77,400	220,222
2010	146,507	73,715	220,222
2011	150,286	69,935	220,221
2012	154,164	66,058	220,222
2013-2017	832,573	268,536	1,101,109
2018-2022	945,662	155,447	1,101,109
2023-2025	627,986	29,448	657,434
Total	\$3,000,000	\$817,939	\$3,817,939

HUD Section 108 – Original Amount \$3,500,000

In fiscal 2006, the Agency received a Section 108 loan from the Department of Housing and Urban Development to finance costs related to the North Richmond-Iron Triangle 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.

For the Years Ending June 30,	Principal	Interest	Total
2008		\$90,300	\$90,300
2009		90,300	90,300
2010		90,300	90,300
2011		90,300	90,300
2012	\$160,000	90,300	250,300
2013-2017	950,000	359,910	1,309,910
2018-2022	1,200,000	218,010	1,418,010
2023-2026	1,190,000	49,020	1,239,020
Total	\$3,500,000	\$1,078,440	\$4,578,440

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

CERF Loan – Original Amount \$4,500,000

In fiscal 2006, the Agency received a loan from the Continental Environmental Redevelopment Fund to finance the costs of an environmental remediation program. Interest was payable quarterly. The loan was due in full in March 2007, with the option to extend the agreement for two additional years. As of June 30, 2007, the loan was fully repaid.

Capital Leases

Capital leases payable at June 30, 2007 consisted of the following:

Municipal Finance Corporation - Viron	\$2,692,761
Sun Trust Leasing Corporation - Computer Equipment	2,419,110
Total	\$5,111,871

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

In 2002, the City entered into a lease agreement with SunTrust Leasing Corporation to finance the purchase of 911 system interface hardware, software and services. The lease was payable in quarterly installments of \$128,473 including principal and interest. As of June 30, 2007, the lease was fully repaid.

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
2008	\$392,859	\$115,150	\$508,009
2009	411,234	96,774	508,008
2010	430,469	77,539	508,008
2011	450,604	57,405	508,009
2012	471,680	36,328	508,008
2013-2014	535,915	14,427	550,342
Total	\$2,692,761	\$397,623	\$3,090,384

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Sun Trust Leasing Corporation Computer Equipment Lease– Original Amount \$2,660,000

In 2006, the City entered into a lease agreement with SunTrust Leasing Corporation to finance the purchase of computer equipment and software. The lease is payable in semi-annual installments of \$299,013 including principal and interest through June 2011. However, the City did not make the June 2007 payment until July 31, 2008.

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

For the Years Ending June 30,	Principal	Interest	Total
2008	\$754,714	\$142,326	\$897,040
2009	531,027	66,999	598,026
2010	554,486	43,540	598,026
2011	578,883	19,045	597,928
Total	\$2,419,110	\$271,910	\$2,691,020

Business-Type Activities

The following is a summary of long-term debt of business-type activities during the fiscal year ended June 30, 2007:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year	Due in More than One Year
Bonds payable	\$47,767,777	\$48,830,000	(\$46,957,775)	\$49,640,002	\$1,545,000	\$48,095,002
Loans and leases payable	11,195,682		(3,776,673)	7,419,009	1,991,375	5,427,634
Total	\$58,963,459	\$48,830,000	(\$50,734,448)	\$57,059,011	\$3,536,375	\$53,522,636

Bonds payable at June 30, 2007 consisted of the following:

Port Terminal Lease Revenue Refunding Bonds Series 1999	\$3,607,675
Port Terminal Lease Revenue Bonds Series 1996	4,175,000
Wastewater Revenue Bonds Series 2006A and 2006B	41,857,327
Total	\$49,640,002

Wastewater Revenue Refunding Bonds Series 1999

The Bonds were issued to pay for the cost of improvements and renovation to the wastewater treatment system. The bonds were defeased during fiscal year 2007 with the Wastewater Revenue Refunding Bonds Series 2006A and 2006B which are discussed below.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Port Terminal Lease Revenue Refunding Bonds Series 1999 – Original Issue \$10,955,000

The Bonds were issued by the Authority to refund the Port Terminal Lease Revenue Bonds, Series 1994. The Bonds are special limited obligations of the Authority payable solely from revenues of the Authority pursuant to a Facilities Lease agreement with the City. The City has pledged subordinated Port revenues to the payment of the base rental payments of the Facilities Lease agreement. The Bonds consist of Serial Bonds that mature annually through 2009 in amounts ranging from \$930,000 to \$2,385,000. Interest rates vary from 3.7% to a maximum of 4.6% and payments are due semiannually on June 1 and December 1. Bonds outstanding are carried net of unamortized discount, as follows:

Bonds outstanding	\$3,620,000
Unamortized discount	(12,325)
Net	<u><u>\$3,607,675</u></u>

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

For the Years Ending June 30,	Principal	Interest	Total
2008	\$1,235,000	\$165,903	\$1,400,903
2009	2,385,000	109,710	2,494,710
Total	<u><u>\$3,620,000</u></u>	<u><u>\$275,613</u></u>	<u><u>\$3,895,613</u></u>

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

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

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

For the Years Ending June 30,	Principal	Interest	Total
2008	\$310,000	\$263,208	\$573,208
2009	335,000	242,729	577,729
2010	355,000	220,821	575,821
2011	370,000	197,340	567,340
2012	395,000	172,095	567,095
2013-2017	2,410,000	417,450	2,827,450
Total	<u><u>\$4,175,000</u></u>	<u><u>\$1,513,643</u></u>	<u><u>\$5,688,643</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Wastewater Revenue Refunding Bonds Series 2006A and 2006B – Original Issue \$6,500,000

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 of \$40,359,811 plus an additional amount of \$3,630,684 from the 1999 Wastewater Revenue Refunding Bonds 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 refunding resulted in an overall debt service savings of \$2,842,593. The net present value of the debt securities savings is called an economic gain and amounted to \$74,025. The outstanding balance of the defeased bonds as of June 30 was \$37,731,436. Bonds outstanding are carried net of the unamortized loss on refunding, as follows:

Bonds outstanding:	
Series 2006 A	\$16,570,000
Series 2006 B	32,260,000
Unamortized deferred amount on refunding	(7,527,644)
Unamortized premium	554,971
Net	<u><u>\$41,857,327</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
2008		\$742,550	\$742,550
2009		742,550	742,550
2010	\$865,000	723,088	1,588,088
2011	905,000	683,263	1,588,263
2012	945,000	641,638	1,586,638
2013-2017	5,470,000	2,444,875	7,914,875
2018-2022	6,845,000	1,070,350	7,915,350
2023	1,540,000	35,613	1,575,613
Total	<u><u>\$16,570,000</u></u>	<u><u>\$7,083,927</u></u>	<u><u>\$23,653,927</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Principal payments are due annually on August 1 and interest payments are due monthly, through August 2037 for the Series 2006B bonds. The annual debt service requirements on the 2006B Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2008		\$927,990	\$927,990
2009		1,305,856	1,305,856
2010		1,305,643	1,305,643
2011		1,305,643	1,305,643
2012		1,305,643	1,305,643
2013-2017		6,528,641	6,528,641
2018-2022		6,528,427	6,528,427
2023-2027	\$6,855,000	5,893,549	12,748,549
2028-2032	10,210,000	4,001,956	14,211,956
2033-2037	12,410,000	1,690,246	14,100,246
2038	2,785,000	18,570	2,803,570
Total	\$32,260,000	\$30,812,164	\$63,072,164

The 2006B Wastewater Revenue Bonds were issued as auction rate bonds with interest calculated weekly. The rate fluctuates according to the market conditions, but is capped at 12%. However, the City entered into a 31-year interest rate swap agreement for the entire amount of its 2006B Wastewater Revenue Bonds as discussed below. The combination of the variable rate Bonds and a floating rate swap creates synthetic fixed-rate debt for the Agency. The synthetic fixed rate for the Bonds was 3.717% at June 30, 2007.

Interest Rate Swap Agreement

The City entered into an interest swap agreement in connection with the 2006B Wastewater Revenue Bonds. The transaction allows the City to create a synthetic fixed rate on the Bonds, protecting it against increases in short-term interest rates. The terms, fair value and credit risk of the swap agreement is disclosed below.

Terms. The terms, including the counterparty credit rating of the outstanding swap, as of June 30, 2007, are included below. The swap agreement contains scheduled reductions to the outstanding notional amount that are expected to follow scheduled reductions in the Bonds.

Notional Amount	Effective Date	Counterparty	Credit Rating	Fixed Rate Paid	Variable Rate Received	Termination Date
\$32,260,000	10/17/2006	Bear, Stearns Capital Markets Inc.	AAA/Aaa/AAA	3.661%	63.42% of USD- LIBOR- BBA	8/1/2037

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

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; it is only 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, 2007, the fair value of the swap was in favor of the counterparty in the amount of \$410,392.

Credit risk. As of June 30, 2007, the City was exposed to credit risk on the outstanding swap because the swap had a positive fair value. This amount may increase if interest rates increase in the future. However, if *interest* rates decline and the fair value of the swap were to become negative, the City would no longer 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.

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Swap payments and associated debt. Using rates as of June 30, 2007, debt service requirements of the City's outstanding variable-rate Bonds and net swap payments 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	Interest	
2008		\$906,356	\$21,634	\$927,990
2009		1,284,222	21,634	1,305,856
2010		1,284,009	21,634	1,305,643
2011		1,284,009	21,634	1,305,643
2012		1,284,009	21,634	1,305,643
2013-2017		6,420,471	108,170	6,528,641
2018-2022		6,420,257	108,170	6,528,427
2023-2027	\$6,855,000	5,796,267	97,282	12,748,549
2028-2032	10,210,000	3,936,206	65,750	14,211,956
2033-2037	12,410,000	1,662,920	27,326	14,100,246
2038	2,785,000	18,414	156	2,803,570
Total	\$32,260,000	\$30,297,140	\$515,024	\$63,072,164

Loans and Leases Payable

Loans and leases payable at June 30, 2007, consisted of the following:

State Revolving Fund Loan Contract	\$2,493,071
California Department of Boating and Waterways	3,376,073
Pt. Potrero Lease Revenue Note	1,549,865
Total	\$7,419,009

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

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. Payments on the loan are due annually through 2013. Annual installments including principal and interest are \$461,410. The annual debt service requirements on the State Revolving Fund Loan are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2008	\$386,618	\$74,792	\$461,410
2009	398,217	63,194	461,411
2010	410,163	51,247	461,410
2011	422,468	38,942	461,410
2012	435,142	26,268	461,410
2013	440,463	13,214	453,677
Total	<u>\$2,493,071</u>	<u>\$267,657</u>	<u>\$2,760,728</u>

California Department of Boating and Waterways

The Agency 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 2042. The total amount outstanding at June 30, 2007 was \$3,376,073.

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

For the Years Ending June 30,	Principal	Interest	Total
2008	\$54,892	\$151,923	\$206,815
2009	57,362	149,453	206,815
2010	59,943	146,872	206,815
2011	62,641	144,174	206,815
2012	65,459	141,356	206,815
2013-2017	374,224	659,852	1,034,076
2018-2022	466,351	567,724	1,034,075
2023-2027	581,158	452,917	1,034,075
2028-2032	724,204	309,846	1,034,050
2033-2037	584,762	153,273	738,035
2038-2042	341,083	32,894	373,977
2043	3,994	180	4,174
Total	<u>\$3,376,073</u>	<u>\$2,910,464</u>	<u>\$6,286,537</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

2004 Richmond Joint Powers Financing Authority Point Potrero Lease Revenue Note

On May 6, 2004 the Richmond JPFA borrowed \$5,424,178 from Comerica Bank under the terms of a Note which bears interest at the rate of 4.75% per annum payable quarterly. Principal payments are due in semi-annual installments until May 1, 2019. The loan provided funds for the construction of an automobile shipping and warehousing facility located in the Port. The Note is a limited obligation of the Authority payable solely from revenues from the facilities leased. Minimum annual lease payments are \$509,380 through 2019. During fiscal year 2007, cumulative excess payments received from the lessee were used to repay principal of \$3,068,808.

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

For the Years Ending June 30, 2008	Principal	Interest	Total
	\$1,549,865	\$41,934	\$1,591,799

Business-Type Activities – RHA Properties

The following is a summary of RHA Properties long-term debt activities during the fiscal year ended June 30, 2007:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year	Due in More than One Year
Bonds payable	\$33,725,000	\$12,540,000	(\$12,666,165)	\$33,598,835	\$300,000	\$33,298,835

Bonds payable at June 30, 2007 consisted of the following:

RHA Properties Affordable Housing Agency Bonds Series 2003 A	\$21,900,000
JPFA Subordinate Multifamily Housing Revenue Bonds Series 2007	11,698,835
	<u>\$33,598,835</u>

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 \$12,000,000 and has loaned the proceeds to RHA Properties which used the proceeds to acquire a 401-unit multifamily apartment project.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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 (3.8% at June 30, 2007) 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 months period.

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2008	\$300,000	\$946,204	\$1,246,204
2009	400,000	928,230	1,328,230
2010	400,000	913,576	1,313,576
2011	400,000	895,514	1,295,514
2012	400,000	878,471	1,278,471
2013-2017	2,700,000	4,062,759	6,762,759
2018-2022	3,600,000	3,387,261	6,987,261
2023-2027	5,000,000	2,468,346	7,468,346
2028-2032	6,700,000	1,219,000	7,919,000
2033-2034	2,000,000	59,268	2,059,268
Total	\$21,900,000	\$15,758,629	\$37,658,629

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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 of \$12,157,548 plus additional of \$933,139 from the 2003 Series A-S Bonds 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 refunding of the 2003 Series A-S Bonds resulted in an \$813,705 decrease of future aggregate debt service and an economic gain of \$853,405. The 2003 Series A-S Bonds are considered to be defeased and the liabilities for those bonds have been removed. As of June 30, 2007 \$11,260,000 of the principal remained outstanding on the defeased 2003 Series A-S Bonds. Bonds outstanding are carried net of the deferred amount of refunding, as follows:

Bonds outstanding	\$12,540,000
Deferred amount on refunding	<u>(841,165)</u>
Net	<u><u>\$11,698,835</u></u>

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2008		\$599,972	\$599,972
2009	\$5,000	599,972	604,972
2010	290,000	596,989	886,989
2011	300,000	585,508	885,508
2012	310,000	573,218	883,218
2013-2017	1,770,000	2,656,090	4,426,090
2018-2022	2,205,000	2,220,613	4,425,613
2023-2027	2,810,000	1,613,625	4,423,625
2028-2032	3,590,000	826,750	4,416,750
2033-2034	1,260,000	63,500	1,323,500
Total	<u><u>\$12,540,000</u></u>	<u><u>\$10,336,237</u></u>	<u><u>\$22,876,237</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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, 2007, the balance of these Districts' outstanding debts was as follows:

1999 JPFA Revenue Refunding Bonds, Series A, secured solely by revenues from Hilltop Area Development District F and Cutting Boulevard/Canal Boulevard	\$2,580,000
Richmond JPFA Reassessment Revenue Bonds, 2003 Series A, secured solely by revenues from Reassessment District 2003-1 (Atlas Interchange/Atlas Road West)	8,725,000
Harbor Navigation Improvement District	1,505,000
Community Facilities District No. 1998-1	3,975,000
San Pablo Avenue Street Lighting District No. 854	90,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2006A (including Series 2006AT)	10,042,500
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2006B	1,995,000

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, 2007, the balance of these issuers' outstanding debts was as follows:

Bridge Housing Acquisitions, Inc.	\$14,005,000
YMCA of the East Bay, 1996 Revenue Bonds	3,595,000
Baycliff Apartment Project, 2004 Revenue Bonds	32,000,000

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 9 - DEFERRED REVENUE

Fund Financial Statements

At June 30, 2007, the following deferred revenues were recorded in the Fund Financial Statements because either the revenues had not been earned or the funds were not available to finance expenditures of the current period:

	<u>General Fund</u>	<u>Redevelopment Agency</u>	<u>Non- Major Governmental Funds</u>	<u>Total</u>
Loans Receivable	\$733,288	\$24,077,357	\$4,649,332	\$29,459,977
Grants Receivable	125,493		84,080	209,573
Interest accrual - Advances to other funds	9,031,624			9,031,624
Park & recreation receivable - unearned rents	60,113			60,113
Total	<u>\$9,950,518</u>	<u>\$24,077,357</u>	<u>\$4,733,412</u>	<u>\$38,761,287</u>

NOTE 10 - DEFICIT FUND BALANCES AND ACCUMULATED DEFICITS

The City plans to cure the deficit net assets of \$2,654,697 in the Port of Richmond Enterprise Fund by increased leasing activity at the Port.

Deficit net assets of \$228,453 and \$425,334 in the Paratransit Operations and Cost Recovery Special Revenue Funds will be eliminated by future service revenues.

Deficit net assets of \$9,703,160 in the Insurance Reserves Internal Service Fund is expected to be eliminated through future increases in service charges.

NOTE 11 - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

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

Funding Policy

Active plan members are required by state statute to contribute 8% for miscellaneous and 9% for safety employees of their annual covered salary. The City as employer was required to contribute for period from February 1, 2006 to July 15, 2006 at an actuarially determined rate of 11.328% and 16.485% of annual covered payroll for miscellaneous and safety employees, respectively. The employer contribution rate was changed on July 16, 2007. From July 15, 2007 to June 30, 2007, the City was required to contribute an actuarially determined rate of 11.853% and 17.339% of annual covered payroll for miscellaneous and safety employees, respectively. Total employer contributions based on the actuarially determined rates amounted to \$7,965,026 for the year ended June 30, 2007.

Annual Pension Cost and Net Pension Asset

For 2006-2007, the City's annual pension cost of \$10,336,946 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) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.25% to 14.45% for miscellaneous employees and from 3.25% to 13.15% for safety employees depending on age, service, and type of employment, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. 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, 2007, were 30 years for both 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 were:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Prepaid Pension Obligation</u>
6/30/2005	\$12,284,671	100%	
6/30/2006	12,819,890	100%	\$111,531,446
6/30/2007	10,336,946	100%	109,159,526

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 \$109,159,526 at June 30, 2007. During fiscal 2007, the amortization of the prepayment increased the actuarially required contributions by \$2,371,920 to arrive at Annual Pension Costs of \$10,336,946. For years prior to fiscal 2006, Annual Pension Costs equal the Actuarially Required Contributions disclosed above.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

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

SCHEDULE OF FUNDING PROGRESS - CALPERS

Safety Plan:

Actuarial						
Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
06/30/04	\$314,203,424	\$247,622,760	\$66,580,664	79%	\$23,992,233	277.5%
06/30/05	326,157,639	259,483,882	66,673,757	80%	22,128,726	301.3%
06/30/06	339,241,980	339,619,607	(377,627)	100%	21,314,998	(1.8%)

Miscellaneous Plan:

Actuarial						
Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
06/30/04	\$258,035,928	\$212,933,212	\$45,102,716	83%	\$32,316,594	139.6%
06/30/05	269,183,479	221,754,486	47,428,993	82%	28,600,241	165.8%
06/30/06	277,497,262	278,531,185	(1,033,923)	100%	29,837,781	(3.5%)

NOTE 12 – OTHER CITY PENSION PLANS

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 29 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 87 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.

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

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 Plan.

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.

Pension Plan Assets

At June 30, 2007 the pension plans' reported assets available for benefits of \$25,648,286. The composition of these assets at June 30, 2007 is shown below. For actuarial purposes, the value of the Plans' assets was determined to be fair value.

Pooled cash and investments	\$3,379,395
Local Agency Investment Fund	173,925
Wellington Trust Company Fund	<u>22,094,966</u>
Net assets available for benefits at June 30, 2007	<u><u>\$25,648,286</u></u>

Actuarially Determined Required Contributions

General Pension Plan – As of July 1, 2005, the date of the most recent actuarial valuation available, the actuarial present value of pension benefits under the Plan was \$5,614,489 and the assets of the Plan at fair value were \$3,141,392 resulting in an unfunded actuarial liability of \$2,473,097. In computing the actuarial valuation, Plan assets were assumed to yield a 5% return and were assumed to increase 2% annually. Assumptions for retirement age, disability, withdrawal, and salary increases were not meaningful as substantially 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 – 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 Plan. The incremental property tax revenue received for the year ended June 30, 2007 was \$6,215,648. Pension benefits for the 2006/07 fiscal year were \$4,675,769. The actuarial present value of future pension liabilities under the Plan at July 1, 2005, the date of the most recent actuarial valuation, was approximately \$41,653,180, representing principally prior service costs. Assets of the Plan were \$19,251,702 resulting in an unfunded actuarial liability of \$22,401,478. Actuarial assumptions included an assumed rate of return of 6.5%. 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 3.5% annually. Assumptions for retirement age, disability, withdrawal, and salary increases have an insignificant effect on the valuation as substantially all of the participants had retired. The required contribution was determined by using the entry age normal actuarial cost method.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

Garfield Pension Plan – As of July 1, 2005, the date of the most recent actuarial valuation available, the actuarial present value of pension benefits under the Plan was \$915,287 and the assets of the Plan at fair value were \$301,298 resulting in an unfunded actuarial liability of \$613,989. In computing the actuarial valuation, Plan assets were assumed to yield a 5% return and 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	Annual Contribution	Percent Contributed
2001/02	\$348,626	\$0	0%	\$762,611	\$0	0%
2002/03	329,048	1,070,888	325%	2,174,274	0	0%
2003/04	357,744	1,119,537	313%	2,428,906	2,899,909	119%
2004/05	299,319	946,476	316%	2,191,252	2,440,857	111%
2005/06	238,264	238,264	100%	2,215,648	2,215,648	100%
2006/07	238,264	238,264	100%	2,215,648	6,215,648	281%

Fiscal Year	Garfield Pension Plan		
	Annual Required Contribution	Amount Contributed	Percent Contributed
2001/02	\$48,379	\$36,238	75%
2002/03	48,364	0	0%
2003/04	56,920	0	0%
2004/05	62,856	0	0%
2005/06	73,917	73,917	100%
2006/07	73,917	73,917	100%

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

Significant Accounting Policies

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

Net Pension Liability (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, 2007, the General Pension Plan had a net pension asset at of \$1,897,873. At June 30, 2007, the Police and Firemen’s Pension Plan had a net pension liability \$382,711, and the Garfield Pension Plan had a net pension liability of \$207,948. The net pension asset and the net pension liabilities 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, 2007, were fifteen, thirteen, and nine 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 2006-07 were as follows:

	Police and Fireman's Plan	General Pension Plan	Garfield Pension Plan
Annual required contribution	\$2,215,648	\$238,264	\$73,917
Interest on net pension obligation	305,600	(104,587)	12,101
Adjustment to annual required contribution	<u>(465,011)</u>	<u>201,523</u>	<u>(29,136)</u>
Annual pension cost	2,056,237	335,200	56,882
Contributions made	<u>(6,215,648)</u>	<u>(238,264)</u>	<u>(73,917)</u>
(Decrease) increase in net pension obligations	(4,159,411)	96,936	(17,035)
Net pension obligation (asset) June 30, 2006	<u>4,542,122</u>	<u>(1,994,809)</u>	<u>224,983</u>
Net pension obligation (asset) June 30, 2007	<u>\$382,711</u>	<u>(\$1,897,873)</u>	<u>\$207,948</u>

The Plans’ net pension obligation (asset) for the last three fiscal years were as follows:

Fiscal Year	Police and Fireman's Plan	General Pension Plan	Garfield Pension Plan
June 30, 2005	\$4,701,533	(\$2,091,745)	\$242,018
June 30, 2006	4,542,122	(1,994,809)	224,983
June 30, 2007	382,711	(1,897,873)	207,948

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

SCHEDULE OF FUNDING PROGRESS

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, 2003	\$46,523,759	\$20,450,153	\$26,073,606	44%	(A)	N/A
July 1, 2004	43,244,772	20,384,607	22,860,165	47%	(A)	N/A
July 1, 2005	41,653,180	19,251,702	22,401,478	46%	(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, 2003	\$6,331,911	\$2,298,683	\$4,033,228	36%	(B)	N/A
July 1, 2004	6,030,516	2,786,571	3,243,945	46%	(B)	N/A
July 1, 2005	5,614,489	3,141,392	2,473,097	56%	(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, 2003	N/A (C)	N/A (C)	N/A (C)	N/A (C)	(B)	N/A
July 1, 2004	N/A (C)	N/A (C)	N/A (C)	N/A (C)	(B)	N/A
July 1, 2005	\$915,287	\$301,298	\$613,989	33%	(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
June 30, 2007

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

Plan Financial Statements

The Statement of Net Assets for the Plans at June 30, 2007 follows:

	<u>General Pension</u>	<u>Police and Fireman's Pension</u>	<u>Garfield Pension</u>
ASSETS			
Pension plan cash and investments:			
City of Richmond Investment Pool	\$2,412,853	\$816,639	\$149,903
Local Agency Investment Fund			173,925
Mutual Fund Investments		22,094,966	
Interest receivable	<u>4,028</u>	<u>(1,295)</u>	<u>2,400</u>
 Total Assets	 <u>2,416,881</u>	 <u>22,910,310</u>	 <u>326,228</u>
NET ASSETS			
Held in trust for employees' pension benefits	<u>\$2,416,881</u>	<u>\$22,910,310</u>	<u>\$326,228</u>

The Statement of Changes in Plan Net Assets for the year ended June 30, 2007 follows:

	<u>General Pension</u>	<u>Police and Fireman's Pension</u>	<u>Garfield Pension</u>
ADDITIONS			
Net investment income:			
Net increase in the fair value of investments		\$2,653,509	
Interest income	\$115,413	539,399	\$15,139
Investment management fees		(82,775)	
Contribution from the City	90,078		73,917
Contribution from Pension Reserve	<u>148,186</u>	<u>6,215,648</u>	<u></u>
 Total Additions	 <u>353,677</u>	 <u>9,325,781</u>	 <u>89,056</u>
DEDUCTIONS			
Pension benefits	708,846	4,675,769	75,861
Administrative expenses	<u>6,131</u>	<u>(2,205)</u>	<u>182</u>
 Total Deductions	 <u>714,977</u>	 <u>4,673,564</u>	 <u>76,043</u>
 Net Increase (Decrease)	 <u>(361,300)</u>	 <u>4,652,217</u>	 <u>13,013</u>
NET ASSETS			
Beginning of year	<u>2,778,181</u>	<u>18,258,093</u>	<u>313,215</u>
End of year	<u>\$2,416,881</u>	<u>\$22,910,310</u>	<u>\$326,228</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described 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, 2007, 413 retirees met those eligibility requirements. The City funds these benefits on a pay-as-you-go basis. During fiscal year 2007, expenditures of \$1,973,346 were recognized for post employment health care benefits.

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 August 2002 the City joined the Municipal Pooling Authority (MPA) for general, automobile, property, and boiler and machinery liability. The City retains a self-insured retention of \$1 million on workers' compensation. 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	Commercial Insurance Carrier
Workers' compensation	\$1,000,000 per claim	\$24,000,000 in excess of SIR

The MPA provides coverage against the following types of loss risks under the terms of a joint-powers agreement with the City and several other cities and governmental agencies as follows:

Type of Coverage (Deductible)	Coverage Limits
Liability (\$250,000)	\$20,000,000
All Risk Fire, Property, & Flood (\$5,000)	350,000,000
Boiler & Machinery (\$5,000)	100,000,000
Difference in Conditions (10% prior 1970, 5% post 1970 of total insured value of each building)	15,000,000
Employment Practices (\$50,000)	1,000,000
Crime/Employee Dishonesty (\$5,000)	500,000

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 15 - RISK MANAGEMENT (Continued)

The MPA is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the MPA, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The City's deposits with the MPA are in accordance with formulas established by the MPA. 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 MPA are available from MPA, 1911 San Miguel Drive, Suite 100 Walnut Creek, California, 94596.

For the years ended June 30, 2007, 2006 and 2005 the amount of settlements did not exceed insurance coverage.

The MPA's all risk fire, property, earthquake and flood coverage was reduced from \$1 billion for the fiscal year ended June 30, 2006 to \$350 million for the year ended June 30, 2007.

Liability for Uninsured Claims

The unpaid claims liabilities included in each of the self-insurance internal service funds are based on case reserves and include amounts for claims incurred but not reported (IBNR). At June 30, 2007, the estimated claims payable of \$23,000,000, consisting of reserves for both reported and IBNR losses, as well as allocated loss adjustment expenses, has been recorded in the Insurance Reserves internal service fund. Changes in the claims liabilities for the years ended June 30, 2007 and 2006 were as follows:

	<u>2007</u>	<u>2006</u>
Claims liabilities, beginning of year	\$22,710,000	\$18,236,179
Current year claims	1,667,337	8,947,642
Change in prior year claims	11,348,863	1,805,484
Claim payments	(9,037,799)	(4,717,413)
Legal, administrative and other expenses	<u>(3,688,401)</u>	<u>(1,561,892)</u>
Claims liabilities, end of year	<u><u>\$23,000,000</u></u>	<u><u>\$22,710,000</u></u>
Claims liabilities, due in one year	<u><u>\$9,560,000</u></u>	<u><u>\$4,717,000</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

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.
- Convention Center Fund – Administrative and maintenance expenses incurred in the operation and rental of the facility.

Fiscal 2007 condensed financial information for the Richmond Marina Enterprise Fund is as follows:

Condensed Statement of Net Assets

Assets:	
Current assets	\$3,146,910
Capital assets	2,393,167
Total assets	<u>5,540,077</u>
Liabilities:	
Current liabilities	194,155
Long-term liabilities	3,321,181
Total liabilities	<u>3,515,336</u>
Net assets:	
Invested in capital assets, net of debt	(982,906)
Unrestricted	3,007,647
Total net assets	<u><u>\$2,024,741</u></u>

Condensed Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues:	
Lease income	\$417,926
Other	30,704
Depreciation expense	(91,257)
Other operating expenses	(87,722)
Operating income	<u>269,651</u>
Nonoperating revenues (expenses):	
Interest income	129,014
Interest expense	(152,120)
Change in net assets	<u>246,545</u>
Beginning net assets	<u>1,778,196</u>
Ending net assets	<u><u>\$2,024,741</u></u>

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$412,928
Capital and related financing activities	(206,815)
Investing activities	130,514
Net increase	<u>336,627</u>
Beginning cash and investments	<u>2,736,936</u>
Ending cash and investments	<u><u>\$3,073,563</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 17 - RESTATEMENT

During fiscal year 2007 the City determined that RHA Properties should be reported as a discrete rather than a blended component unit. Therefore business-type beginning net assets in the Statement of Activities have been reduced by the amount of beginning net assets. RHA Properties has been recategorized to a discretely presented component unit and reflected in a separate column.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

Commitments

The City occupies certain leased premises under the terms of a non-cancelable lease terminating in September 2009, which calls for minimum monthly lease payments of \$121,000.

The City's future commitments under construction projects totaled approximately \$4,097,855 at June 30, 2007 for projects including the West MacDonald Avenue street redesign, the general plan update and various paving projects.

Litigation

In January 2006 certain organizations filed suit against the City and other agencies alleging that they had violated the Clean Water Act and violated the National Pollution Discharge Elimination System permit by discharging pollutants into San Francisco Bay. The matter was settled in October 2006 with the City making the following commitments:

- Spend at least \$20 million over a five year period on the Richmond Collection System capital improvements
- Annually reduce the number of sanitary sewer overflows from the collection system
- Establish a Low Income Sewer Rate Increase Assistance Program for low income residents
- Establish low impact development principles for new development
- Fund a private lateral sewer replacement program in the amount of \$100 thousand per year for ten years
- Pay \$325 thousand to the Rose Foundation for environmentally beneficial activities
- Pay \$20 thousand to East Brother Light Station to improve treatment efficiency of the East Brother Light Station's sand filter

In addition, the City and the other defendants agreed to pay the attorney's fees and to pay the fees associated with monitoring compliance with the settlement agreement over the next ten years.

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, with the exception of the item noted above, these matters will not have significant adverse effect of the City's financial position.

Other

As of June 30, 2007, a major property taxpayer filed an appeal with the County challenging the assessed valuation of their property, however as of February 22, 2008, the appeal process had not been completed and the impacts, if any, on City property tax revenues could not be determined.

City of Richmond
Notes to Basic Financial Statements
June 30, 2007

NOTE 19 - SUBSEQUENT EVENTS

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 will be 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. The 2007 A Subordinate Tax Allocation Bonds were issued as variable rate Bonds. The rate fluctuates according to the market conditions. However, the Agency entered into an interest rate swap agreement for the entire amount of its 2007A Subordinate Tax Allocation Bonds. The combination of the variable rate Bonds and a floating rate swap creates synthetic fixed-rate debt for the Agency.

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 Bonds will be used to finance certain low and moderate income housing activities of the Redevelopment Agency. The bonds mature annually through 2037, in amounts ranging from \$465,000 to \$2,020,000. The bonds are secured by a pledge of tax revenues.

Richmond Joint Powers Financing Authority Lease Revenue Bonds Series 2007 - Original Issue \$101,420,000

On September 11, 2007 the Richmond Joint Powers Financing Authority issued Series 2007 Lease Revenue Bonds in the amount of \$101,420,000. The proceeds from the Bonds will be used to finance a portion of the costs of the new Civic Center Project, and to refinance all or a portion of the 1995A Joint Powers Financing Authority Revenue Refunding Bonds, the 1996 Port Terminal Lease Revenue Bonds and the 2001A Joint Powers Financing Authority Lease Revenue Bonds. The 2007 Lease Revenue Bonds were issued as variable rate Bonds. The rate fluctuates according to the market conditions. However, the Authority entered into an interest rate swap agreement for the entire amount of its 2007 Lease Revenue Bonds. The combination of the variable rate Bonds and a floating rate swap creates synthetic fixed-rate debt for the Authority.

CITY OF RICHMOND
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax-current collections	\$35,079,573	\$31,792,065	\$33,069,812	\$1,277,747
Sales tax	16,115,775	19,039,859	28,217,895	9,178,036
Utility user fees	32,145,000	29,145,000	27,007,410	(2,137,590)
Other taxes	13,439,992	12,245,289	11,517,437	(727,852)
Licenses, permits and fees	5,591,251	4,359,491	3,221,612	(1,137,879)
Fines, forfeitures and penalties	550,000	289,000	286,759	(2,241)
Use of money and property	1,200,000	1,200,000	1,701,627	501,627
Intergovernmental	9,359,189	12,400,592	4,596,113	(7,804,479)
Charges for services	2,221,329	2,221,329	2,760,033	538,704
Rent	339,600	389,600	383,319	(6,281)
Other	1,411,809	1,414,742	1,153,406	(261,336)
Total Revenues	117,453,518	114,496,967	113,915,423	(581,544)
EXPENDITURES:				
Current				
General government	23,638,909	17,911,522	15,032,093	2,879,429
Public safety	66,109,764	73,596,106	65,989,536	7,606,570
Public works	10,208,219	6,632,114	5,730,208	901,906
Community development	1,296,736	1,326,546	1,095,080	231,466
Cultural and recreational	12,978,624	17,883,194	14,784,253	3,098,941
Capital outlay			1,084,802	(1,084,802)
Total Expenditures	114,232,252	117,349,482	103,715,972	13,633,510
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,221,266	(2,852,515)	10,199,451	13,051,966
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	3,001,587	3,001,587	116,037	(2,885,550)
Transfers in	4,743,712		3,706,920	3,706,920
Transfers (out)	(9,727,405)	(8,634,119)	(7,820,277)	813,842
Total other financing sources (uses)	(1,982,106)	(5,632,532)	(3,997,320)	1,635,212
NET CHANGE IN FUND BALANCE	1,239,160	(8,485,047)	6,202,131	14,687,178
Fund balance, July 1	48,229,769	48,229,769	48,229,769	
Fund balance, June 30	<u>\$49,468,929</u>	<u>\$39,744,722</u>	<u>\$54,431,900</u>	<u>\$14,687,178</u>

City of Richmond
Required Supplementary Information
June 30, 2007

NOTES TO BUDGETARY COMPARISON SCHEDULE

Budgets and Budgetary Accounting

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

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

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

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.

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NON-MAJOR GOVERNMENTAL FUNDS

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.

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

Parks, Recreation, and Environment Fund records receipt of developers' fees and Impact fees received by the City of Richmond.

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

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.

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

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

DEBT SERVICE FUND

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.

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

CAPITAL PROJECTS FUNDS

General Capital Improvement Fund accounts for monies designated for capital improvement projects.

Civic Center Project Fund accounts for activities of the new Civic Center project.

Measure C 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 Authority collects one-half of one percent sales and use tax. Twenty percent of this tax is allocated to the City of Richmond to be used for the improvement of local transportation, including streets and roads in accordance with Measure C compliance.

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

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CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

SPECIAL REVENUE FUNDS

	State Gas Tax	General Purpose	Paratransit Operations	Community Development Block Grant	Parks, Recreation and Environment
ASSETS					
Cash and investments	\$6,868,757	\$5,409,153			\$6,749,489
Restricted cash and investments				\$2,028,081	
Receivables:					
Accounts, net	148,997	71,826	\$14,451	38,548	540,129
Interest	15,182	9,065	(83)		11,320
Grants				1,171,183	
Loans				4,648,182	
Total Assets	<u>\$7,032,936</u>	<u>\$5,490,044</u>	<u>\$14,368</u>	<u>\$7,885,994</u>	<u>\$7,300,938</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$3,480	\$163,985	\$21,430	\$67,905	\$197,707
Refundable deposits					
Due to other funds			221,391	541,064	
Advance from other funds					
Deferred revenue				4,649,332	
Total Liabilities	<u>3,480</u>	<u>163,985</u>	<u>242,821</u>	<u>5,258,301</u>	<u>197,707</u>
FUND EQUITY					
Fund balances					
Reserved for encumbrances		247,145		237,241	
Unreserved, undesignated	7,029,456	5,078,914	(228,453)	2,390,452	7,103,231
Total Fund Balances	<u>7,029,456</u>	<u>5,326,059</u>	<u>(228,453)</u>	<u>2,627,693</u>	<u>7,103,231</u>
Total Liabilities and Fund Balances:	<u>\$7,032,936</u>	<u>\$5,490,044</u>	<u>\$14,368</u>	<u>\$7,885,994</u>	<u>\$7,300,938</u>

SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS	
Employment and Training	Public Safety	Cost Recovery	Hilltop LMD	2005 Pension Obligation Bonds	General Debt Service	General Capital Improvement	Civic Center Project
\$776,233	\$503,918	\$197,372	\$493,813	\$11,013,589	\$87,708 102	\$2,431,586 6,065,636	\$8,948,756 412
4,186 1,139 1,257,575	41,725 277	731,889 542	1,088			1,550,593 9,949	1,149,975
<u>\$2,039,133</u>	<u>\$545,920</u>	<u>\$929,803</u>	<u>\$494,901</u>	<u>\$11,013,589</u>	<u>\$87,810</u>	<u>\$10,057,764</u>	<u>\$10,099,143</u>
\$457,001 980	\$89,907	\$450,583 904,554	\$44,584 (685)			\$2,809,151	
84,080							\$2,000,000
<u>542,061</u>	<u>89,907</u>	<u>1,355,137</u>	<u>43,899</u>			<u>2,809,151</u>	<u>2,000,000</u>
1,497,072	456,013	1,438,450 (1,863,784)	6,056 444,946	\$11,013,589	\$87,810	2,256,219 4,992,394	8,099,143
<u>1,497,072</u>	<u>456,013</u>	<u>(425,334)</u>	<u>451,002</u>	<u>11,013,589</u>	<u>87,810</u>	<u>7,248,613</u>	<u>8,099,143</u>
<u>\$2,039,133</u>	<u>\$545,920</u>	<u>\$929,803</u>	<u>\$494,901</u>	<u>\$11,013,589</u>	<u>\$87,810</u>	<u>\$10,057,764</u>	<u>\$10,099,143</u>

(Continued)

CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

	<u>CAPITAL PROJECTS FUNDS</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Measure C</u>	<u>Harbor Navigation</u>	
ASSETS			
Cash and investments	\$5,532,116	\$617,650	\$38,616,551
Restricted cash and investments		334,607	19,442,427
Receivables:			
Accounts, net			3,142,344
Interest	11,624	1,040	61,143
Grants	1,218,252		4,796,985
Loans			4,648,182
	<u>\$6,761,992</u>	<u>\$953,297</u>	<u>\$70,707,632</u>
LIABILITIES			
Accounts payable and accrued liabilities			\$4,305,733
Refundable deposits			904,849
Due to other funds			762,455
Advance from other funds			2,000,000
Deferred revenue			4,733,412
			<u>12,706,449</u>
FUND EQUITY			
Fund balances			
Reserved for encumbrances			4,185,111
Unreserved, undesignated	\$6,761,992	\$953,297	53,816,072
	<u>6,761,992</u>	<u>953,297</u>	<u>58,001,183</u>
Total Fund Balances	<u>6,761,992</u>	<u>953,297</u>	<u>58,001,183</u>
Total Liabilities and Fund Balances	<u>\$6,761,992</u>	<u>\$953,297</u>	<u>\$70,707,632</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, 2007

SPECIAL REVENUE FUNDS

	State Gas Tax	General Purpose	Paratransit Operations	Community Development Block Grant	Parks, Recreation and Environment
REVENUES					
Property taxes					
Other taxes		\$524,778			
Licenses, permits and fees					\$1,036,183
Fines, forfeitures and penalties		25,964			
Use of money and property	\$367,272	185,440	(\$6,477)		274,833
Intergovernmental	2,637,921	499,511	484,171	\$2,157,175	1,320,005
Charges for services		376	39,928		
Pension stabilization revenue					
Other		177,621	(116)	595,271	3,000
Rent					
Total Revenues	3,005,193	1,413,690	517,506	2,752,446	2,634,021
EXPENDITURES					
Current					
General government					159,115
Public safety		18,272			
Public works	25,030	1,448,569	1,245,388		662,711
Community development		288,174			
Cultural and recreational		156,696			201,754
Housing and redevelopment				2,267,206	
Capital outlay	2,367,958			20,957	
Debt Service:					
Principal					
Interest and fiscal charges					
Total Expenditures	2,392,988	1,911,711	1,245,388	2,288,163	1,023,580
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	612,205	(498,021)	(727,882)	464,283	1,610,441
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of property		3,000,000			
Transfers in	52,926	108	494,281	376,575	
Transfers (out)	(112,164)			(80,385)	(30,777)
Total Other Financing Sources (Uses)	(59,238)	3,000,108	494,281	296,190	(30,777)
NET CHANGE IN FUND BALANCE	552,967	2,502,087	(233,601)	760,473	1,579,664
BEGINNING FUND BALANCES (DEFICIT)	6,476,489	2,823,972	5,148	1,867,220	5,523,567
ENDING FUND BALANCES (DEFICIT)	\$7,029,456	\$5,326,059	(\$228,453)	\$2,627,693	\$7,103,231

SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS	
Employment and Training	Public Safety	Cost Recovery	Hilltop LMD	2005 Pension Obligation Bonds	General Debt Service	General Capital Improvement	Civic Center Project
			\$486,226				
\$48		\$3,801,774	45				
11,576	\$20,966	58,083	24,638	\$310,122	\$6,829	\$683,717	\$668
3,656,954	405,019					2,091,547	1,149,978
153,059		1,533,930				623	
				4,240,135			
135,901	75,093	(1,130)	(347)		39,204	75,000	
14,530							
<u>3,972,068</u>	<u>501,078</u>	<u>5,392,657</u>	<u>510,562</u>	<u>4,550,257</u>	<u>46,033</u>	<u>2,850,887</u>	<u>1,150,646</u>
		7,300,186				67	
	645,884		763,530			2,253,853	
4,065,852							
	120,413		6,888			4,266,973	10,012,115
				1,305,000	3,907,783		
				1,567,233	3,603,314		
<u>4,065,852</u>	<u>766,297</u>	<u>7,300,186</u>	<u>770,418</u>	<u>2,872,233</u>	<u>7,511,097</u>	<u>6,520,893</u>	<u>10,012,115</u>
<u>(93,784)</u>	<u>(265,219)</u>	<u>(1,907,529)</u>	<u>(259,856)</u>	<u>1,678,024</u>	<u>(7,465,064)</u>	<u>(3,670,006)</u>	<u>(8,861,469)</u>
75,000	8,069			3,046,879	7,193,683	1,000,000	16,960,612
	(361,145)	(31,155)				(12,162,912)	
<u>75,000</u>	<u>(353,076)</u>	<u>(31,155)</u>		<u>3,046,879</u>	<u>7,193,683</u>	<u>(11,162,912)</u>	<u>16,960,612</u>
(18,784)	(618,295)	(1,938,684)	(259,856)	4,724,903	(271,381)	(14,832,918)	8,099,143
<u>1,515,856</u>	<u>1,074,308</u>	<u>1,513,350</u>	<u>710,858</u>	<u>6,288,686</u>	<u>359,191</u>	<u>22,081,531</u>	
<u>\$1,497,072</u>	<u>\$456,013</u>	<u>(\$425,334)</u>	<u>\$451,002</u>	<u>\$11,013,589</u>	<u>\$87,810</u>	<u>\$7,248,613</u>	<u>\$8,099,143</u>

(Continued)

CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>CAPITAL PROJECTS FUNDS</u>		Total Nonmajor Governmental Funds
	Measure C	Harbor Navigation	
REVENUES			
Property taxes			\$486,226
Other taxes			524,778
Licenses, permits and fees			4,838,050
Fines, forfeitures and penalties			25,964
Use of money and property	\$297,347	\$91,868	2,326,882
Intergovernmental	2,380,642		16,782,923
Charges for services			1,727,916
Pension stabilization revenue			4,240,135
Other			1,099,497
Rent			14,530
	<hr/>	<hr/>	<hr/>
Total Revenues	2,677,989	91,868	32,066,901
EXPENDITURES			
Current			
General government			7,459,368
Public safety			664,156
Public works	73,620	4,896	6,477,597
Community development			4,354,026
Cultural and recreational			358,450
Housing and redevelopment			2,267,206
Capital outlay	2,116,839		18,912,143
Debt Service:			
Principal			5,212,783
Interest and fiscal charges			5,170,547
	<hr/>	<hr/>	<hr/>
Total Expenditures	2,190,459	4,896	50,876,276
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<hr/>	<hr/>	<hr/>
	487,530	86,972	(18,809,375)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of property			3,000,000
Transfers in		1,670	29,209,803
Transfers (out)		(1,047,225)	(13,825,763)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)		(1,045,555)	18,384,040
NET CHANGE IN FUND BALANCE			
	<hr/>	<hr/>	<hr/>
	487,530	(958,583)	(425,335)
BEGINNING FUND BALANCES (DEFICIT)			
	<hr/>	<hr/>	<hr/>
	6,274,462	1,911,880	58,426,518
ENDING FUND BALANCES (DEFICIT)			
	<hr/>	<hr/>	<hr/>
	\$6,761,992	\$953,297	\$58,001,183

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CITY OF RICHMOND
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	GENERAL PURPOSE			PARATRANSIT OPERATIONS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes		\$524,778	\$524,778			
Licenses, permits and fees	\$567,414		(567,414)			
Fines, forfeitures and penalties	237,420	25,964	(211,456)			
Use of money and property		185,440	185,440	\$10,000	(\$6,477)	(\$16,477)
Intergovernmental	13,614	499,511	485,897	1,132,433	484,171	(648,262)
Charges for services		376	376	80,000	39,928	(40,072)
Pension stabilization revenue						
Other	3,529,534	177,621	(3,351,913)	75,000	(116)	(75,116)
Total Revenues	4,347,982	1,413,690	(2,934,292)	1,297,433	517,506	(779,927)
EXPENDITURES						
Current						
General government						
Public safety	29,534	18,272	11,262			
Public works	4,313,945	1,448,569	2,865,376	1,283,113	1,245,388	37,725
Community development		288,174	(288,174)			
Cultural and recreational	36,034	156,696	(120,662)			
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	4,379,513	1,911,711	2,467,802	1,283,113	1,245,388	37,725
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(31,531)	(498,021)	(466,490)	14,320	(727,882)	(742,202)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of property	3,000,000	3,000,000				
Transfers in	3,000,000	108	(2,999,892)	75,000	494,281	419,281
Transfers (out)						
Total Other Financing Sources (Uses)	6,000,000	3,000,108	(2,999,892)	75,000	494,281	419,281
NET CHANGE IN FUND BALANCES	\$5,968,469	2,502,087	(\$3,466,382)	\$89,320	(233,601)	(\$322,921)
BEGINNING FUND BALANCES (DEFICITS)		2,823,972			5,148	
ENDING FUND BALANCES (DEFICITS)		\$5,326,059			(\$228,453)	

PARKS, RECREATION AND ENVIRONMENT			PUBLIC SAFETY			COST RECOVERY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,479,000	\$1,036,183	(\$442,817)				\$5,820,624	\$3,801,774	(\$2,018,850)
	274,833	274,833		\$20,966	\$20,966		58,083	58,083
702,113	1,320,005	617,892		405,019	405,019			
						4,248,518	1,533,930	(2,714,588)
49,027	3,000	(46,027)	\$111,420	75,093	(36,327)	450,000	(1,130)	(451,130)
2,230,140	2,634,021	403,881	111,420	501,078	389,658	10,519,142	5,392,657	(5,126,485)
159,227	159,115	112				9,965,951	7,300,186	2,665,765
	662,711	(662,711)		645,884	(645,884)			
431,216	201,754	229,462						
			111,420	120,413	(8,993)			
590,443	1,023,580	(433,137)	111,420	766,297	(654,877)	9,965,951	7,300,186	2,665,765
1,639,697	1,610,441	(29,256)		(265,219)	(265,219)	553,191	(1,907,529)	(2,460,720)
	(30,777)	(30,777)		8,069	8,069		(31,155)	(31,155)
	(30,777)	(30,777)		(361,145)	(361,145)		(31,155)	(31,155)
\$1,639,697	1,579,664	(\$60,033)		(618,295)	(\$618,295)	\$553,191	(1,938,684)	(\$2,491,875)
	5,523,567			1,074,308			1,513,350	
	\$7,103,231			\$456,013			(\$425,334)	

(Continued)

CITY OF RICHMOND
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	HILLTOP LMD			2005 PENSION OBLIGATION BONDS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$553,000	\$486,226	(\$66,774)			
Other taxes						
Licenses, permits and fees		45	45			
Fines, forfeitures and penalties						
Use of money and property		24,638	24,638		\$310,122	\$310,122
Intergovernmental						
Charges for services						
Pension stabilization revenue					4,240,135	4,240,135
Other		(347)	(347)			
Total Revenues	553,000	510,562	(42,438)		4,550,257	4,550,257
EXPENDITURES						
Current						
General government						
Public safety						
Public works	1,332,889	763,530	569,359			
Community development						
Cultural and recreational						
Capital outlay		6,888	(6,888)			
Debt Service:						
Principal				\$1,305,000	1,305,000	
Interest and fiscal charges				1,509,952	1,567,233	(57,281)
Total Expenditures	1,332,889	770,418	562,471	2,814,952	2,872,233	(57,281)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(779,889)	(259,856)	520,033	(2,814,952)	1,678,024	4,492,976
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of property						
Transfers in				2,814,952	3,046,879	231,927
Transfers (out)						
Total Other Financing Sources (Uses)				2,814,952	3,046,879	231,927
NET CHANGE IN FUND BALANCES	(\$779,889)	(259,856)	\$520,033		4,724,903	\$4,724,903
BEGINNING FUND BALANCES (DEFICITS)		710,858			6,288,686	
ENDING FUND BALANCES (DEFICITS)		\$451,002			\$11,013,589	

GENERAL DEBT SERVICE

Budget	Actual	Variance Positive (Negative)
\$3,200	\$6,829	\$3,629
40,398	39,204	(1,194)
43,598	46,033	2,435
3,229,176	3,907,783	(678,607)
2,409,340	3,603,314	(1,193,974)
5,638,516	7,511,097	(1,872,581)
(5,594,918)	(7,465,064)	(1,870,146)
7,419,793	7,193,683	(226,110)
7,419,793	7,193,683	(226,110)
\$1,824,875	(271,381)	(\$2,096,256)
	359,191	
	\$87,810	

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NON-MAJOR ENTERPRISE FUNDS

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

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

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

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

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007

	Richmond Marina	Storm Sewer	Cable TV	Convention Center	Total
ASSETS					
Current Assets					
Cash and investments	\$3,073,563	\$54,822	\$668,836		\$3,797,221
Receivables:					
Accounts	68,227	(25,747)	238,895		281,375
Interest	5,120	(45)	1,284		6,359
Total Current Assets	3,146,910	29,030	909,015		4,084,955
Noncurrent Assets					
Capital assets:					
Depreciable, net	2,393,167	9,628,236	137,875		12,159,278
Total Noncurrent Assets	2,393,167	9,628,236	137,875		12,159,278
Total Assets	5,540,077	9,657,266	1,046,890		16,244,233
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities		9,246	26,717		35,963
Interest payable	139,263				139,263
Compensated absences		44,659	49,205		93,864
Current portion of long term debt	54,892				54,892
Total Current Liabilities	194,155	53,905	75,922		323,982
Noncurrent Liabilities:					
Long-term debt	3,321,181				3,321,181
Total Noncurrent Liabilities	3,321,181				3,321,181
Total Liabilities	3,515,336	53,905	75,922		3,645,163
NET ASSETS					
Invested in capital assets	(982,906)	9,628,236	137,875		8,783,205
Unrestricted	3,007,647	(24,875)	833,093		3,815,865
Total Net Assets	\$2,024,741	\$9,603,361	\$970,968		\$12,599,070

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	Richmond Marina	Storm Sewer	Cable TV	Convention Center	Total
OPERATING REVENUES					
Service charges		\$1,655,799	\$832,978	\$2,365	\$2,491,142
Lease income	\$417,926				417,926
Other	30,704		97,190	35,294	163,188
Total Operating Revenues	448,630	1,655,799	930,168	37,659	3,072,256
OPERATING EXPENSES					
Salaries and benefits		969,005	507,726		1,476,731
General and administrative	87,722	1,638,164	255,007		1,980,893
Depreciation	91,257	983,806	36,025		1,111,088
Total Operating Expenses	178,979	3,590,975	798,758		4,568,712
Operating Income (Loss)	269,651	(1,935,176)	131,410	37,659	(1,496,456)
NONOPERATING REVENUES (EXPENSES)					
Interest income	129,014	(12,008)	32,217	(430)	148,793
Interest (expense)	(152,120)				(152,120)
Total Nonoperating Revenues (Expenses)	(23,106)	(12,008)	32,217	(430)	(3,327)
Income (Loss) Before Transfers	246,545	(1,947,184)	163,627	37,229	(1,499,783)
Transfers in		1,329,289			1,329,289
Transfers (out)		(745,422)		(29,608)	(775,030)
Net Transfers		583,867		(29,608)	554,259
Change in Net Assets	246,545	(1,363,317)	163,627	7,621	(945,524)
BEGINNING NET ASSETS	1,778,196	10,966,678	807,341	(7,621)	13,544,594
ENDING NET ASSETS	\$2,024,741	\$9,603,361	\$970,968		\$12,599,070

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	Richmond Marina	Storm Sewer	Cable TV	Conventior Center	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$500,650	\$1,727,481	\$921,441	\$76,959	\$3,226,531
Payments to suppliers	(87,722)	(1,731,893)	(263,148)	(4,404)	(2,087,167)
Payments to employees		(955,672)	(497,689)	(42,368)	(1,495,729)
Cash Flows from Operating Activities:	412,928	(960,084)	160,604	30,187	(356,365)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Interfund payment:		(481,220)			(481,220)
Transfer in		1,329,289			1,329,289
Transfer (out)				(29,608)	(29,608)
Cash Flows from Noncapital Financing Activities:		848,069		(29,608)	818,461
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Acquisition of capital asset:			(12,982)		(12,982)
Repayment of long-term borrowing	(52,528)				(52,528)
Interest paid	(154,287)				(154,287)
Cash flows from capital financing activities:	(206,815)		(12,982)		(219,797)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	130,514	(10,177)	32,145	(579)	151,903
Cash Flows from Investing Activities:	130,514	(10,177)	32,145	(579)	151,903
Net Cash Flows	336,627	(122,192)	179,767		394,202
Cash and investments at beginning of period	2,736,936	177,014	489,069		3,403,019
Cash and investments at end of period	<u>\$3,073,563</u>	<u>\$54,822</u>	<u>\$668,836</u>		<u>\$3,797,221</u>
Reconciliation of operating income (loss) to net cash flow from operating activities					
Operating income (loss)	\$269,651	(\$1,935,176)	\$131,410	\$37,659	(\$1,496,456)
Adjustments to reconcile operating income to net cash flow from operating activities					
Depreciation	91,257	983,806	36,025		1,111,088
Change in assets and liabilities					
Accounts receivable	52,020	71,682	(8,727)	76,421	191,396
Accounts payable and accrued liabilities and other accrued expenses		(93,729)	(8,141)	(4,404)	(106,274)
Refundable deposits				(37,121)	(37,121)
Compensated absences		13,333	10,037	(42,368)	(18,998)
Cash Flows from Operating Activities:	\$412,928	(\$960,084)	\$160,604	\$30,187	(\$356,365)

INTERNAL SERVICE FUNDS

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 GASB Statement 34 does not extend to internal service funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Assets.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

Insurance Reserves Fund is used to report activities related to employee's claims due to industrial injuries and activities related to general claims against the City for damages incurred.

Information Technology Fund is used to report activities related to computer maintenance_services including networks, equipment leases and telephones.

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.

Facilities Maintenance Fund is used to report activities related to the maintenance of the City's facilities.

CITY OF RICHMOND
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007

	Insurance Reserves	Information Technology	Equipment Services and Replacement	Police Tele- communications	Facilities Maintenance	Total
ASSETS						
Current Assets						
Cash and investments	\$13,326,669	\$660,331	\$8,566,924	\$2,695,660	\$582,028	\$25,831,612
Restricted cash and investments		2,660,000	28,184			2,688,184
Receivables:						
Accounts		182	25,348	776,657	3,235	805,422
Interest	30,191	1,715	19,690	4,760	(19)	56,337
Prepays and supplies			236,814		2,406	239,220
Total Current Assets	13,356,860	3,322,228	8,876,960	3,477,077	587,650	29,620,775
Noncurrent Assets						
Capital assets:						
Depreciable, net		445,538	3,508,815	185,416		4,139,769
Total Assets	13,356,860	3,767,766	12,385,775	3,662,493	587,650	33,760,544
LIABILITIES						
Current Liabilities						
Accounts payable and accrued liabilities	30,789	307,407	527,376	30,014	342,330	1,237,916
Interest payable		3,957				3,957
Accrued claims liabilities	9,560,000					9,560,000
Current portion of long-term debt		754,714				754,714
Total Current Liabilities	9,590,789	1,066,078	527,376	30,014	342,330	11,556,587
Noncurrent Liabilities						
Compensated absences	29,231	265,661	66,919	147,391	205,393	714,595
Accrued claims liabilities	13,440,000					13,440,000
Long term debt		1,664,396				1,664,396
Total Noncurrent Liabilities	13,469,231	1,930,057	66,919	147,391	205,393	15,818,991
Total Liabilities	23,060,020	2,996,135	594,295	177,405	547,723	27,375,578
NET ASSETS						
Invested in capital assets		686,428	3,508,815	185,416		4,380,659
Unrestricted	(9,703,160)	85,203	8,282,665	3,299,672	39,927	2,004,307
Total Net Assets	(\$9,703,160)	\$771,631	\$11,791,480	\$3,485,088	\$39,927	\$6,384,966

CITY OF RICHMOND
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	Insurance Reserves	Information Technology	Equipment Services and Replacement	Police Tele- communications	Facilities Maintenance	Total
OPERATING REVENUES						
Charges for services-internal	\$14,608,877	\$5,468,433	\$5,427,047	\$3,760,674	\$5,033,579	\$34,298,610
Charges for services-external				1,078,500		1,078,500
Total Operating Revenues	14,608,877	5,468,433	5,427,047	4,839,174	5,033,579	35,377,110
OPERATING EXPENSES						
Salaries and benefits	526,340	1,729,233	1,298,998	3,271,317	3,441,979	10,267,867
General and administrative	134,647	1,508,580	355,912	245,524	2,445,914	4,690,577
Maintenance	8,160	815,620	1,618,396	294,939	458,806	3,195,921
Depreciation		254,204	968,304	47,640		1,270,148
Claims losses	13,016,200					13,016,200
Other	21,736	81,521	8,448			111,705
Total Operating Expenses	13,707,083	4,389,158	4,250,058	3,859,420	6,346,699	32,552,418
Operating Income (Loss)	901,794	1,079,275	1,176,989	979,754	(1,313,120)	2,824,692
NONOPERATING REVENUES (EXPENSES)						
Gain from sale of property			1,719			1,719
Interest income	710,166	28,403	568,481	156,423	2,291	1,465,764
Interest expense		(62,080)				(62,080)
Total Nonoperating Revenues (Expenses)	710,166	(33,677)	570,200	156,423	2,291	1,405,403
Income (Loss) Before Contributions and Transfers	1,611,960	1,045,598	1,747,189	1,136,177	(1,310,829)	4,230,095
Transfers in			31,155		1,350,756	1,381,911
Transfers (out)			(5,000,000)			(5,000,000)
Net Contributions and Transfers			(4,968,845)		1,350,756	(3,618,089)
Change in Net Assets	1,611,960	1,045,598	(3,221,656)	1,136,177	39,927	612,006
BEGINNING NET ASSETS (DEFICIT)	(11,315,120)	(273,967)	15,013,136	2,348,911		5,772,960
ENDING NET ASSETS (DEFICIT)	(\$9,703,160)	\$771,631	\$11,791,480	\$3,485,088	\$39,927	\$6,384,966

CITY OF RICHMOND
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2007

	Insurance Reserves	Information Technology	Equipment Services and Replacement	Police Tele- communications	Facilities Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$14,868,876	\$5,468,251	\$5,411,058	\$4,663,628	\$5,030,344	\$35,442,157
Payments to employees	(653,148)	(3,165,672)	(1,329,230)	(3,496,261)	(5,340,170)	(13,984,481)
Payments to suppliers	(29,896)	(897,141)	(1,626,844)	(294,939)	(458,806)	(3,307,626)
Insurance premiums and claims paid	(12,726,200)		4,459		(2,406)	(12,724,147)
Cash Flows from Operating Activities	1,459,632	1,405,438	2,459,443	872,428	(771,038)	5,425,903
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund payments		(298,626)				(298,626)
Transfers in			31,155		1,350,756	1,381,911
Transfers (out)			(5,000,000)			(5,000,000)
Cash Flows from Noncapital Financing Activities		(298,626)	(4,968,845)		1,350,756	(3,916,715)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets		(185,709)	(1,006,643)	(152,535)		(1,344,887)
Proceeds from capital lease		2,660,000				2,660,000
Principal payments on capital debt		(240,890)				(240,890)
Proceeds from sale of property			1,719			1,719
Interest and fiscal charges paid		(58,123)				(58,123)
Cash Flows from Capital and Related Financing Activities		2,175,278	(1,004,924)	(152,535)		1,017,819
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	703,738	25,959	572,668	149,288	2,310	1,453,963
Cash Flows from Investing Activities	703,738	25,959	572,668	149,288	2,310	1,453,963
Net Cash Flows	2,163,370	3,308,049	(2,941,658)	869,181	582,028	3,980,970
Cash and investments at beginning of period	11,163,299	12,282	11,536,766	1,826,479		24,538,826
Cash and investments at end of period	<u>\$13,326,669</u>	<u>\$3,320,331</u>	<u>\$8,595,108</u>	<u>\$2,695,660</u>	<u>\$582,028</u>	<u>\$28,519,796</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$901,794	\$1,079,275	\$1,176,989	\$979,754	(\$1,313,120)	\$2,824,692
Adjustments to reconcile operating income to net cash flows from operating activities:						
Depreciation		254,204	968,304	47,640		1,270,148
Change in assets and liabilities:						
Receivables, net	259,999	(182)	(15,989)	(175,546)	(3,235)	65,047
Inventories			4,459		(2,406)	2,053
Accounts and other payables	10,124	(15,898)	315,507	(6,447)	342,330	645,616
Compensated absences	(2,285)	88,039	10,173	27,027	205,393	328,347
Claims payable	290,000					290,000
Cash Flows from Operating Activities	\$1,459,632	\$1,405,438	\$2,459,443	\$872,428	(\$771,038)	\$5,425,903

PENSION TRUST FUNDS

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:

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

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

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

CITY OF RICHMOND
STATEMENT OF PENSION TRUST FUNDS NET ASSETS
JUNE 30, 2007

	PENSION TRUST FUNDS			Total
	General Pension	Police and Fireman's Pension	Garfield Pension	
ASSETS				
Pension plan cash and investments:				
City of Richmond investment pool	\$2,412,853	\$816,639	\$149,903	\$3,379,395
Local Agency Investment Fund			173,925	173,925
Mutual Fund Investments		22,094,966		22,094,966
Interest receivable	4,028	(1,295)	2,400	5,133
Total Assets	2,416,881	22,910,310	326,228	25,653,419
NET ASSETS				
Held in trust for employees' pension benefits	\$2,416,881	\$22,910,310	\$326,228	\$25,653,419

CITY OF RICHMOND
PENSION TRUST FUNDS
STATEMENT OF CHANGES IN PENSION TRUST FUNDS NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	General Pension	Police and Fireman's Pension	Garfield Pension	Total
ADDITIONS				
Net investment income:				
Net increase in the fair value of investments		\$2,653,509		\$2,653,509
Interest income	\$115,413	539,399	\$15,139	669,951
Investment management fees		(82,775)		(82,775)
Contribution from the City	90,078		73,917	163,995
Contribution from Pension Reserve	148,186	6,215,648		6,363,834
Total Additions	<u>353,677</u>	<u>9,325,781</u>	<u>89,056</u>	<u>9,768,514</u>
DEDUCTIONS				
Pension benefits	708,846	4,675,769	75,861	5,460,476
Administrative expenses	6,131	(2,205)	182	4,108
Total Deductions	<u>714,977</u>	<u>4,673,564</u>	<u>76,043</u>	<u>5,464,584</u>
Net Increase (Decrease)	<u>(361,300)</u>	<u>4,652,217</u>	<u>13,013</u>	<u>4,303,930</u>
NET ASSETS				
Beginning of year	<u>2,778,181</u>	<u>18,258,093</u>	<u>313,215</u>	<u>21,349,489</u>
End of year	<u><u>\$2,416,881</u></u>	<u><u>\$22,910,310</u></u>	<u><u>\$326,228</u></u>	<u><u>\$25,653,419</u></u>

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AGENCY FUNDS

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.

Cafeteria Option Fund accounts for employee assets side aside for Medical Savings Accounts (MSAs).

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.

Shimada Sister City Fund accounts for expenses related to Sister City functions and events.

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 Agency 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, 2007

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007
<hr/> Special Assessment <hr/>				
Cash and investments	\$6,150,159	\$2,241,629	\$3,837,887	\$4,553,901
Restricted cash and investments	2,040,892		713,938	1,326,954
Accounts receivable	1,000		1,000	
Interest receivable	13,188	5,221	13,188	5,221
Total Assets	\$8,205,239	\$2,246,850	\$4,566,013	\$5,886,076
Due to assessment district bondholders	8,205,239	\$2,246,850	\$4,566,013	\$5,886,076
Total Liabilities	\$8,205,239	\$2,246,850	\$4,566,013	\$5,886,076
<hr/> General Agency <hr/>				
Cash and investments	\$722,028	(\$9,643)	\$17,599	\$694,786
Accounts receivable	(3,383)	6,296	(3,383)	6,296
Interest receivable	1,137	1,163	1,137	1,163
Total Assets	\$719,782	(\$2,184)	\$15,353	\$702,245
Accounts payable and accrued liabilities	\$15	\$311	\$15	\$311
Refundable Deposits	719,767	(2,495)	15,338	701,934
Total Liabilities	\$719,782	(\$2,184)	\$15,353	\$702,245
<hr/> Cafeteria Option <hr/>				
Interest receivable	(\$84)	\$84		
Total Assets	(\$84)	\$84		
Accounts payable and accrued liabilities				
Refundable Deposits	(84)	\$84		
Total Liabilities	(\$84)	\$84		

(Continued)

CITY OF RICHMOND
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007
<hr/> Johnson Library <hr/>				
Cash and investments	\$8,227	\$369		\$8,596
Interest receivable	20	14	\$20	14
Total Assets	<u>\$8,247</u>	<u>\$383</u>	<u>\$20</u>	<u>\$8,610</u>
Refundable deposits:	<u>\$8,247</u>	<u>\$383</u>	<u>\$20</u>	<u>\$8,610</u>
<hr/> Senior Center <hr/>				
Cash and investments	\$45,578	\$9,215	\$793	\$54,000
Interest receivable	111	97	111	97
Total Assets	<u>\$45,689</u>	<u>\$9,312</u>	<u>\$904</u>	<u>\$54,097</u>
Accounts payable and accrued liabilities	\$792	\$1,425	\$792	\$1,425
Refundable Deposits	44,897	7,887	112	52,672
Total Liabilities	<u>\$45,689</u>	<u>\$9,312</u>	<u>\$904</u>	<u>\$54,097</u>
<hr/> Shimada Sister City <hr/>				
Cash and investments	\$6,408	\$16	\$6,424	
Interest receivable	16		16	
Total Assets	<u>\$6,424</u>	<u>\$16</u>	<u>\$6,440</u>	
Refundable Deposits	\$6,424	\$16	\$6,440	
Total Liabilities	<u>\$6,424</u>	<u>\$16</u>	<u>\$6,440</u>	
<hr/> JPFA Reassessment <hr/>				
Cash and investments	\$34,834	\$5,347,221	\$4,185,410	\$1,196,645
Restricted cash and investments	946,094	305,497		1,251,591
Interest receivable	86	4,412	86	4,412
Investment in reassessment bonds	8,667,500		552,500	8,115,000
Total Assets	<u>\$9,648,514</u>	<u>\$5,657,130</u>	<u>\$4,737,996</u>	<u>\$10,567,648</u>
Due to assessment district bondholder	<u>\$9,648,514</u>	<u>\$5,657,130</u>	<u>\$4,737,996</u>	<u>\$10,567,648</u>

(Continued)

CITY OF RICHMOND
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007
<u>1999 Revenue Refunding Bonds</u>				
Cash and investments				
Restricted cash and investments	\$1,576,035	\$1,165,061	\$963,632	\$1,777,464
Interest receivable	(57)	(52)	(57)	(52)
Total Assets	<u>\$1,575,978</u>	<u>\$1,165,009</u>	<u>\$963,575</u>	<u>\$1,777,412</u>
Due to assessment district bondholder	<u>\$1,575,978</u>	<u>\$1,165,009</u>	<u>\$963,575</u>	<u>\$1,777,412</u>
<u>Payroll Benefits</u>				
Cash and investments	\$3,138,291	\$4,201,138	\$2,372,356	\$4,967,073
Accounts receivable		66,050		66,050
Total Assets	<u>\$3,138,291</u>	<u>\$4,267,188</u>	<u>\$2,372,356</u>	<u>\$5,033,123</u>
Accounts payable and accrued liabilities	<u>\$3,138,291</u>	<u>\$4,267,188</u>	<u>\$2,372,356</u>	<u>\$5,033,123</u>
<u>2006 A&B Reassessment District</u>				
Cash and investments		\$1,582,120	\$757,573	\$824,547
Restricted cash and investments		566,967	16,003	550,964
Interest receivable		1,701		1,701
Investment in reassessment bonds		11,610,000	895,000	10,715,000
Total Assets		<u>\$13,760,788</u>	<u>\$1,668,576</u>	<u>\$12,092,212</u>
Due to assessment district bondholder		<u>\$13,760,788</u>	<u>\$1,668,576</u>	<u>\$12,092,212</u>

(Continued)

CITY OF RICHMOND
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007
<hr/>				
Total Agency Funds				
Cash and investments	\$10,105,525	\$13,372,065	\$11,178,042	\$12,299,548
Restricted cash and investments	4,563,021	2,037,525	1,693,573	4,906,973
Investment in reassessment bonds	8,667,500	11,610,000	1,447,500	18,830,000
Accounts receivable	(2,383)	72,346	(2,383)	72,346
Interest receivable	14,417	12,640	14,501	12,556
Total Assets	<u>\$23,348,080</u>	<u>\$27,104,576</u>	<u>\$14,331,233</u>	<u>\$36,121,423</u>
Accounts payable and accrued liabilities	\$3,139,098	\$4,268,924	\$2,373,163	\$5,034,859
Refundable Deposits	779,251	5,875	21,910	763,216
Due to assessment district bondholders	19,429,731	22,829,777	11,936,160	30,323,348
Total Liabilities	<u>\$23,348,080</u>	<u>\$27,104,576</u>	<u>\$14,331,233</u>	<u>\$36,121,423</u>

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City of Richmond
June 30, 2007

STATISTICAL SECTION

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

Financial Trends

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

1. Net Assets by Component
2. Changes in Net Assets
3. 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 Value and Estimated Value of Taxable Property
2. Property Tax Rates, All Direct 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 and 2006 Wastewater Revenue Bonds
3. Revenue Bond Coverage – 1996, 1999, and 2004 Port Terminal Lease Revenue Bonds and Note
4. Bonded Debt Pledged Revenue Coverage – Redevelopment 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

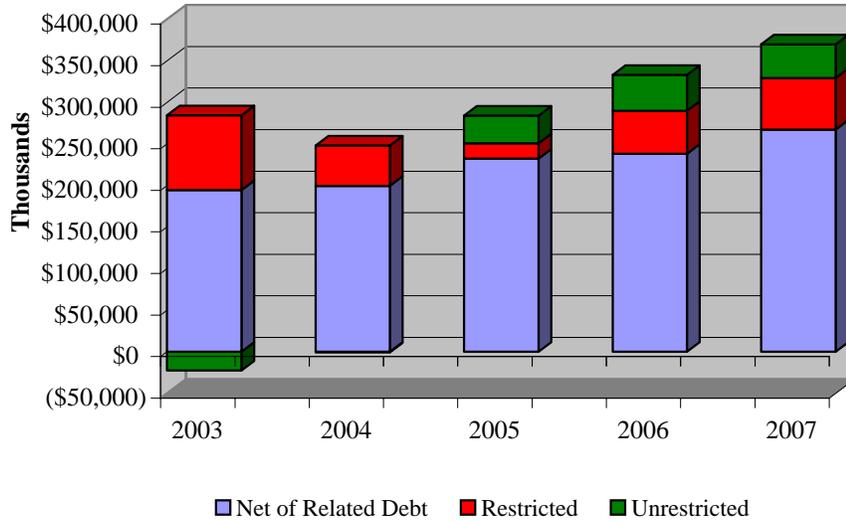
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

CITY OF RICHMOND
Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)



	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
<i>Governmental activities</i>					
Invested in capital assets, net of related debt	\$161,803,370	\$123,741,262	\$155,699,999	\$155,930,914	\$170,258,857
Restricted	90,011,285	45,358,192	16,193,394	49,291,795	60,271,169
Unrestricted	(40,308,547)	19,096,845	42,225,569	44,525,862	48,795,188
Total governmental activities net assets	<u>\$211,506,108</u>	<u>\$188,196,299</u>	<u>\$214,118,962</u>	<u>\$249,748,571</u>	<u>\$279,325,214</u>
<i>Business-type activities</i>					
Invested in capital assets, net of related debt	\$32,619,310	\$75,917,317	\$76,670,956	\$82,419,674	\$97,164,301
Restricted	3,156,207	3,156,207	2,246,548	2,283,065	1,427,804
Unrestricted	17,733,546	(19,724,085)	(8,865,682)	(1,351,641)	(8,084,756)
Total business-type activities net assets	<u>\$50,352,856</u>	<u>\$59,349,439</u>	<u>\$70,051,822</u>	<u>\$83,351,098</u>	<u>\$90,507,349</u>
<i>Primary government</i>					
Invested in capital assets, net of related debt	\$194,422,680	\$199,658,579	\$232,370,955	\$238,350,588	\$267,423,158
Restricted	90,011,285	48,514,399	18,439,942	51,574,860	61,698,973
Unrestricted	(22,575,001)	(627,240)	33,359,887	43,174,221	40,710,432
Total primary government net assets	<u>\$261,858,964</u>	<u>\$247,545,738</u>	<u>\$284,170,784</u>	<u>\$333,099,669</u>	<u>\$369,832,563</u>

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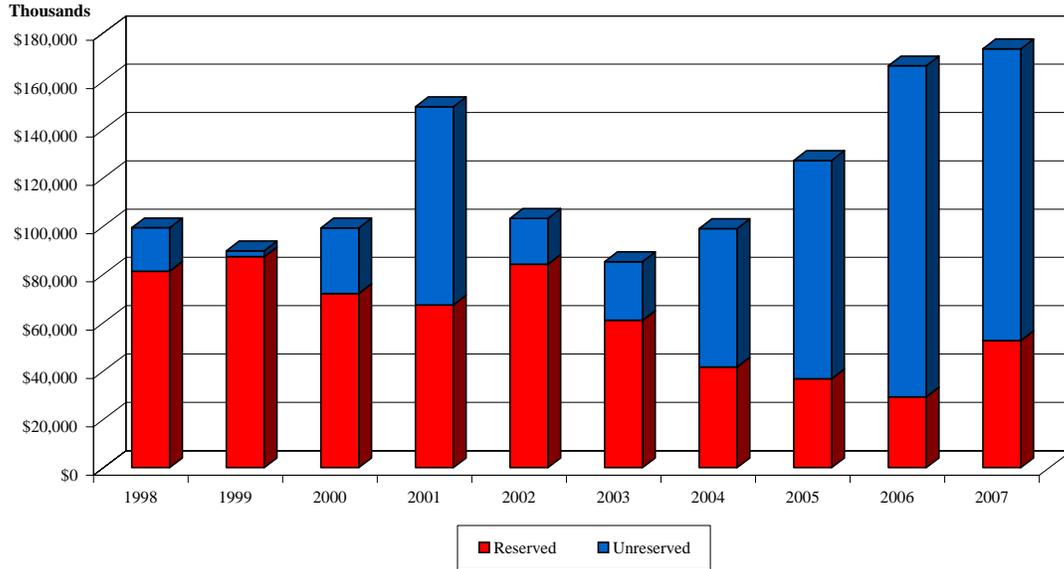
CITY OF RICHMOND
Changes in Net Assets
Last Five Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
General Government	\$20,866,018	\$33,157,403	\$11,798,558	\$20,757,394	\$24,107,042
Public Safety	51,888,399	55,122,382	46,320,116	64,704,505	69,145,528
Public Works	32,986,223	39,509,425	36,743,774	40,119,182	25,265,766
Community Development	8,494,108	5,771,490	4,487,223	6,400,700	5,446,357
Cultural and Recreational	11,150,363	11,426,024	7,120,024	10,516,483	15,637,748
Housing and Redevelopment	26,645,808	9,610,845	10,883,850	14,587,522	11,338,512
Other	75,785				
Unallocated Cost	8,458,336				
Interest and Fiscal Charges	13,022,532	14,665,716	10,163,111	13,970,272	16,041,384
Total Governmental Activities Expenses	<u>173,587,572</u>	<u>169,263,285</u>	<u>127,516,656</u>	<u>171,056,058</u>	<u>166,982,337</u>
Business-Type Activities:					
Richmond Housing Authority	25,518,702	27,920,939	28,054,660	25,761,763	21,902,483
Port of Richmond	2,811,056	2,911,772	2,545,842	2,896,324	3,690,733
Richmond Marina	578,370	272,694	248,045	245,732	331,099
Municipal Sewer	10,035,988	10,047,198	9,020,928	9,599,570	12,236,185
Storm Sewer	2,446,743	2,461,223	2,142,358	2,953,974	3,590,975
Cable TV	763,738	699,809	646,770	702,849	798,758
Convention Center	319,066	291,078	269,595	274,542	
Total Business-Type Activities Expenses	<u>42,473,663</u>	<u>44,604,713</u>	<u>42,928,198</u>	<u>42,434,754</u>	<u>42,550,233</u>
Total Primary Government Expenses	<u>\$216,061,235</u>	<u>\$213,867,998</u>	<u>\$170,444,854</u>	<u>\$213,490,812</u>	<u>\$209,532,570</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$5,509,407	\$12,779,067	\$6,195,631	\$9,579,562	\$12,500,031
Public Safety	697,659	22,300	1,061,832	2,674,213	3,337,186
Public Works	3,848,741	5,133,200	6,829,231	2,017,908	1,641,139
Community Development	1,682,781	17	1,488,832	2,488,628	562,647
Cultural and Recreational	364,665	234,308	230,187	1,230,022	277,523
Housing and Redevelopment	(680)	26	54	3,145,276	320,165
Operating Grants and Contributions	11,485,157	10,143,316	9,035,667	10,737,556	11,310,497
Capital Grants and Contributions	20,454,780	2,409,429	2,502,038	4,584,637	8,659,910
Total Government Activities Program Revenues	<u>44,042,510</u>	<u>30,721,663</u>	<u>27,343,472</u>	<u>36,457,802</u>	<u>38,609,098</u>
Business-Type Activities:					
Charges for Services:					
Richmond Housing Authority	2,064,716	2,234,580	1,822,316	1,663,345	1,630,745
Port of Richmond	2,265,785	2,491,147	5,913,472	6,130,166	5,392,626
Richmond Marina	366,288	458,473	456,142	579,581	448,630
Municipal Sewer	8,020,968	10,008,499	9,099,788	11,009,699	12,410,236
Storm Sewer	1,477,853	1,478,790	1,546,345	1,545,977	1,655,799
Cable TV	677,314	911,227	840,773	944,693	930,168
Convention Center	172,793	202,246	273,008	326,715	37,659
Operating Grants and Contributions	24,072,750	9,498			
Capital Grants and Contributions		33,845,368	32,707,460	33,223,130	23,789,008
Total Business-Type Activities Program Revenue	<u>39,118,467</u>	<u>51,639,828</u>	<u>52,659,304</u>	<u>55,423,306</u>	<u>46,294,871</u>
Total Primary Government Program Revenues	<u>\$83,160,977</u>	<u>\$82,361,491</u>	<u>\$80,002,776</u>	<u>\$91,881,108</u>	<u>\$84,903,969</u>
Net (Expense)/Revenue					
Governmental Activities	(\$129,545,062)	(\$138,541,622)	(\$100,173,184)	(\$134,598,256)	(\$128,373,239)
Business-Type Activities	(3,355,196)	7,035,115	9,731,106	12,988,552	3,744,638
Total Primary Government Net Expense	<u>(\$132,900,258)</u>	<u>(\$131,506,507)</u>	<u>(\$90,442,078)</u>	<u>(\$121,609,704)</u>	<u>(\$124,628,601)</u>

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

	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes:					
Property Taxes-Current Collections	\$39,816,120	\$36,475,512	\$39,806,022	\$58,637,096	\$73,496,915
Property Taxes-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
Utility user taxes		29,322,850	29,721,091	30,199,388	27,007,410
Other Taxes	44,665,215	9,421,142	13,847,030	14,690,034	12,042,215
Use of Money and Property		2,597,233	2,993,086	5,490,761	7,895,609
Unrestricted Intergovernmental	978,228	4,157,098	3,031,587	954,905	438,625
Investment Income	6,568,865				
Rental Revenue	2,819,462				
Lease Revenue	3,017,547				
Repayment of Principal	1,940,375				
Miscellaneous	3,433,249	18,778,396	152,775	3,144,463	3,253,446
Gain (Loss) on Sales of Capital Assets	(175,225)		11,361,312	2,361,410	3,113,487
Pension stabilization revenue				4,175,381	4,240,135
Developer revenue sharing				3,254,620	591,051
Settlement reimbursement				4,226,289	
Transfers	(2,116,594)	49,486	167,153	375,740	(2,346,906)
Reimbursement from Pension Fund	3,928,959				
Total Government Activities	<u>100,947,242</u>	<u>113,153,915</u>	<u>129,696,268</u>	<u>170,227,865</u>	<u>157,949,882</u>
Business-Type Activities:					
Taxes:					
Property Taxes			10,193	10,867	10,576
Use of Money and Property		1,809,249	1,222,413	1,247,868	1,618,432
Investment Income	2,281,921				
Other			1,956,342		
Gain (Loss) on Sales of Capital Assets	(9,527)				41,000
Transfers	2,116,594	(49,486)	(167,153)	(375,740)	2,346,906
Total Business-Type Activities	<u>4,388,988</u>	<u>1,759,763</u>	<u>3,021,795</u>	<u>882,995</u>	<u>4,016,914</u>
Total Primary Government	<u>\$105,336,230</u>	<u>\$114,913,678</u>	<u>\$132,718,063</u>	<u>\$171,110,860</u>	<u>\$161,966,796</u>
Change in Net Assets					
Governmental Activities	(\$28,597,820)	(\$25,387,707)	\$29,523,084	\$35,629,609	\$29,576,643
Business-Type Activities	1,033,792	8,794,878	12,752,901	13,871,547	7,761,552
Total Primary Government	<u>(\$27,564,028)</u>	<u>(\$16,592,829)</u>	<u>\$42,275,985</u>	<u>\$49,501,156</u>	<u>\$37,338,195</u>

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



	Fiscal Year Ended June 30,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$43,896,000	\$42,392,000	\$41,937,449	\$40,004,328	\$39,572,550	\$36,921,700	\$23,334,569	\$17,083,473	\$9,638,843	\$22,090,540
Unreserved	(1,270,000)	854,000	3,840,804	8,150,386	6,284,507	(4,420,944)	12,440,443	26,510,417	38,590,926	32,341,360
Total General Fund	<u>\$42,626,000</u>	<u>\$43,246,000</u>	<u>\$45,778,253</u>	<u>\$48,154,714</u>	<u>\$45,857,057</u>	<u>\$32,500,756</u>	<u>\$35,775,012</u>	<u>\$43,593,890</u>	<u>\$48,229,769</u>	<u>\$54,431,900</u> (a)
All Other Governmental Funds										
Reserved	\$37,475,000	\$44,975,000	\$30,231,155	\$27,405,012	\$44,654,025	\$24,082,816	\$18,402,465	\$19,734,505	\$19,716,191	\$30,517,337
Unreserved, reported in:										
Special revenue funds	1,307,000	1,244,000	2,572,653	698,121	805,201	2,599,416	7,730,927	9,644,237	22,266,931	23,291,973
Debt service funds					(3,264,769)	(32,671,008)	(1,555,799)	462,267	6,647,877	11,101,399
Capital project funds	17,962,000	350,000	20,733,706	73,207,473	15,229,062	58,802,260	38,672,895	53,792,412	69,561,861	54,143,312
Total all other governmental funds	<u>\$56,744,000</u>	<u>\$46,569,000</u>	<u>\$53,537,514</u>	<u>\$101,310,606</u>	<u>\$57,423,519</u>	<u>\$52,813,484</u>	<u>\$63,250,488</u>	<u>\$83,633,421</u>	<u>\$118,192,860</u>	<u>\$119,054,021</u>

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

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

	Fiscal Year Ended June 30,				
	1998	1999	2000	2001	2002
Revenues					
Property taxes	\$27,825,000	\$29,420,000	\$37,211,425	\$37,220,187	37,152,483
Sales taxes	9,697,000	10,736,000	12,431,034	14,255,927	13,199,899
Utility user fees	17,354,000	18,142,000	18,330,503	21,094,681	21,144,888
Other taxes	5,952,000	6,151,000	6,660,722	9,755,617	7,578,673
Licenses, permits and fees	2,155,000	2,502,000	2,954,637	3,854,140	6,459,773
Developer revenue sharing					
Fines, forfeitures and penalties	311,000	630,000	804,657	759,782	454,786
Use of money and property	12,377,000	6,117,000	5,561,947	8,521,642	11,950,076
Intergovernmental	16,489,000	18,663,000	23,669,018	19,539,785	15,391,085
Charges for services	14,087,000	5,511,000	8,546,061	4,824,336	6,158,955
Pension stabilization revenue					
Settlement reimbursement					
Lease income				1,306,391	3,013,488
Reimbursement from pension fund					4,017,246
Rent	2,296,000	2,576,000	3,659,066	2,793,821	4,244,780
Proceeds from sale of land		322,000			
Other	1,854,000	2,036,000	2,362,505	3,971,315	2,364,500
Total Revenues	110,397,000	102,806,000	122,191,575	127,897,624	133,130,632
Expenditures					
Current:					
General government	18,341,000	18,824,000	25,213,454	19,657,294	17,316,203
Public safety	36,155,000	37,515,000	38,812,146	40,336,645	44,309,105
Public works					
Highway and streets	6,415,000	5,124,000	5,575,459	7,793,120	24,689,873
Health and sanitation	5,225,000		295,890	955,873	
Community development	6,440,000	6,969,000	8,571,962	9,600,033	6,139,781
Cultural and recreational	8,281,000	8,625,000	9,876,807	9,740,773	10,707,305
Housing and redevelopment	5,877,000	5,829,000	7,820,872	1,990,502	9,861,172
Salaries and wages					
General and administrative					
Maintenance					
Other	2,503,000	901,000	1,429,324	11,165,647	81,095
Capital outlay	21,080,000	16,629,000	17,492,266	15,894,297	8,461,827
Debt service:					
Principal repayment	10,985,000	5,671,000	14,827,335	13,436,978	12,988,661
Interest and fiscal charges	14,830,000	6,586,000	7,796,012	12,003,575	13,939,372
Total Expenditures	136,132,000	112,673,000	137,711,527	142,574,737	148,494,394
Excess (deficiency) of revenues over (under) expenditures	(25,735,000)	(9,867,000)	(15,519,952)	(14,677,113)	(15,363,762)
Other Financing Sources (Uses)					
Transfers in	47,489,000	24,272,000	33,409,953	52,731,159	29,129,749
Transfers out	(44,997,000)	(20,684,000)	(33,692,040)	(52,846,008)	(30,137,487)
Sale of property	1,551,000	322,000	4,882,030	308,775	223,115
Reimbursement of land cleanup costs					
Payment to refund bond escrow agent	(6,336,000)				
Proceeds of long-term debt	21,797,000		23,277,689	60,720,000	7,437,213
Bond issuance costs	(661,000)				
Payment to retirement plan					
Write-off of interfund receivables/payable	(1,620,000)				
Deferral of interfund interest	(16,725,000)				
Total other financing sources (uses)	498,000	3,910,000	27,877,632	60,913,926	6,652,590
Net Change in fund balances	(\$25,237,000)	(\$5,957,000)	\$12,357,680	\$46,236,813	(\$8,711,172)
Debt service as a percentage of noncapital expenditures	(a)	(a)	(a)	(a)	23.8%

NOTE:

(a) The City implemented GASB Statement 34 in fiscal year 2002. Therefore this calculation is included only for fiscal years subsequent to that date.

Fiscal Year Ended June 30,

2003	2004	2005	2006	2007
\$39,816,120	\$36,475,512	\$48,148,871	\$76,431,421	\$73,983,141
12,282,691	12,352,198	20,273,363	25,402,253	28,217,895
23,463,409	29,322,850	29,721,091	30,199,388	27,007,410
10,810,643	9,421,142	13,847,030	14,690,034	12,042,215
5,267,568	8,414,668	8,347,868	14,272,803	8,379,660
			3,254,620	591,051
570,823	435,057	522,015	396,257	312,723
9,710,818	2,628,566	2,496,624	5,149,718	6,879,814
26,727,129	15,892,578	15,980,671	16,303,188	24,439,246
6,775,324	6,775,449	3,864,491	4,421,803	4,488,092
			4,175,381	4,240,135
			4,226,289	
3,017,548				
3,928,959				
2,629,861	2,560,987	237,568	414,716	605,207
<u>6,184,893</u>	<u>23,152,932</u>	<u>3,191,685</u>	<u>3,496,107</u>	<u>3,009,820</u>
<u>151,185,786</u>	<u>147,431,939</u>	<u>146,631,277</u>	<u>202,833,978</u>	<u>194,196,409</u>
17,981,557		12,871,884	18,986,723	22,646,791
53,169,844		52,859,724	64,006,470	72,869,340
		20,947,719	20,371,718	12,207,805
18,345,397				
8,556,636		4,542,606	6,306,343	5,449,106
11,585,860		7,362,852	10,300,456	15,142,703
24,940,122		11,971,460	20,778,294	11,345,178
	86,240,536			
	40,886,151			
	2,182,381			
75,785	601,026			
13,170,857	12,570,471	10,630,365	17,479,290	34,281,457
6,245,552	7,989,730	7,639,995	6,515,045	9,079,459
<u>13,930,315</u>	<u>12,102,434</u>	<u>9,206,783</u>	<u>11,257,775</u>	<u>10,129,575</u>
<u>168,001,925</u>	<u>162,572,729</u>	<u>138,033,388</u>	<u>176,002,114</u>	<u>193,151,414</u>
(16,816,139)	(15,140,790)	8,597,889	26,831,864	1,044,995
37,541,392	66,659,138	27,587,164	53,092,947	33,071,479
(42,657,986)	(69,609,652)	(34,410,933)	(54,131,970)	(31,800,296)
61,624	578,907	9,071,591	3,167,685	4,747,114
6,556,686				
	29,145,759	17,356,100	124,111,809	
			(113,877,017)	
<u>1,501,716</u>	<u>26,774,152</u>	<u>19,603,922</u>	<u>12,363,454</u>	<u>6,018,297</u>
<u>(\$15,314,423)</u>	<u>\$11,633,362</u>	<u>\$28,201,811</u>	<u>\$39,195,318</u>	<u>\$7,063,292</u>
15.0%	15.5%	15.2%	12.6%	13.8%

CITY OF RICHMOND
ASSESSED AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
ASSESSED VALUE ⁽¹⁾										
Land	\$1,597,176	\$1,691,023	\$1,772,263	\$1,918,926	\$2,111,424	\$2,324,645	\$2,627,744	\$2,959,317	\$3,418,224	\$4,039,890
Improvements	4,456,155	4,498,749	4,591,723	4,784,954	5,616,334	5,626,587	5,738,751	6,621,854	7,266,076	7,862,708
Total Real Property	\$6,053,331	\$6,189,772	\$6,363,986	\$6,703,880	\$7,727,758	\$7,951,232	\$8,366,495	\$9,581,171	\$10,684,300	\$11,902,598
Personal Property	372,732	375,648	453,809	491,488	496,737	522,772	558,698	563,253	538,693	572,948
TOTAL	\$6,426,063	\$6,565,420	\$6,817,795	\$7,195,368	\$8,224,495	\$8,474,004	\$8,925,193	\$10,144,424	\$11,222,993	\$12,475,546
EXEMPTIONS ⁽²⁾										
Homeowners ^(a)	\$111,212	\$111,686	\$112,543	\$114,012	\$115,472	\$116,607	\$116,687	\$115,580	\$117,722	\$111,746
Other ^(b)	190,382	198,631	209,783	208,302	240,583	245,704	243,788	267,660	317,429	332,611
TOTAL	\$301,594	\$310,317	\$322,326	\$322,314	\$356,055	\$362,311	\$360,475	\$383,240	\$435,151	\$444,357
ASSESSED VALUE										
(Net of Exemptions)	\$6,124,469	\$6,255,103	\$6,495,469	\$6,873,054	\$7,868,440	\$8,111,693	\$8,564,718	\$9,761,184	\$10,787,842	\$12,031,189
Less:										
Redevelopment Tax										
Increments ⁽³⁾	601,425	714,929	729,227	792,046	903,230	1,020,387	1,102,499	1,200,250	1,346,439	1,982,930
NET ASSESSED										
VALUE	\$5,523,044	\$5,540,174	\$5,766,242	\$6,081,008	\$6,965,210	\$7,091,306	\$7,462,219	\$8,560,934	\$9,441,403	\$10,048,259
NET INCREASE										
(DECREASE)	(\$56,180)	\$17,130	\$226,068	\$314,766	\$884,202	\$126,096	\$370,913	\$1,098,715	\$880,469	\$606,856
% OF INCREASE										
(DECREASE)	-3.54%	0.31%	4.08%	5.46%	14.54%	1.81%	5.23%	14.72%	10.28%	6.43%

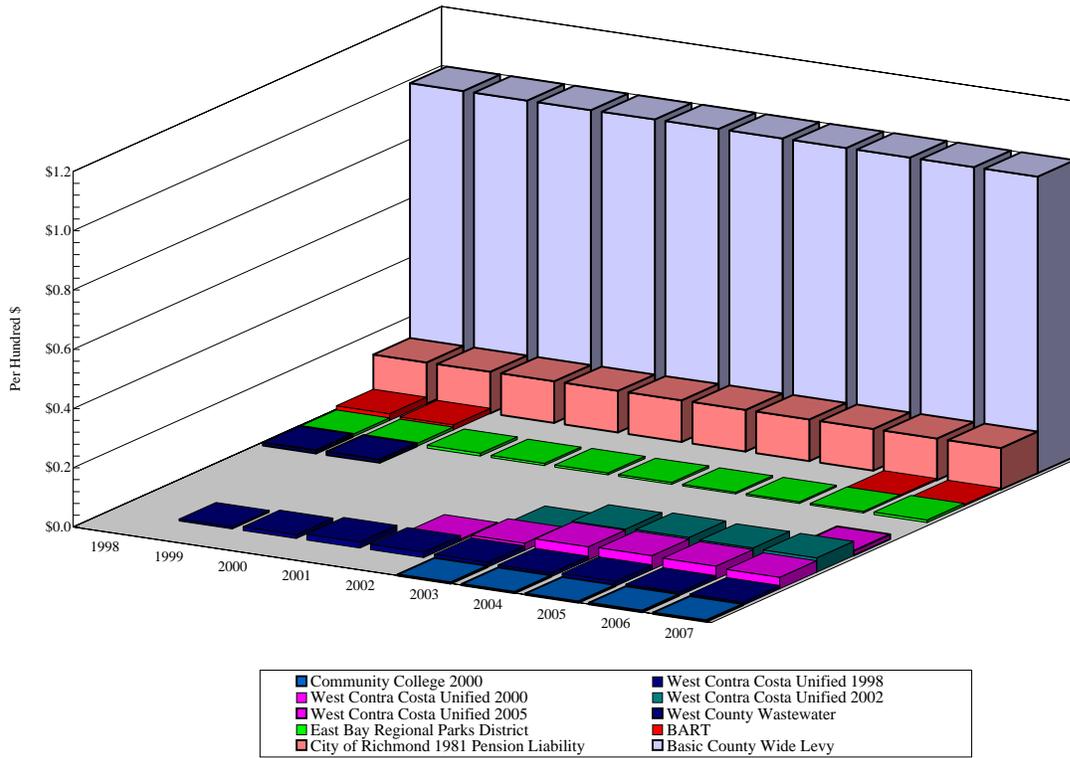
⁽¹⁾ Assessed value (full cash value) of taxable property represents all property within the City. For the fiscal year 1981-82 and thereafter, the assessed value is 100% of the full cash value in accordance with State legislation. The maximum tax rate is 1% of the full cash value or \$1/\$100 of the assessed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

⁽²⁾ 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).

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

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

**CITY OF RICHMOND
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**



Fiscal Year	Basic County Wide Levy	City of Richmond 1981 Pension Liability (1)	East Bay Regional Parks District	West County Wastewater	West Contra Costa Unified				Community College 2000	Total	
					1998	2000	2002	2005			
1998	\$1.0000	\$0.1400	\$0.0220	\$0.0081	\$0.0107					\$1.1808	
1999	1.0000	0.1400	0.0167	0.0092	0.0113	\$0.0061				1.1833	
2000	1.0000	0.1400		0.0088		0.0125				1.1613	
2001	1.0000	0.1400		0.0065		0.0204				1.1669	
2002	1.0000	0.1400		0.0072		0.0181	\$0.0069			1.1722	
2003	1.0000	0.1400		0.0065		0.0161	0.0250	\$0.0115	\$0.0040	1.2031	
2004	1.0000	0.1400		0.0057		0.0123	0.0454	0.0487	0.0038	1.2559	
2005	1.0000	0.1400		0.0057		0.0161	0.0469	0.0523	0.0042	1.2652	
2006	1.0000	0.1400	0.0048	0.0057		0.0115	0.0437	0.0489	0.0047	1.2593	
2007	1.0000	0.1400	0.0050	0.0085		0.0105	0.0386	0.0487	\$0.0165	0.0043	1.2721

(1) Voter approved debt.

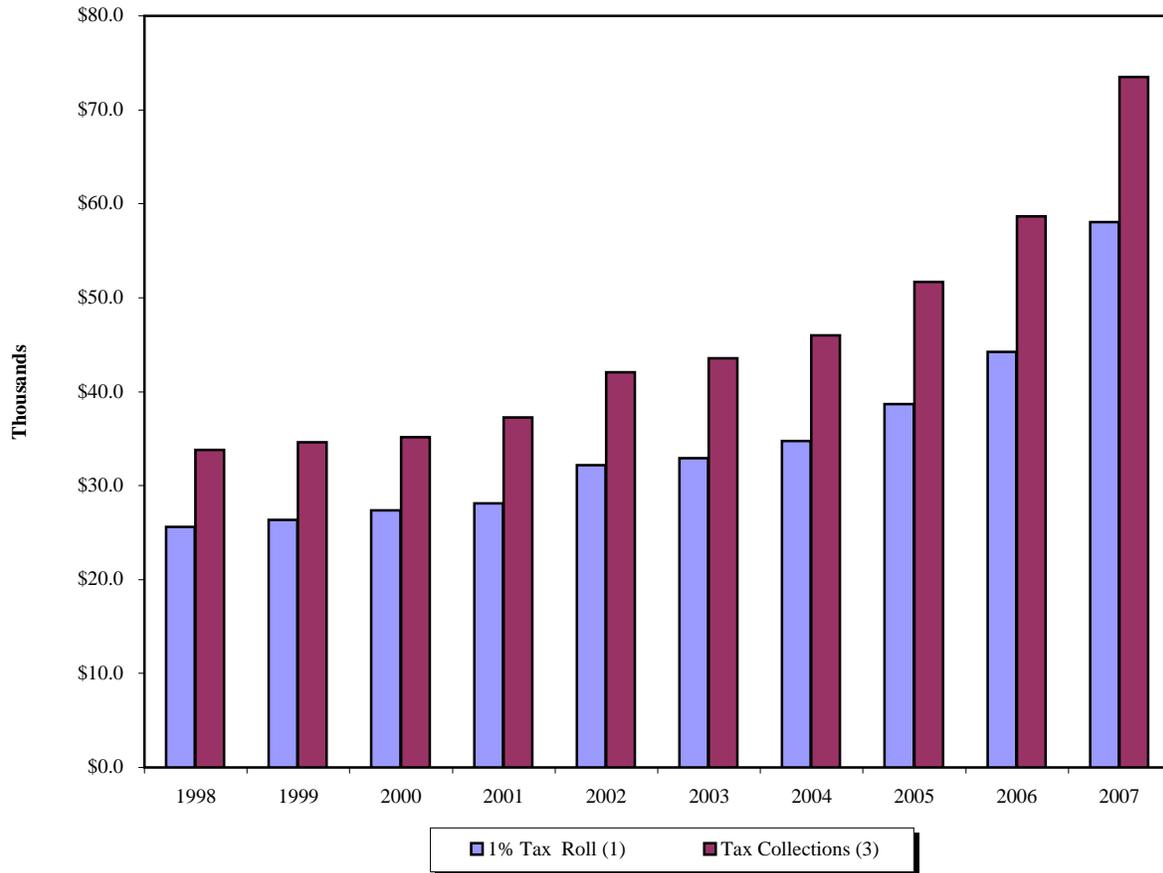
Source: County of Contra Costa, Office of the Auditor-Controller

CITY OF RICHMOND
Principal Property Tax Payers
Current Year and Nine Years Ago
(In Thousands)

Taxpayer	Type of Business	2006-07			1997-98		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Chevron USA	Petroleum/Coal Products	\$2,959,274	1	29.5%	\$2,171,346	1	39.3%
Susie Gee	Apartments	98,516	2	1.0%	N/A		N/A
Dicon Fiberoptics	Semiconductors	56,737	3	0.6%	N/A		N/A
Berlex Laboratories	Chemical Production	130,246	4	1.3%	117,493	2	2.1%
BP West Coast Products	Petroleum Products	37,843	5	0.4%	N/A		N/A
California Fats & Oils Inc.	Food Manufacturer	28,653	6	0.3%	25,631	6	0.5%
Tosco Corporation	Oil Refining	25,548	7	0.3%	N/A		N/A
Shores of Marina Bay Community Association	Apartments	24,629	8	0.2%	N/A		N/A
Lennar Emerald Marina Shores	Apartments	24,510	9	0.2%	N/A		N/A
Point Richmond R&D Associates	Research and Development Facility	33,512	10	0.3%	N/A		N/A
Chronicle Publishing Company	Media Company	N/A		N/A	39,727	3	0.7%
ICI Americas, Inc.	Chemical Manufacturer	N/A		N/A	88,826	4	1.6%
Security Capital Pacific Trust	Real Estate Investment Trust	N/A		N/A	32,158	5	0.6%
Safeway Stores	Retail warehouse	N/A		N/A	26,505	7	0.5%
Atlantic Richfield Company	Petroleum Products	N/A		N/A	28,460	8	0.5%
Union Oil Company of California	Petroleum Products	N/A		N/A	21,434	9	0.4%
Gatx Terminals Corporation	Petroleum and Chemicals Storage and Distribution	N/A		N/A	19,571	10	0.4%
Subtotal		<u>\$3,419,468</u>		<u>34.0%</u>	<u>\$2,571,151</u>		<u>46.6%</u>
Total Net Assessed Valuation:							
Fiscal Year 2006-2007		\$10,048,259					
Fiscal Year 1997-1998		5,523,044					

Source: Contra Costa County Assessor Fiscal Year Combined Tax Rolls.

**CITY OF RICHMOND
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)**

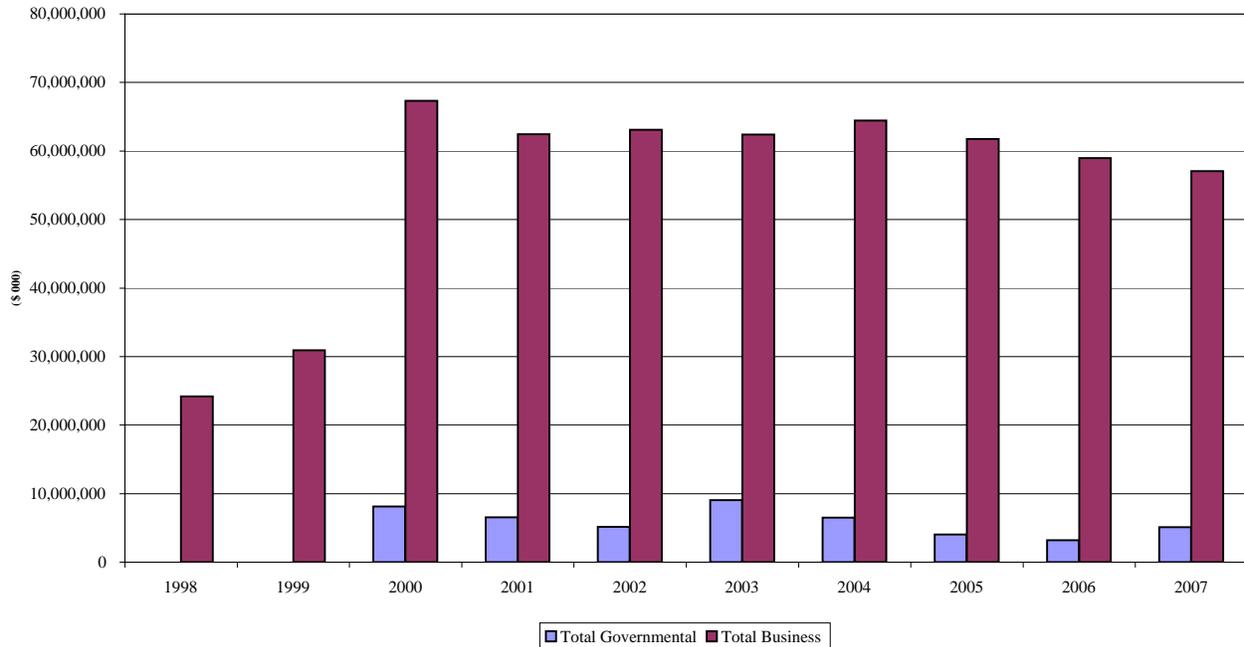


Fiscal Year	1% Tax Roll (1)	Voter Approve Debt Tax Rolls (2)	Total Tax Collections (3)	Percent of Total Tax Collections to Tax Levy
1998	\$25,635	\$8,197	\$33,832	100%
1999	26,379	8,202	34,581	100%
2000	27,341	7,782	35,123	100%
2001	28,125	9,129	37,254	100%
2002	32,193	9,867	42,060	100%
2003	32,890	10,656	43,546	100%
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%

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	Revenue Bonds	Loans and Notes Payable	Capital Leases	Special Assessments	Total
1998	\$25,023,000		\$20,370,000	\$11,554,000		\$25,490,000	\$82,437,000
1999	24,408,000		19,363,000	4,326,000		24,585,000	72,682,000
2000	24,032,779	\$36,280,000	18,303,815	3,461,435	\$8,124,760		90,202,789
2001	55,162,779	33,040,000	42,445,000	2,850,650	6,551,646		140,050,075
2002	54,487,779	31,360,000	40,845,002	2,655,597	5,150,251		134,498,629
2003	53,877,779	29,660,000	39,530,000	2,683,222	9,058,762		134,809,763
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

Business-Type Activities

Fiscal Year	Wastewater Revenue Bonds	Port Lease Revenue Bonds	Loans and Notes Payable	Total	Total Total Primary Government	Percentage of Personal Income (B)	Per Capita (B)
1998		\$17,050,000	\$7,134,000	\$24,184,000	\$106,621,000	2.95%	1,107.18
1999		17,008,000	13,902,000	30,910,000	103,592,000	2.67%	1,059.22
2000	\$37,516,082	16,814,541	12,994,659	67,325,282	157,528,071	3.57%	1,587.73
2001	38,345,972	15,680,703	8,418,185	62,444,860	202,494,935	4.47%	1,990.79
2002	38,904,150	14,501,865	9,682,769	63,088,784	197,587,413	4.46%	1,954.84
2003	39,422,497	13,273,027	9,704,142	62,399,666	197,209,429	4.40%	1,945.38
2004	39,903,191	11,989,189	12,543,740	64,436,120	222,965,194	4.75%	2,193.35
2005	39,218,632	10,650,351	11,877,513	61,746,496	230,514,561	(A)	2,237.74
2006	38,516,264	9,251,513	11,195,682	58,963,459	347,165,507	(A)	3,355.29
2007	41,857,327	7,782,675	7,419,009	57,059,011	344,974,276	(A)	3,322.56

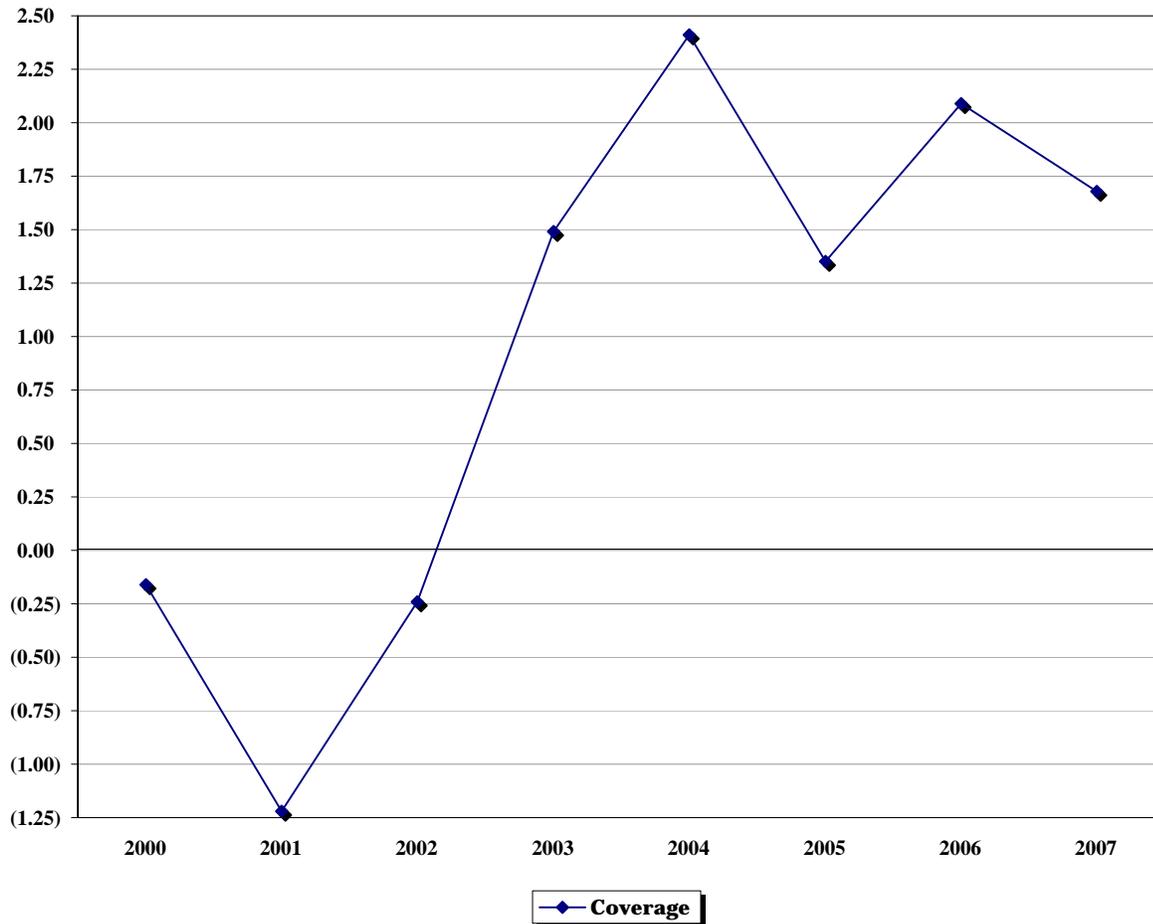
Notes: Debt amounts exclude any premiums, discounts, or other amortization amounts.

(A) Data not available.

(B) See Demographic Statistics for personal income and population data.

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 AND 2006 WASTEWATER REVENUE BONDS
LAST EIGHT FISCAL YEARS**

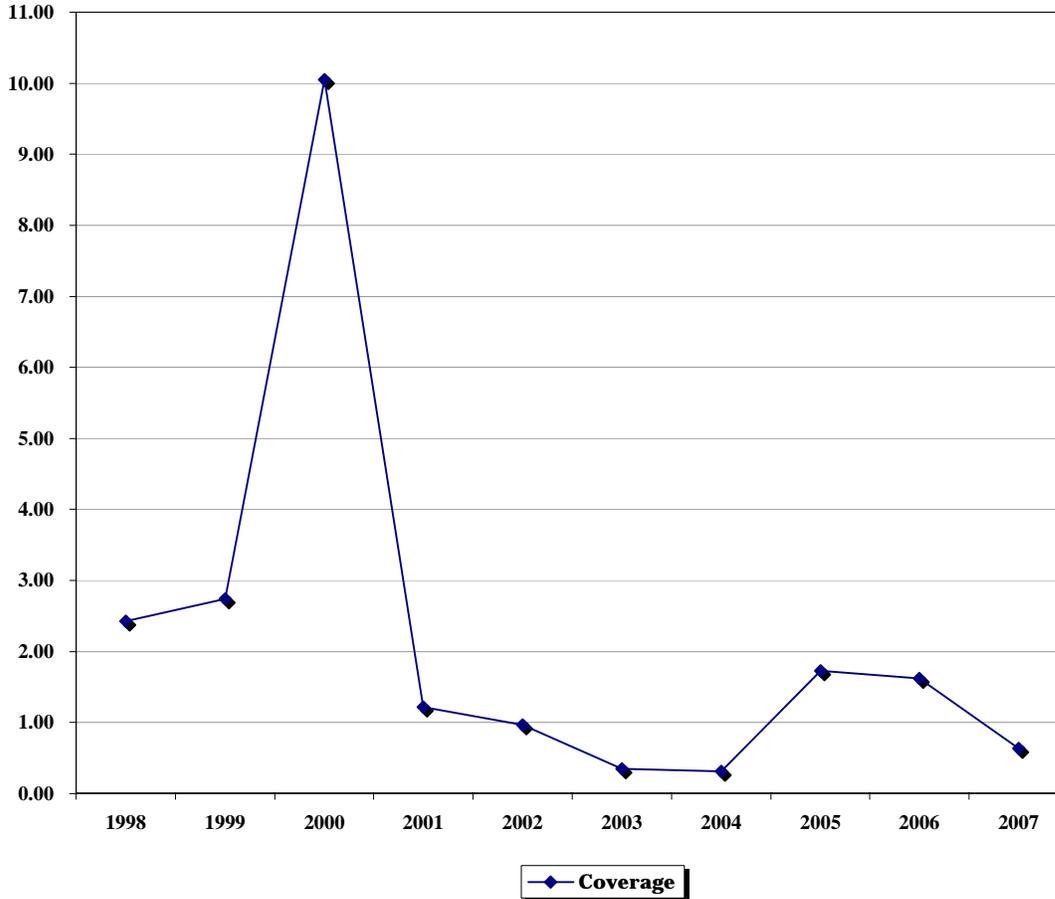


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$7,431,700	\$7,478,491	(\$46,791)		\$294,584	\$294,584	(0.16)
2001	7,765,103	9,665,875	(1,900,772)		1,559,561	1,559,561	(1.22)
2002	9,690,868	10,059,777	(368,909)		1,559,561	1,559,561	(0.24)
2003	10,163,012	7,727,467	2,435,545	\$75,000	1,557,874	1,632,874	1.49
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

Notes: (1) Includes all Municipal Sewer Operating Revenues, Non-operating Interest Revenue, Connection Fe and other Non-operating Revenue
(2) Includes all Municipal Sewer Operating Expenses less Depreciation and Intere

Source: City of Richmond Annual Financial Statements

**CITY OF RICHMOND
REVENUE BOND COVERAGE
1996, 1999, AND 2004 PORT TERMINAL LEASE REVENUE BONDS AND NOTE
LAST TEN FISCAL YEARS**



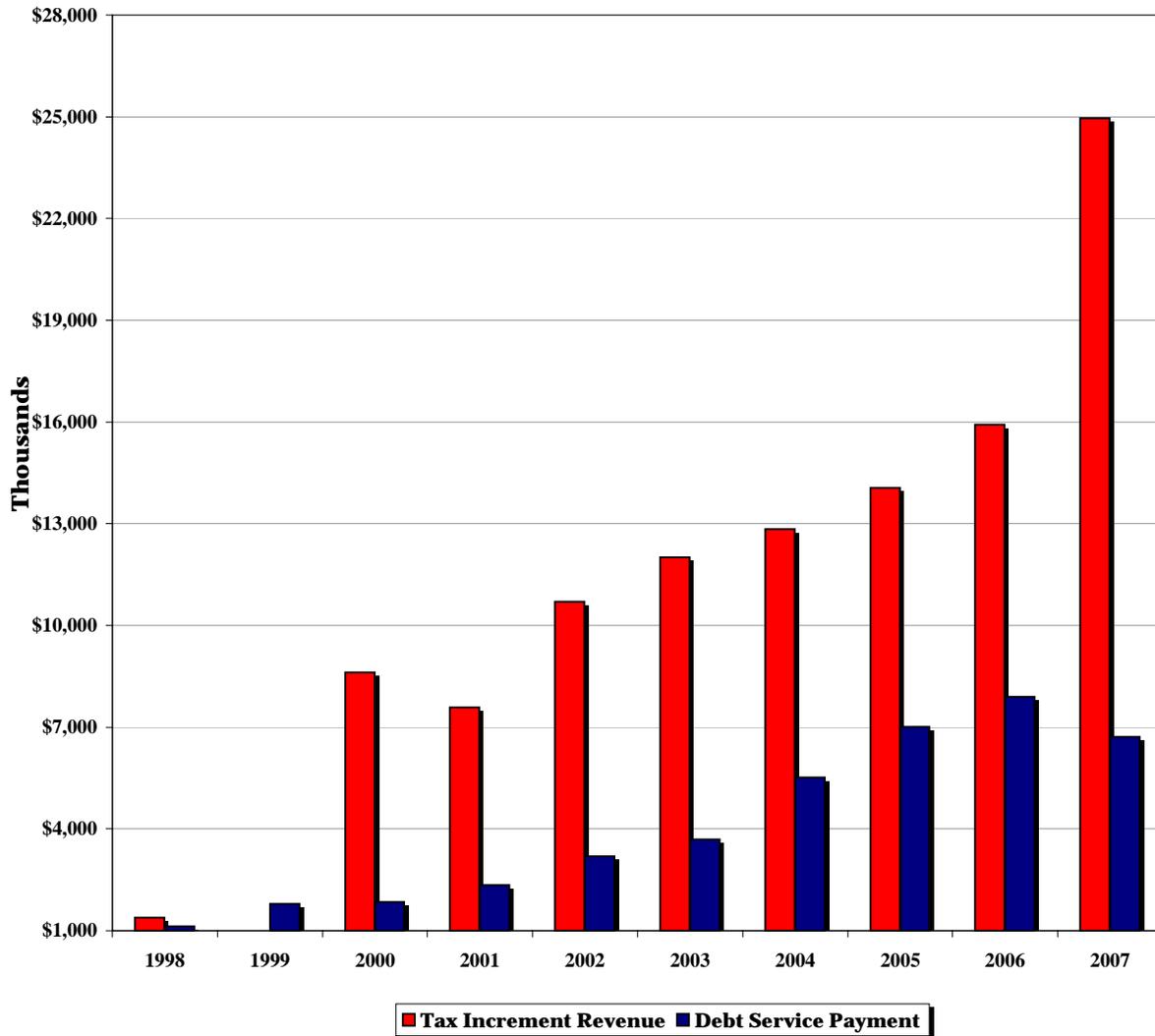
Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	\$4,194,000	\$2,747,000	\$1,447,000	\$195,000	\$400,172	\$595,172	2.43
1999	4,448,000	2,862,000	1,586,000	190,000	389,486	579,486	2.74
2000	12,401,285	1,630,356	10,770,929	200,000	871,211	1,071,211	10.05
2001	5,078,601	2,664,299	2,414,302	1,140,000	836,379	1,976,379	1.22
2002	3,698,781	1,785,720	1,913,061	1,185,000	790,037	1,975,037	0.97
2003	2,319,180	1,618,331	700,849	1,235,000	739,776	1,974,776	0.35
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

Notes: (1) Includes all Port of Richmond Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue.

(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**

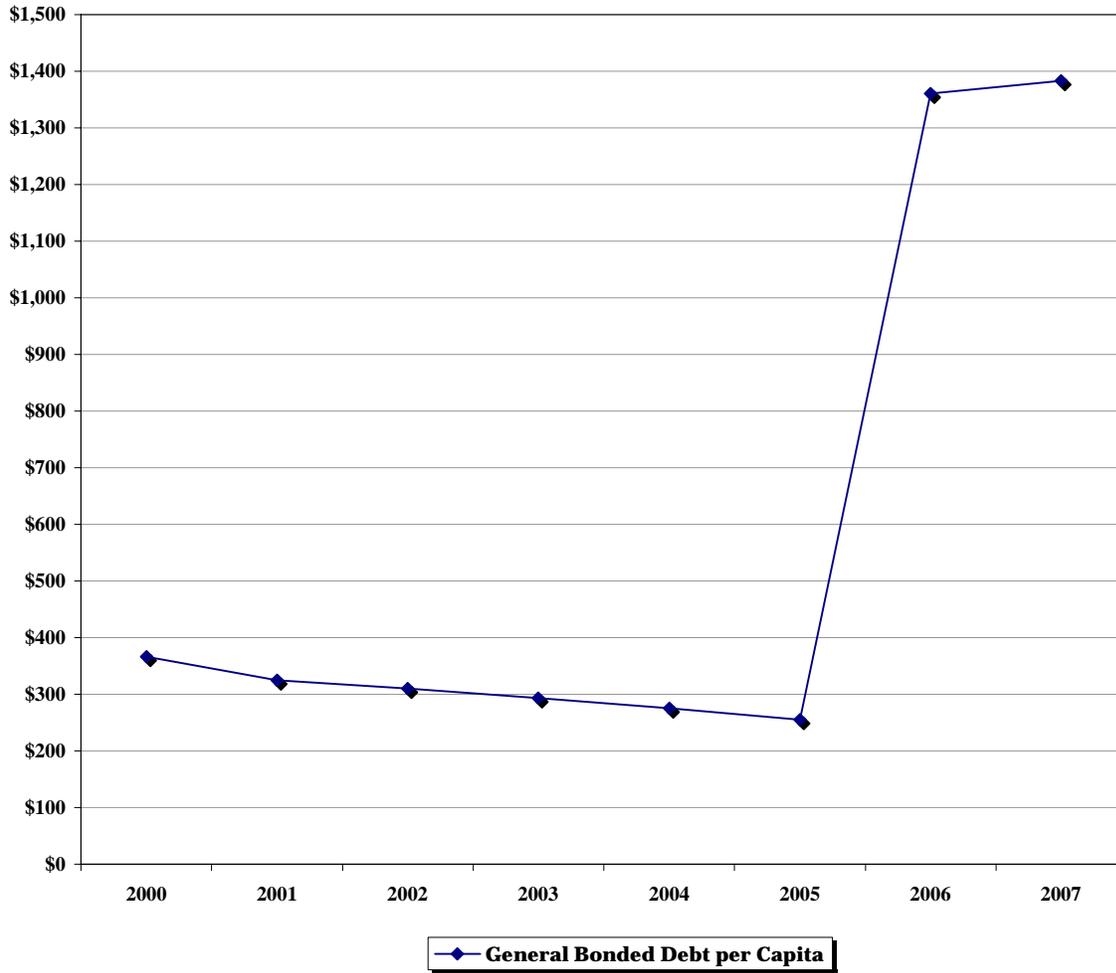


Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
1998	\$1,387,000	\$530,000	\$590,695	\$1,120,695	1.24
1999	922,000	615,000	1,173,299	1,788,299	0.52
2000	8,616,916	605,000	1,251,512	1,856,512	4.64
2001	7,583,609	630,000	1,711,896	2,341,896	3.24
2002	10,699,505	346,000	2,850,068	3,196,068	3.35
2003	12,010,629	895,000	2,794,504	3,689,504	3.26
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

Note: (1) Includes the 1991, 1998, 2000, 2003, and 2004 Bonds.

Source: City of Richmond Annual Financial Statements

**CITY OF RICHMOND
GENERAL BONDED DEBT
PENSION OBLIGATION BONDS (1)
LAST EIGHT FISCAL YEARS**



<u>Fiscal Year</u>	<u>Bonds Outstanding</u>	<u>Net Assessed Value of Property</u>	<u>Ratio of General Bonded Debt to Net Assessed Value of Property</u>	<u>General Bonded Debt per Capita</u>
2000	\$36,280,000	\$5,766,242,000	0.63%	\$366
2001	33,040,000	6,081,008,000	0.54%	325
2002	31,360,000	6,965,210,000	0.45%	310
2003	29,660,000	7,091,306,000	0.42%	293
2004	27,945,000	7,462,219,000	0.37%	275
2005	26,225,000	8,560,934,000	0.31%	255
2006	140,799,775	9,441,403,000	1.49%	1,361
2007	143,575,313	10,048,259,000	1.43%	1,383

Note: (1) Includes the 1999 Bonds issued in fiscal year 2000, and the 2005 Bonds issued in fiscal year 2006.

Source: City of Richmond Annual Financial Statements

**CITY OF RICHMOND
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2007**

2006-2007 Assessed Valuation:
\$10,048,259,000

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt as of June 30, 2007</u>	
Bay Area Rapid Transit District	8.398%	\$2,463,564	
Contra Costa Community College District	8.416%	9,501,196	
West Contra Costa Unified School District 1998, 2000, 2002 and 2005	49.712%	266,705,972	
East Bay Municipal Utility District	14.326%	294,043	
East Bay Regional Park District	8.006%	6,032,291	
City of Richmond Community Facilities District No. 1998-1	100.000%	3,975,000	
City of Richmond 1915 Act Bonds	100.000%	24,937,500	
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		313,909,566	
Less: East Bay Municipal Utility District (100% self-supporting)		294,043	
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		314,203,609	
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
City of Richmond Port Terminal Authority	100.000%	8,335,000	
City of Richmond General Fund Capital Lease Obligations	100.000%	5,111,871	
City of Richmond General Fund Notes Payable	100.000%	826,808	
City of Richmond Bonds Payable	100.000%	33,630,000	
City of Richmond Pension Obligations	100.000%	143,575,313	
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		191,478,992	
 GROSS COMBINED TOTAL DEBT		\$505,388,558	(1)
NET COMBINED TOTAL DEBT		\$505,682,601	

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

Ratios to 2006-07 Assessed Valuation:
Total Net Overlapping Tax and Assessment Debt 3.13%

Ratios to Adjusted Assessed Valuation:
Gross Combined Total Debt 5.03%
Net Combined Total Debt 5.03%

Source: HdL Coren & Cone, Contra Costa County Assessor and Auditor

**CITY OF RICHMOND
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2007**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$12,031,189,000
---	------------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$451,169,588
---	---------------

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

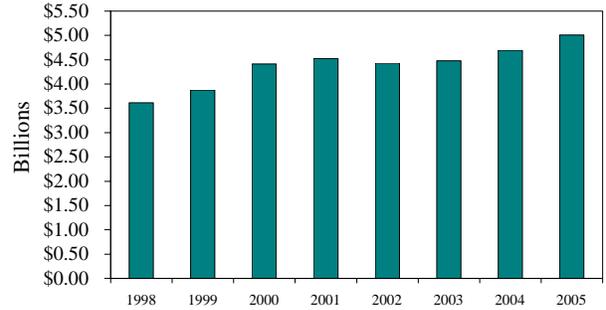
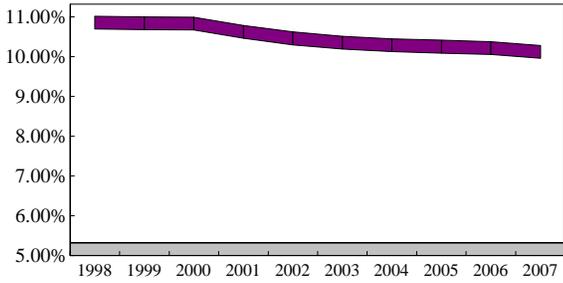
LEGAL BONDED DEBT MARGIN	\$451,169,588
--------------------------	---------------

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
1998	\$229,667,588	0	\$229,667,588	0.00%
1999	234,566,363	0	234,566,363	0.00%
2000	243,580,088	0	243,580,088	0.00%
2001	257,739,525	0	257,739,525	0.00%
2002	295,066,500	0	295,066,500	0.00%
2003	304,188,488	0	304,188,488	0.00%
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%

NOTE:

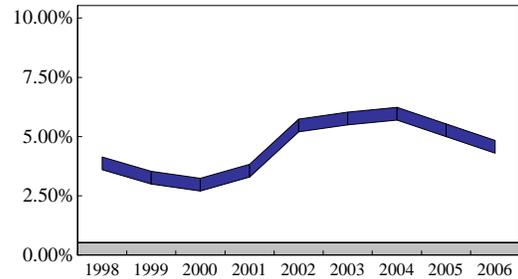
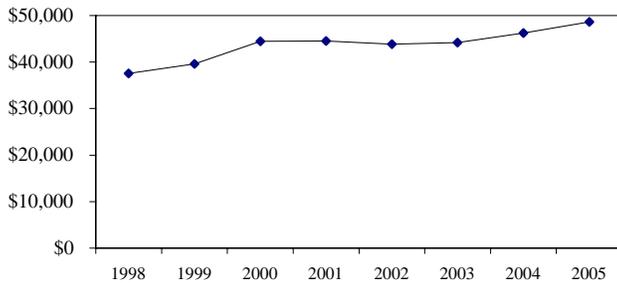
- (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of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

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



■ City Population as a % of County Population

■ Total Personal Income



—● Per Capita Personal Income

■ Unemployment Rate (%)

Fiscal Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%)	Contra Costa County Population	City Population % of County
1998	96,300	\$3,613,657,500 (A)	\$37,525 (B)	3.6% (B)	900,688	10.69%
1999	97,800	3,875,129,400 (A)	39,623 (B)	3.0% (B)	915,793	10.68%
2000	99,216	4,413,028,464 (A)	44,479 (B)	2.7% (B)	930,025	10.67%
2001	101,716	4,527,277,444 (A)	44,509 (B)	3.3% (B)	972,103	10.46%
2002	101,076	4,428,442,788 (A)	43,813 (B)	5.2% (B)	981,600	10.30%
2003	101,373	4,479,875,616 (A)	44,192 (B)	5.5% (B)	994,900	10.19%
2004	101,655	4,697,579,205 (A)	46,211 (B)	5.7% (B)	1,003,900	10.13%
2005	103,012	5,008,237,416 (A)	48,618 (B)	5.0% (B)	1,020,898	10.09%
2006	103,468	(C)	(C)	4.3% (B)	1,029,377	10.05%
2007	103,828	(C)	(C)	(C)	1,042,341	9.96%

Notes: (A) Data not available. Calculated by multiplying City Population by Per Capital Personal Income.
 (B) Data not available for the City therefore data presented is for Contra Costa County.
 (C) Data not yet available.

Source: California State Department of Finance

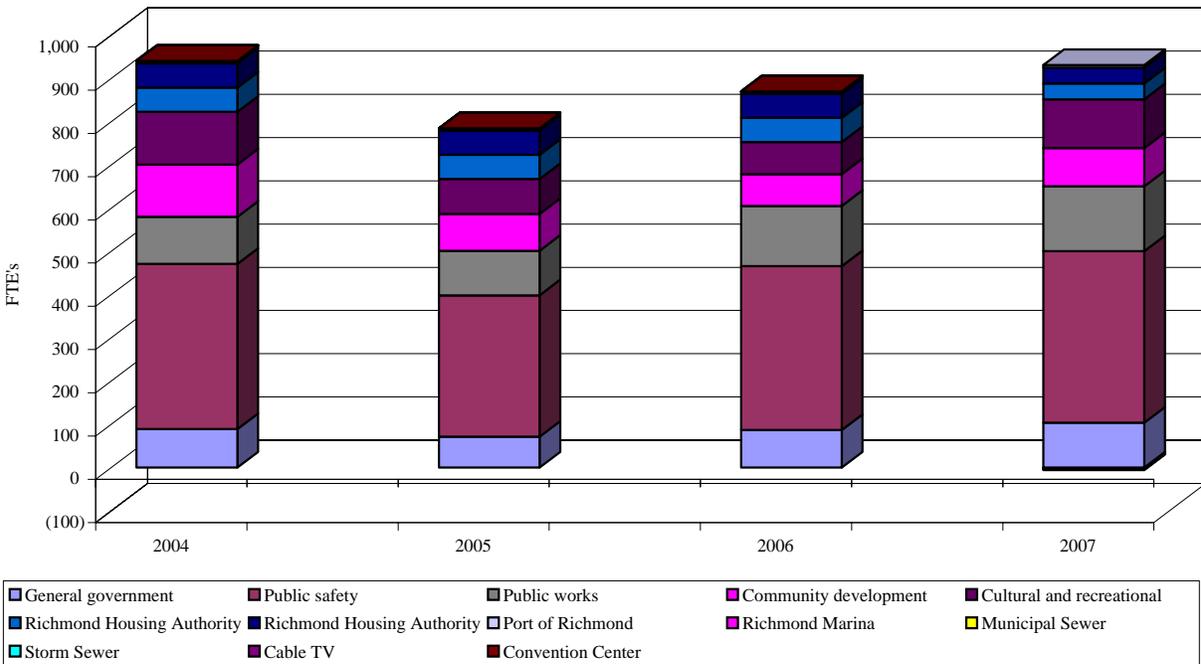
CITY OF RICHMOND
Principal Employers
Current Year

<u>Employer</u>	<u>2006-07</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Chevron U.S.A., Inc.	2,461	1	2.5%
The Permanente Medical Group	786	2	0.8%
Wal-Mart Store 3455	350	3	0.4%
Costco Wholesale #482	278	4	0.3%
California Autism Foundation, Inc.	250	5	0.3%
Macy's Hilltop	242	6	0.2%
The Home Depot #643	209	7	0.2%
Veriflo Division	185	8	0.2%
Sealy Mattress Co.	184	9	0.2%
TPMG Regional Laboratory	<u>176</u>	10	<u>0.2%</u>
Subtotal	<u><u>5,121</u></u>		<u><u>5.3%</u></u>
Total City Day Population	<u><u>97,391</u></u>		

Source: City of Richmond Community Development Department

Notes: The City of Richmond did not prepare a Comprehensive Annual Financial Report prior to fiscal year 2006, therefore, information for fiscal year 1997/98 is not available.
Employers exclude governmental employees.

CITY OF RICHMOND
Full-Time Equivalent City Government Employees by Function
Last Four Fiscal Years



Function	Adopted for Fiscal Year Ended June 30,			
	2004	2005	2006	2007
General government	89.0	71.5	87.2	104.0
Public safety	382.0	327.0	378.5	396.5
Public works	109.0	103.0	139.5	150.0
Community development	120.9	84.9	73.0	88.0
Cultural and recreational	121.6	80.8	74.4	113.2
Housing and redevelopment	38.2	39.2	39.0	39.0
Richmond Housing Authority and RHA Properties	56.0	56.0	56.0	36.5
Port of Richmond	6.1	5.1	5.0	6.0
Richmond Marina	(1)	(1)	(1)	(1)
Municipal Sewer	(1)	(1)	(1)	(1)
Storm Sewer	(1)	(1)	(1)	(1)
Cable TV	(1)	(1)	(1)	(1)
Convention Center	(1)	(1)	(1)	(2)
Total	922.80	767.50	852.60	927.20

Source: City of Richmond Budget

Notes:

Data prior to fiscal year 2004 was not available

(1) These services are provided by outside contractors.

(2) Convention Center closed during renovation and staff moved under cultural and recreational

CITY OF RICHMOND
Operating Indicators by Function/Program
Fiscal Year Ended, June 30

	2006	2007
Function/Program		
Public safety:		
Fire:		
Fire calls for service	10,068	11,006
Primary fire inspections conducted	5,502	9,795
Number of firefighters	93.0	99.0
Number of firefighters and civilians per thousand population	0.9	1.0
Police:		
Number of police officers per thousand population	1.7	1.7
Number of sworn officers	179	179
Water		
Daily average consumption in gallons per family	250	250

Source: City of Richmond

Notes:

n/a denotes information not available.

The City of Richmond did not prepare a Comprehensive Annual Financial Report prior to fiscal year 2006, therefore, information prior to that year is not available.

CITY OF RICHMOND
Capital Asset Statistics by Function/Program
Fiscal Year Ended June 30,

	<u>2006</u>	<u>2007</u>
Function/Program		
Public safety:		
Fire stations	7	7
Police stations	6	6
Library (#) of Locations	1	1*
(* two branch library sites being refurbished and to reopen January 2008)		
Public works		
Miles of streets	280	280
Street lights	7,000	7,000
Urban Forest (trees)	39,900	40,200
Culture and recreation:		
Community services:		
City parks	53	55
City parks acreage	280.0	336.6
Open Space & Public Landscapes acreage	562.0	510.0
Lawn bowling	1	1
Recreation centers	8	8
Auditorium/Theater	1	1
Gymnasiums	3	3
Senior centers	2	2
Headstart centers/day cares	10	6
Putting green	1	1
Basketball courts	28	28
Swimming pools	1	1
Tennis courts	17	20
Baseball/softball diamonds	26	26
Soccer/football fields	17	17
Cricket fields	2	2
Water		
Fire hydrants	3,153	3,153
Wastewater		
Miles of sanitary sewers	230	230
Miles of storm sewers	310	310
Land Area (square miles)	33.7	33.7
Miles of waterfront	32	32

Source: City of Richmond

Note: n/a denotes information is not available.

The City of Richmond did not prepare a Comprehensive Annual Financial Report prior to fiscal year 2006, therefore, information prior to that year is not available.

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