

Comprehensive
Annual
Financial Report
Richmond, California

For The Year Ended June 30, 2008



CITY OF RICHMOND, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Prepared by
THE FINANCE DEPARTMENT

This Page Left Intentionally Blank

**CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal	i
Organizational Chart.....	xii
List of Elected and Appointed Officials	xiii
Project Team	xiv
GFOA Certificate of Award.....	xv
CSMFO Certificate of Award.....	xvi

FINANCIAL SECTION

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3

BASIC FINANCIAL STATEMENTS:

Government-wide Financial Statements:

Statement of Net Assets	24
Statement of Activities.....	26

Fund Financial Statements:

Balance Sheet – Governmental Funds	30
Reconciliation of the Governmental Funds – Balance Sheet with the Statement of Net Assets	32
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	34
Reconciliation of the Net Change in Fund Balances—Total Governmental Funds with the Statement of Activities	36
Statement of Net Assets – Proprietary Funds	38
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	39
Statement of Cash Flows – Proprietary Funds.....	40
Statement of Fiduciary Net Assets – Fiduciary Funds.....	42
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	43

Notes to Financial Statements:

(1) Organization and Definition of Reporting Entity	45
(2) Summary of Significant Accounting Policies.....	47
(3) Cash and Investments	55
(4) Interfund Transactions	61
(5) Notes and Loans Receivable.....	64
(6) Capital Assets	69

**CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

Page

Notes to Financial Statements (Continued):

(7)	Long-Term Debt Obligations.....	71
(8)	Deferred Revenue	98
(9)	Deficit Fund Balances and Accumulated Deficits	98
(10)	California Public Employees' Retirement System	99
(11)	Other City Pension Plans	101
(12)	Other Postemployment Benefits	108
(13)	Deferred Compensation Plan	111
(14)	Risk Management	112
(15)	Segment Information for Enterprise Funds.....	114
(16)	Restatement.....	114
(17)	Commitments and Contingencies	115
(18)	Subsequent Events	116

REQUIRED SUPPLEMENTAL INFORMATION:

Budgetary Comparison Schedule – General Fund.....	117
Budgetary Comparison Schedule – Redevelopment Agency Administration Special Revenue Fund	118
Notes to Budgetary Comparison Schedules.....	119

SUPPLEMENTAL INFORMATION:

**Major Governmental Fund other than the General Fund and Major Special
Revenue Funds**

Budgetary Comparison Schedule – Redevelopment Agency Debt Service Fund	122
--	-----

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheets – Nonmajor Governmental Funds	126
Combining Statements of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	130
Combining Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Funds	134
Combining Statement of Net Assets – Nonmajor Enterprise Funds.....	140
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Enterprise Funds.....	141
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	142
Combining Statement of Net Assets – Internal Service Funds	144
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	145
Combining Statement of Cash Flows – Internal Service Funds	146
Statement of Pension Trust Funds Net Assets	148
Statement of Changes in Pension Trust Funds Net Assets	149
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	152

CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

Page

STATISTICAL SECTION

Net Assets by Component Last Six Fiscal Years.....	157
Changes in Net Assets Last Six Fiscal Years.....	158
Fund Balances of Governmental Funds Last Ten Fiscal Years	160
Changes in Fund Balance of Governmental Funds Last Ten Fiscal Years	162
Assessed and Estimated Actual Value of Taxable Property	164
Property Tax Rates	165
Principal Property Taxpayers	166
Property Tax Levies and Collections	167
Ratio of Outstanding Debt by Type	168
Revenue Bond Coverage 1999 and 2006 Wastewater Revenue Bonds Last Nine Fiscal Years.....	169
Revenue Bond Coverage 1996, 1999, 2004 and 2007 Port Terminal Lease Revenue Bonds and Note Last Ten Fiscal Years.....	170
Bonded Debt Pledged Revenue Coverage Tax Allocation Bonds Last Ten Fiscal Years	171
General Bonded Debt – Pension Obligation Bonds Last Nine Fiscal Years.....	172
Computation of Direct and Overlapping Debt.....	173
Computation of Legal Bonded Debt Margin.....	174
Demographic and Economic Statistics Last Ten Fiscal Years.....	175
Principal Employers	176
Full-Time Equivalent City Government Employees by Function Last Five Fiscal Years.....	177
Operating Indicators by Function/Program.....	178
Capital Asset Statistics by Function/Program.....	179

This Page Left Intentionally Blank

FINANCE DEPARTMENT



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

December 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, 2008, 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, 2008, 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, 2008. 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 103,577. The population within a 30-mile radius of Richmond is over 3.7 million, and within a 70-mile radius is approximately 7.8 million. Richmond is located on the western shore of Contra Costa County, and is the largest city in the "West County" region consisting of five cities: Richmond, El Cerrito, San Pablo, Hercules and Pinole.

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

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

The mission of the City of Richmond is:

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

Factors Affecting Financial Condition

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

Local economy

The economy of the City of Richmond includes heavy and light manufacturing, distribution facilities, service industry, high-tech, bio-tech and medical technologies, retail centers and a multi-terminal shipping port on San Francisco Bay. Richmond also serves as a government center for western Contra Costa County. The Richmond economy is experiencing growth in light industrial and high technology companies, as well as retail, including a Target that opened in July 2008 and replaced 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 buses); 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, 2008 include the following:

Public Safety

- The City of Richmond hired a Director of the Office of Neighborhood Safety in the City Manager's Department, and initiated operations based on a plan approved by the City Council in July of 2007.
- The City is in the final weeks of implementing new surveillance camera technology in various areas of the City to reduce illegal activities and otherwise improve public safety.
- The Police Department moved its operations to leased facilities to improve administrative efficiencies in Police operations and to improve employee safety and morale.
- The City installed eight at-grade pedestrian crossing lights for schools to improve pedestrian safety.

Economic & Neighborhood Development

- New software was implemented that improves efficiency and effectiveness in development and permit application processing in the Planning and Building Services Department.
- The Employment and Training Department expanded the Summer Youth Employment and the RichmondBUILD programs.
- The City implemented an enhanced contract compliance program to increase the utilization of local contractors and the local workforce.
- The Port of Richmond is finalizing an agreement that would bring a major new tenant to the Port of Richmond.

Strategic Support

- Consistent with sound financial management practice, the FY 2007-08 operating budget incorporated, for the first time, actuarially-based funding for other post-employment benefits (OPEB) pursuant to policies directed by the Governmental Accounting Standards Board. OPEB is comprised almost entirely of retiree health benefits, and funding for these future benefit obligations has been placed with a trustee.
- A multi-departmental team commenced configuration of a new Enterprise Resource Planning System that will integrate financial, budget, human resources, and other functions of the City, and that will comply with governmental accounting and human resources requirements.
- The City took additional steps to institutionalize budget performance measures, transitioning to performance-based budgeting.
- The City continued to expand the functionality of its website to promote greater transparency of City activities.
- Projects are currently ongoing to digitize (scan) records and make them available on the City's website, thereby reducing the demand for paper and copying.
- The City established an Environmental Manager position in the City Manager's office to improve organizational focus on sustainability.

Recreation & Cultural Services

- The City reorganized to create a stand alone Recreation Department, with the objective to increase the focus on expanding recreational opportunities to persons of all ages and varied interests.
- Five community centers were rehabilitated, along with surrounding parks, in preparation for expanded recreation programs during the summer of 2007 and throughout the fiscal year.
- The West Side and Bayview Branch Libraries were rehabilitated and reopened to serve their respective communities.

Public Works

- The City of Richmond invested over \$13 million in paving maintenance projects during FY 2007-08, the most that the City has spent on such projects in any single fiscal year. The City's Pavement Condition Index (PCI) increased from 45 in 2007 to 58 in May 2008.
- Pilot projects related to the ultimate replacement and upgrading of street lights to improve illumination and system reliability were implemented in selected areas, including increased wattage (brightness) of 30 lights in the Iron Triangle and the addition of 23 street lights.
- Staff and operating support were increased for improved park and landscape maintenance, including street medians and pedestrian/bike pathways.
- Bay Trail water access was enhanced with the completion of the Boat Ramp Street improvements.
- The City created two new "railroad" quiet zones.

Long-term Financial Planning

- Adopted and adhered to a structurally balanced budget for 2007-08 that resulted in the continued designation of \$10 million for contingency reserves.
- Commenced development of a Five-year Strategic Business Plan.

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 2008-09:

Public Safety

- Continue to expand the number of sworn personnel in the Police Department, deployed through a community involved policing structure.
- Complete the implementation of the surveillance camera system, and integrate this system into ongoing programs for law enforcement and blight abatement.
- Work with partner agencies, including other governmental, community-based, and faith-based organizations to implement violence prevention strategies that are centered on neighborhood change and effective street outreach.
- Create an Advanced Life Support (paramedic) pilot program in the Fire Department.
- Initiate Crime Prevention through Environmental Design (CPTED) reviews at all Housing Authority developments.

Economic & Neighborhood Development

- Provide over 500 jobs in the summer youth employment program, with the goal to increase by 100 the number of youth employed through this program over the previous year.
- Complete Port improvements to accommodate the addition of a major new tenant.
- Continue to revitalize and enhance key commercial areas, including the Macdonald Avenue corridor, 23rd Street improvements, and the Civic Center and surrounding area.

Strategic Support

- Fully implement a new Enterprise Resource Planning (ERP) system that will comply with governmental accounting and human resources requirements, improve efficiency in business processes, and integrate new technology in planning and building functional systems.
- Develop a Five-Year Strategic Business Plan for the City.
- Institutionalize the performance-based budgeting system into municipal operations by preparing, distributing, and analyzing quarterly progress reports on City performance measures.
- Integrate new technology, including phone (voice over internet protocol) and office automation systems, into the renovated City Hall.
- Continue to aggressively implement performance audit recommendations to improve customer service in the Planning and Building Services Department.

- Develop and implement effective community-wide and organizational policies and programs in the areas of resource conservation, climate change, and energy efficiency, to ensure Richmond’s long-term environmental sustainability.
- Develop and draft a City environmental policy toward a “greener” environment covering issues as air and water quality, ‘green’ space, recycling, public health, socio-economic conditions, and transportation.
- Develop a Sustainable Procurement Strategy for the City.
- Digitize (scan) records and make them available on-line to reduce use of paper.
- Incorporate policies regarding sustainable land use into the City’s updated General Plan.
- Expand the RichmondBUILD Solar Technology training for Richmond residents to include an industry certification as Photovoltaic Installer.

Recreation & Cultural Services

- Implement an energy efficiency training program for Richmond youth.

Public Works

- Continue to invest in street repairs and resurfacing, through both Public Works department efforts and the annual pavement management contracts, to increase the City’s PCI to 65 by 2010.
- Replace outdated street lighting systems in Park Plaza, and Parkview neighborhoods to improve aesthetic appearance and public safety in these areas.
- Continue to repair and replace sewer pipes to reduce inflow and infiltration in the City’s wastewater system, and to further reduce sanitary sewer overflows.
- Implement a comprehensive graffiti eradication program, leveraged through the organized use of community volunteers.
- Fully implement a “SWAT” approach to code enforcement to increase the number of abandoned vehicle and problem property abatements, and achieve a noticeable reduction of blight in the community.
- Develop a Facility Condition Needs Index for City facilities and establish maintenance standards based on this index.
- Establish and adhere to maintenance standards for parks and landscaped areas.
- Complete a City facilities solar suitability report.
- Increase the number of ultra-low emission vehicles in the City’s vehicle fleet.

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), the Investment Trust of California and with the State of California Local Agency Investment Fund.

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

The average earned interest yield for the year ended June 30, 2008 was 1.73 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 the first \$1 million of its Workers’ Compensation program and purchases excess insurance coverage for claims up to \$25 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.

Robyn Kain, the City’s Risk Manger works with the City Attorney, outside legal counsel and the City Council to review claims and establish claim management strategies. The Risk Manager also works continuously to identify and coordinate practical, operational and strategic best practices to reduce the frequency and severity of losses in order to protect the general public and City employees and to reduce the overall frequency and severity of losses. Please see note 14 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 10 and 11, 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, 2008, 408 retirees met those eligibility requirements. The City has funded these benefits on a pay-as-you-go basis. During fiscal year 2008, expenditures of \$2,206,179 were recognized for post employment health care benefits. Also during fiscal year 2008, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than pensions. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB) The provisions of this statement are applied prospectively and do not affect prior year's financial statements. Please see notes 10, 11, and 12 for a complete discussion of the City's pension and other post-employment benefits

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2007. Fiscal year 2007/2008 was the first year the City was not able to participate in the California Society of Municipal Finance Officers (CSMFO) Award Program for Outstanding Financial Reporting. The CSMFO Board of Directors determined that beginning with fiscal year 2005/2006 only agencies that did not participate in the GFOA award program were eligible to participate in the CSMFO program. Prior to this change in policy by the CSMFO, the City received the CSMFO Outstanding Financial Reporting award for the past two fiscal years.

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.

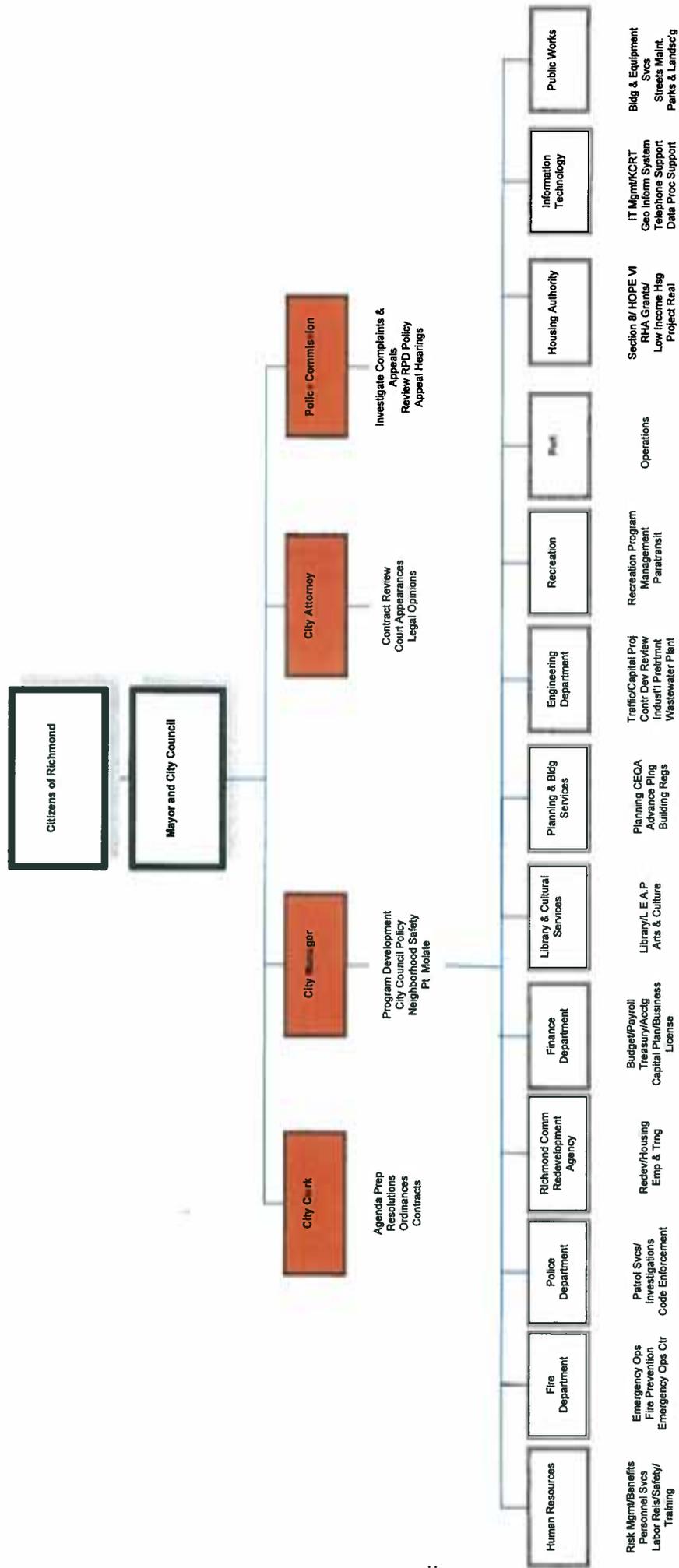
Respectfully submitted,



James C. Goins
Finance Director/Treasurer



City of Richmond
FY2008-09 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
Randy Riddle.....	City Attorney
Diane Holmes.....	City Clerk
James Goins.....	Finance Director/Treasurer
Michael Banks.....	Fire Chief
Monique LeConge.....	Library and Community Services Director
Keith Jabari.....	Recreation 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, 2008

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*
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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Richmond
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

*California Society of
Municipal Finance Officers*

Certificate of Award
Outstanding Financial Reporting 2006-07

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.*

June 2008



Jesse Jakkharwal

Jesse Jakkharwal
Professional and Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management

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, 2008, 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, 2008, 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.

As described in Note 7 effective in fiscal year 2008, the City implemented the provisions of GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, and as described in Note 12 the City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2008 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Budget and Actual Statements for the General Fund, the Redevelopment Agency Administration Fund and Redevelopment Agency Debt Service 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.

Mayer and Associates

December 22, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2008

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, 2008. 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 \$355 million (net assets). Of this amount, \$190.5 million is restricted for specific purposes (restricted net assets), \$266.0 million is invested in capital assets, and \$101.8 million represents a deficit in unrestricted net assets.
- The City's total net assets decreased by \$15.1 million during the fiscal year. \$3.2 million of the decrease is attributed to governmental activities. Restricted assets for governmental activities increased \$128.7 million to \$188.9 million due to bond proceeds restricted for use on the Civic Center Project, while capital assets, net of debt, increased \$18.2 million to \$188.5 million. Unrestricted net assets decreased \$150.1 million to \$101.3 million deficit. Business-type activities net assets decreased \$11.9 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending balances of \$255.4 million, an increase of \$82.0 million in comparison to prior year. This increase of \$82.0 million includes a \$111.2 million increase in total assets and a \$29.3 million increase in liabilities. Approximately 74 percent of the fund balance, \$189.0 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 \$46.4 million, of which \$10 million was designated for contingencies. This reflects a \$15.5 million decrease over the prior year primarily due to transfers out of \$3.9 million to fund debt service on the new 2007 Lease Revenue Bonds, \$1.5 million to fund debt service on other outstanding obligations, and \$4.0 million to fund capital projects.
- The City's investment in its capital assets continues to increase. Total capital assets increased \$33.1 million over the previous year. Construction in progress increased \$37.6 million, 40 percent, from the prior year. Governmental activities total capital assets increased \$48.1 million primarily due to progress on the reconstruction of the City's Civic Center.

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 24 governmental funds, of which seven 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 seven major funds are the General Fund, Redevelopment Agency Administration Special Revenue Fund, Redevelopment Agency Low and Moderate Income Housing Capital Projects Fund, Redevelopment Agency Debt Service Fund, Redevelopment Agency Capital Projects Fund, Secured Pension Override Special Revenue Fund and Civic Center Project Fund. The basic governmental fund financial statements can be found on pages 30 through 36 of the financial report. Data from the other seventeen 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 six enterprise funds that provide the same type of information as the government-wide financial statements, only in more detail. The major enterprise funds consist of the Richmond Housing Authority, Port of Richmond and Municipal Sewer. Enterprise funds financial statements can be found on pages 38 through 40 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 42-43.

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 45 through 116 of this report.

Required Supplementary Information:

In addition to the basic financial statements and accompanying notes, this report also includes certain required supplementary information providing budgetary comparison statements for the General Fund and the Redevelopment Agency Administration Special Revenue Fund. Required supplementary information can be found on pages 117 through 118 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 \$355 million at the close of the fiscal year ending June 30, 2008. The City’s net assets decreased by \$15.1 million during the current fiscal year which can mainly be attributed to the relocation of the Hall of Justice to a new location as well as an increase in Public Safety staffing costs.

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 \$266.0 million, 75 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 \$190.5 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.

City of Richmond's Net Assets
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
Assets:						
Current assets	\$ 456,937	\$ 359,831	\$ 11,486	\$ 10,323	\$ 468,423	\$ 370,154
Capital assets	303,232	255,165	125,534	140,495	428,766	395,660
Total assets	<u>760,169</u>	<u>614,996</u>	<u>137,020</u>	<u>150,818</u>	<u>897,189</u>	<u>765,814</u>
Liabilities:						
Current liabilities	45,173	34,355	7,613	6,287	52,786	40,642
Long-term liabilities	438,873	301,315	50,841	54,023	489,714	355,338
Total liabilities	<u>484,046</u>	<u>335,670</u>	<u>58,454</u>	<u>60,310</u>	<u>542,500</u>	<u>395,980</u>
Net Assets:						
Invested in capital assets, net of related debt	188,468	170,259	77,559	97,164	266,027	267,423
Restricted	188,951	60,271	1,527	1,428	190,478	61,699
Unrestricted	(101,296)	48,795	(520)	(8,085)	(101,816)	40,711
Total net assets	<u>\$ 276,123</u>	<u>\$ 279,326</u>	<u>\$ 78,566</u>	<u>\$ 90,508</u>	<u>\$ 354,689</u>	<u>\$ 369,834</u>

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, 2008						
(in thousands)						
	Governmental		Business-type		Totals	
	Activities		Activities			
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
Revenues:						
Program revenues:						
Charges for services	\$ 19,137	\$ 18,639	\$ 24,637	\$ 22,506	\$ 43,774	\$ 41,145
Operating grants/contributions	9,642	11,310			9,642	11,310
Capital grants/contributions	4,067	8,660	24,676	23,789	28,743	32,449
General revenues:						
Property taxes-current collections	77,013	73,497	10	11	77,023	73,507
Sales taxes	29,006	28,218			29,006	28,218
Utility user taxes	29,553	27,007			29,553	27,007
Documentary transfer taxes	3,647	7,298			3,647	7,298
Other taxes	5,156	4,744			5,156	4,744
Use of money and property	9,990	7,896	920	1,618	10,910	9,514
Unrestricted Intergovernmental	4,331	439			4,331	439
Gain on sale of capital assets	4,008	3,113		41	4,008	3,154
Pension stabilization revenue	4,256	4,240			4,256	4,240
Developer revenue sharing	201	591			201	591
Other	3,102	3,255	314		3,416	3,255
Total revenues	<u>203,109</u>	<u>198,907</u>	<u>50,554</u>	<u>47,965</u>	<u>253,663</u>	<u>246,872</u>
Expenses:						
General government	26,826	24,107			26,826	24,107
Public safety	80,140	69,146			80,140	69,146
Public works	31,253	25,266			31,253	25,266
Community development	5,047	5,446			5,047	5,446
Cultural & recreation	19,625	15,638			19,625	15,638
Housing & redevelopment	17,472	11,339			17,472	11,339
Interest and fiscal charges	24,242	16,041			24,242	16,041
Richmond Housing Authority			24,324	21,902	24,324	21,902
Port of Richmond			4,590	3,691	4,590	3,691
Richmond Marina			240	331	240	331
Municipal Sewer			15,085	12,236	15,085	12,236
Storm Sewer			4,686	3,591	4,686	3,591
Cable TV			854	799	854	799
Total expenses	<u>204,605</u>	<u>166,983</u>	<u>49,779</u>	<u>42,550</u>	<u>254,384</u>	<u>209,533</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenses	(1,496)	31,924	775	5,415	(719)	37,339
Special item			(14,426)		(14,426)	-
Transfers	(1,707)	(2,347)	1,707	2,347	-	-
Changes in Net Assets	<u>(3,203)</u>	<u>29,577</u>	<u>(11,942)</u>	<u>7,762</u>	<u>(15,145)</u>	<u>37,339</u>
Net assets at beginning of year, as restated	279,326	249,749	90,508	82,746	369,834	332,495
Net assets at end of year	<u>\$ 276,123</u>	<u>\$ 279,326</u>	<u>\$ 78,566</u>	<u>\$ 90,508</u>	<u>\$ 354,689</u>	<u>\$ 369,834</u>

Governmental Activities:

Governmental activities decreased the City's net assets by \$3.2 million accounting for 21 percent of the City's total decrease in net assets of \$15.1 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, Public Works and Housing and Redevelopment reflecting the restoration of services supported by revenue growth. While there are reductions in expenditures reflected in Community Development, there were no reductions in authorized staffing; the reductions are attributed to vacancies and reorganization.

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

Revenue Highlights:

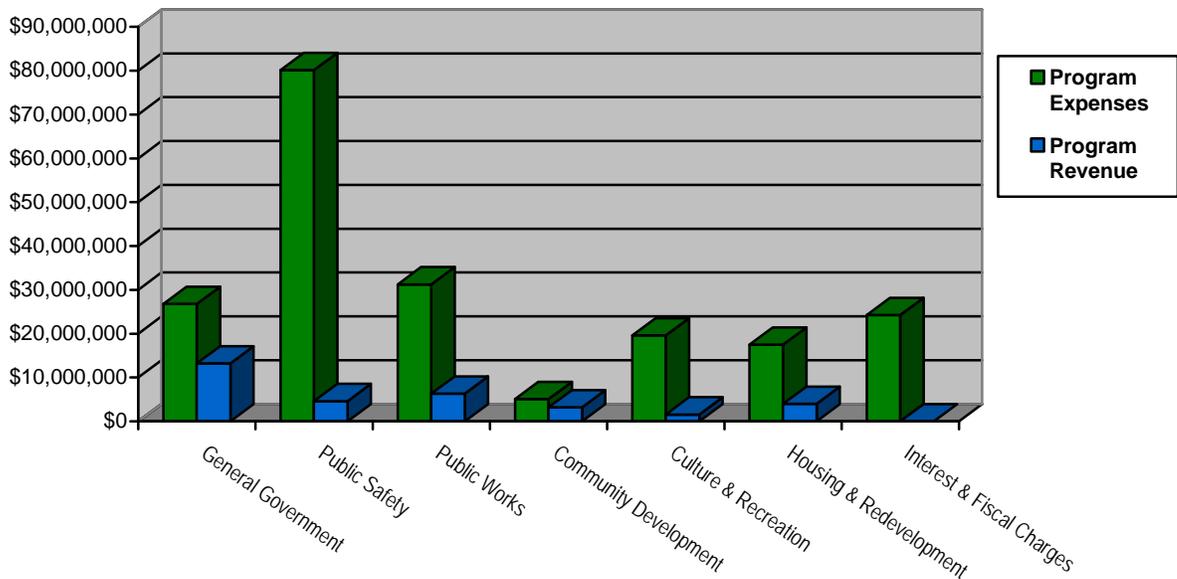
- Current year revenues of \$203.1 million reflect a \$4.2 million increase from the prior year.
- Property taxes (current collections) in the current year reached \$77.0 million, an increase of \$3.5 million, or 5 percent.
- Sales taxes continue to evidence growth. Current fiscal year receipts of \$29.0 million reflect a \$788 thousand increase over the prior year. Continued growth is anticipated with the opening of a Target store in July 2008.
- The significant increase in Use of money and property reflects the improved yield on investments. The \$10.0 million realized in the current fiscal year exceeds by \$2.1 million, or 27 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 \$5.2 million realized is a \$411 thousand, 9 percent, increase over the prior year revenues.
- The \$13.7 million realized in operating and capital grants for the current fiscal year is a \$6.3 million, or 31 percent, decrease from prior year revenues due to decreased grant funding.
- There is an increase in the Utility User's Tax of \$2.5 million due to a change in the way a major taxpayer's rate is calculated.

Expense Highlights:

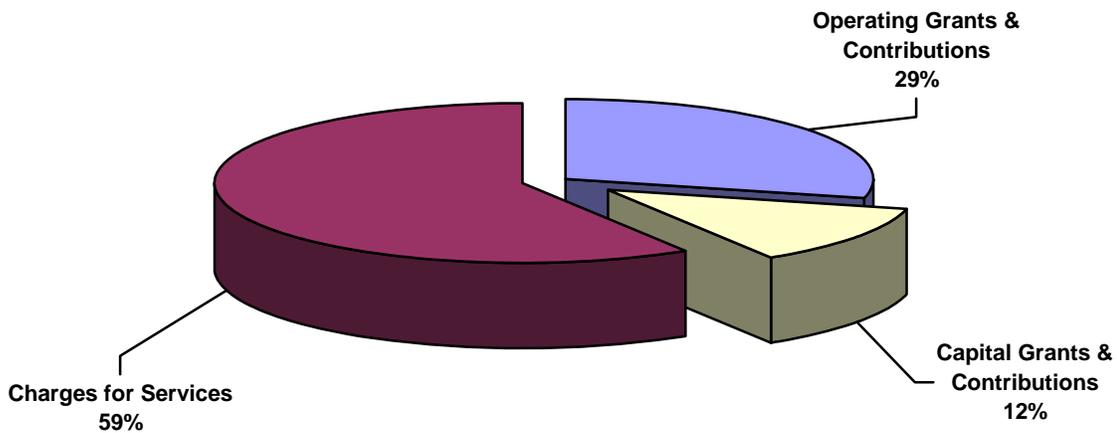
- Expenses of \$204.6 million reflect a \$37.6 million increase from prior year. A portion of the increase is due to the relocation of the Hall of Justice as well as an increase in Public Safety expenses.
- Redevelopment expenses increased \$6.1 million to \$17.5 million. The increase is attributed to an increase in housing and redevelopment projects including loans to developers of \$5.7 million.
- The current year \$24.2 million for interest and fiscal charges is a \$8.2 million increase over the prior year due to the issuance of the 2007 Civic Center Lease Revenue Bonds and the 2007 A and B Tax Allocation Bonds and increased interest rates on the City's variable rate bonds.

- Public Works expenses of \$31.3 million represent a \$6.0 million increase from prior year. Most of the increase is attributed to the increased investment in paving maintenance projects; the most the City has spent on such projects in any single fiscal year.
- Public Safety expenses of \$80.1 million represent an \$11.0 million increase from prior year. The majority of the increase is attributed to increased personnel costs due to salary increases and hiring and the recording of costs associated with the Police Department move to the Di-Con Building.

Expenses and Program Revenues Governmental Activities



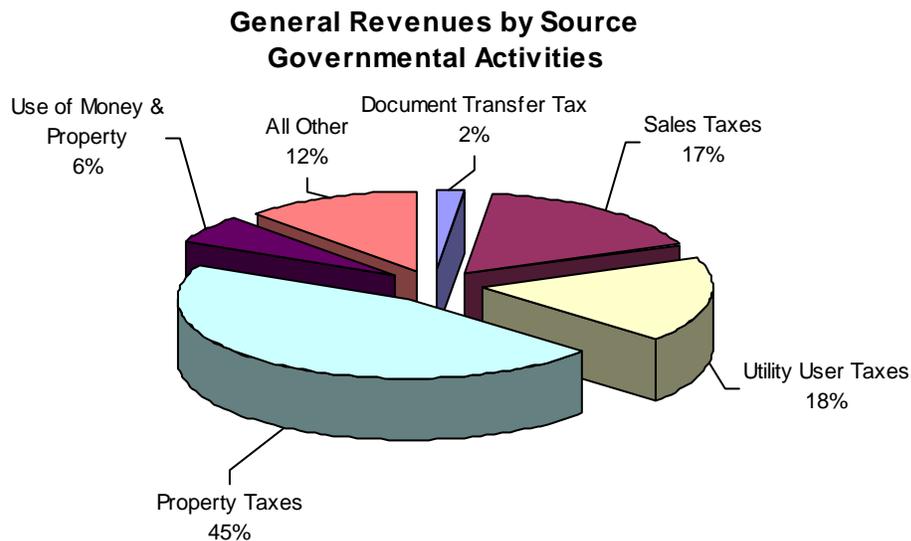
Program Revenue by Source Governmental Activities



Total governmental activities expenses were \$204.6 million in fiscal year 2008. 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 \$32.8 million in fiscal year 2008. 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, 59 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.

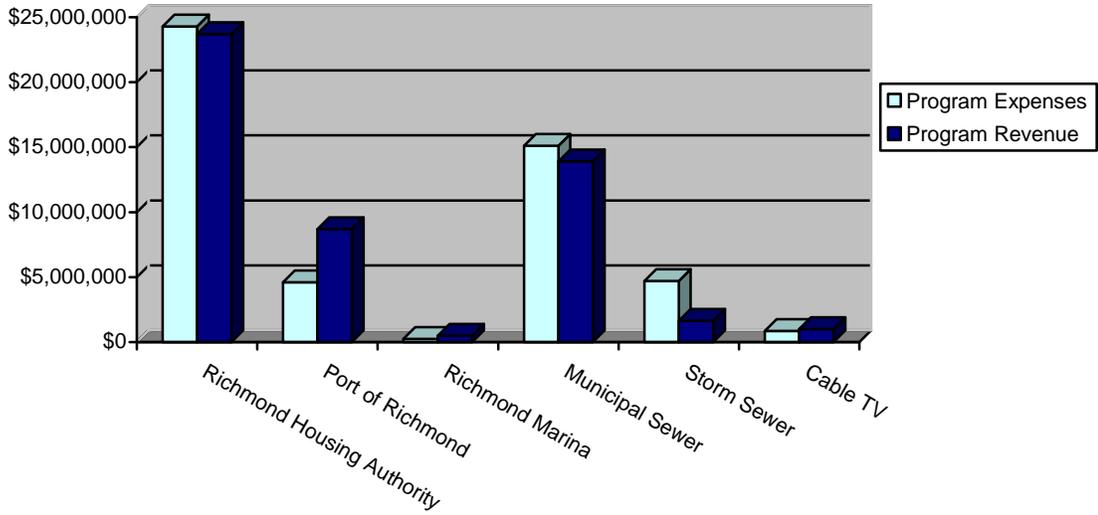
General revenues are all other revenues not categorized as program revenues such as property taxes, sales taxes, utility users' tax, gain on sale of capital assets, and investment earnings, and grants and contributions not related to specific programs and several miscellaneous general revenues. Total general revenues and transfers from governmental activities were \$168.6 million in fiscal year 2008. The three largest components of general revenues received during fiscal year 2008 for governmental activities were Property Taxes-current collections of \$77.0 million, Utility User Taxes of \$29.5 million and Sales Taxes of \$29.0 million. These three components represent over four-fifths of all general revenues.



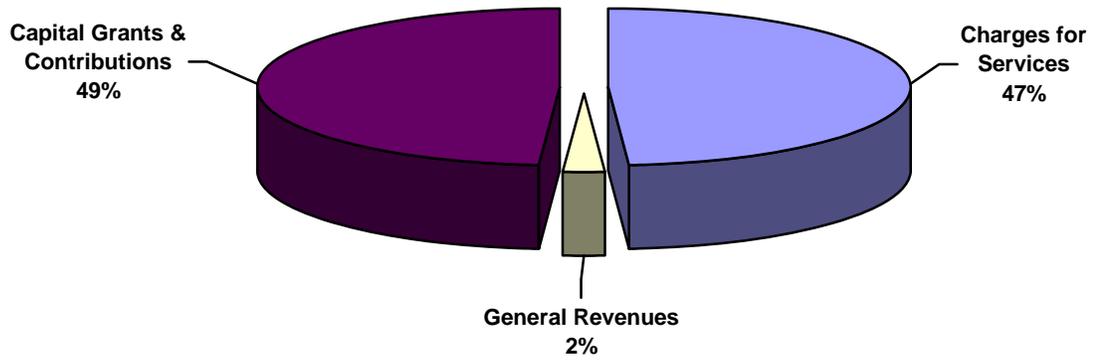
Business Type Activities: Business-type activities decreased the City’s net assets by \$11.9 million. Key factors in the business-type activities increase are as follows:

- The Richmond Housing Authority net assets decreased by \$14.7 million. While total revenues of \$24.0 million represent a decrease of \$1.4 million from the previous year, operating expenses of \$24.3 million represents an increase of \$2.4 million from the previous year.
- The Port of Richmond net assets increased \$6.0 million. The Port reported a \$2.0 million operating gain, operating revenues over operating expenses, but had \$2.3 million in non-operating gains due to the receipt of \$2.7 million in grants for construction of 2.4 miles of Bay Trails located in the Pt. Potrero Marine Terminal and the installation of closed circuit television cameras in various terminals. The balance of the gain in net assets is due to a \$1.7 million net transfer in.
- The Municipal Sewer net assets decreased by \$1.2 million. The Municipal Sewer reported operating income of \$1.9 million, down \$225 thousand from prior year. Operating expenses of \$11.9 million reflect a \$1.7 million increase over prior year partially due to \$1.5 million increase in general and administrative expenses for contractual services, utilities and internal cost allocations.

Expenses 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 \$255.4 million. Approximately \$189.1 million of this amount constitutes unreserved fund balance, which is available for spending at the government's discretion. Of the \$189.1 million, \$10.0 million has been designated for contingency reserve in compliance with Council's established policy. There is \$66.4 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 \$9.4 million of a total fund balance that reached \$46.4 million. During the current year, the overall fund balance decreased by over \$15.5 million, while the undesignated, unreserved balance decreased by \$16.6 million, or 64 percent. The designation for contingencies remained at \$10 million. The \$1.1 million difference in the decline in the overall fund balance of \$15.5 million and the undesignated, unreserved fund balance of \$16.6 million is the net result of a combined decrease in the encumbrance and prepaid reserve of \$1.2 million and the increase in advances and loan receivable reserve of \$2.3 million. In addition, the General Fund fund balance decreased due to debt service transfers totaling \$5.4 million and transfers to fund projects of \$4 million.

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 increases in property assessed values in the redevelopment areas.

The Redevelopment Agency Administration Fund was established to account for all administrative activities of the Agency. At the end of fiscal year 2008, the unreserved fund balance had a balance of \$6.7 million, an increase of \$6.6 million from the prior year.

The Redevelopment Agency Low/Mod Income Housing Fund accounts for the twenty percent housing set-aside from the tax increment proceeds of each of the Redevelopment Agency's project areas. At the end of fiscal year 2008, the unreserved fund balance was zero, because the Fund's fund balance is reserved to fund future low and moderate income housing projects.

The Redevelopment Agency Debt Service Fund was established to account for the accumulation of property taxes for payment of interest and principal on the Agency's long-term debt. At the end of fiscal year 2008, the unreserved fund balance had a balance of \$7.6 million, a decrease of \$3.0 million from the prior year due to transfers to fund Capital Projects.

The Redevelopment Agency Projects Fund was established to account for capital projects connected with redevelopment funded by property tax revenues. At the end of fiscal year 2008, the unreserved fund balance had a balance of \$53.7 million, an increase of \$31.1 million from the prior year due to the issuance of the 2007A Tax Allocation Bonds.

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.

Civic Center Project Fund This fund was established to account for the activities of the new Civic Center project.

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 \$53.2 million at June 30, 2008, of which \$9.1 million was unrestricted. The decline in net assets of \$14.7 million is primarily due to the transfer of capital assets to a developer totaling \$23 million, net of costs reimbursed by that developer of \$8 million.

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 total net assets of \$3.3 million as of June 30, 2008, which is an increase of \$6.0 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 2008, the total net assets for the sewer fund were \$11.4 million, which was a \$1.2 million decrease from the prior fiscal year, primarily due to increased interest expenses related to the 2006 A and B Wastewater Revenue Bonds issued in fiscal year 2007.

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, 2008 were \$24.6 million held in trust for employees' pension benefits. Net Assets decreased by \$1.1 million.

Agency Funds total assets at June 30, 2008 were \$34.8 million which is recorded on the City books as a liability to third parties.

GENERAL FUND BUDGETARY HIGHLIGHTS

The adopted budget, including transfers, reflected \$133.9 million in estimated revenues and \$136.5 million in appropriations and transfers resulting in a \$2.6 million reduction to fund balance. Deducting the transfer-out of \$8.8 million, operating appropriations were \$127.6 million. Deducting proceeds from sale of property and transfers in, the adopted operating revenue estimate was \$122.3 million. These yield an operating deficit of \$5.4 million.

The City Council revised the City budget at mid-year. Most of the budget adjustments reflect extensive analysis and updates arising from the Mid-Year Revenue and Expenditure Review.

The final amended budget included a \$1.4 million reduction in estimated revenue and a \$9.6 million increase in appropriations. Actual revenues of \$114.1 million were \$6.7 million less than adjusted operating revenue projections, a variance of 5.9 percent. Key elements of the decrease in revenues are discussed as follows:

The original budget for sales tax of \$29.3 million was followed with a mid-year adjustment upward to \$31.3 million. However, only \$29.0 million in sales tax was realized causing a \$2.3 million decrease in estimated revenues. Much of the decrease

was due to a one-time reallocation correction made by the State Board of Equalization for sales tax revenue that was erroneously remitted ten years ago. However, actual sales tax revenue increased by \$787,816 from prior year. Additional increases are projected into 2008-09 with the opening of a Target store in July 2008 and as additional retail outlets open and business-to-business sales accelerate.

While projected property taxes were increased \$720 thousand at mid-year to \$33.8 million, actual revenue received was \$486 thousand above the final projection and \$1.2 million greater than prior year due to Richmond housing stock being fairly old with new developments making up a small percentage of the assessed valuation.

The utility user fees are a percentage of utility bills. Actual revenues increased \$2.5 million from prior year to \$29.5 million. A large consumer opted to use the computed actual usage method instead of the cap provision of the UUT ordinance. This was an increase from previous year but less than what would have been paid using the cap. Along with other contributing factors, the adopted projection of \$30.7 million remained the same.

The other taxes original budget was reduced from \$13.3 million to \$8.6 million at mid-year; a \$4.7 million dollar reduction due primarily to the \$3.7 million decline in documentary transfer tax from prior year, a result of the overall decline in the housing market regionally.

The use of money and property original budget was increased \$1.1 million to \$3.0 million at mid-year. However, only \$756 thousand was realized resulting in a \$2.2 million decrease in estimated revenues due to the City's decision to utilize the money in operations rather than reinvesting the money.

Charges for services actual revenues were \$674 thousand less than the \$3.0 million final budget projection due to a decline of \$280 thousand in motor vehicle fees, \$269 thousand decline in booking fees due to new process instituted by the State and an additional \$88 thousand decline in service reimbursements.

Transfers in original budget of \$7.6 million was increased to \$14.9 million at mid-year. However, actual transfers realized were only \$5.5 million causing a reduction of \$9.4 million in estimated other financing sources. The bulk of the reduction is due to \$1.6 million and \$4.1 million budgeted to be transferred from the Benefits Stabilization fund and the Pension Stabilization fund, respectively, to cover costs associated with the DiCon Police Department move being unavailable to transfer at June 30, 2008 as well as an additional \$2.0 million transfer from the Redevelopment Agency.

Appropriations were increased 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 \$137.3 million, an increase of \$9.7 million over the adopted budget appropriation. General government appropriations exceeded the budget by \$1.7

million due to increased personnel costs and increased investment in paving maintenance projects; the most the City has spent on such projects in any single fiscal year.

Actual operating expenditures of \$128.9 million were realized, \$8.3 million less than the final adjusted appropriations. Almost all of the savings are attributed to personnel expenditures resulting from vacancies as some departments encountered difficulty in recruiting the newly authorized personnel provided in the adopted budget to restore services as well as Other Post Employment Benefits (OPEB) being inadvertently double budgeted. Other reasons are salary savings attributed to costs reimbursed through workers' compensation and staff turnover.

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, 2008, amounted to \$428.8 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 \$33.1 million, or 8.0 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	
	2008	2007	2008	2007	2008	2007
Land	\$ 27,674,272	\$ 25,854,935	\$ 11,215,967	\$ 11,215,340	\$ 38,890,239	\$ 37,070,275
Construction in Progress	101,731,280	51,844,936	29,801,549	42,063,819	131,532,829	93,908,755
Building and improvements	19,993,179	19,312,222	44,944,841	45,019,253	64,938,020	64,331,475
Machinery and equipment	8,282,302	6,359,279	2,054,385	2,009,864	10,336,687	8,369,143
Infrastructure	145,550,538	151,793,434	37,516,906	40,186,467	183,067,444	191,979,901
Total Capital assets	<u>\$ 303,231,571</u>	<u>\$ 255,164,806</u>	<u>\$ 125,533,648</u>	<u>\$ 140,494,743</u>	<u>\$ 428,765,219</u>	<u>\$ 395,659,549</u>

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

Additional information about the City's capital assets can be found in Note 6 on pages 69-71 in the financial statements.

Debt Administration:

Long Term Debt - At the end of the current fiscal year, the City had \$483 million in debt outstanding compared to the \$344.9 million the previous year; an increase of \$138 million. This increase is due primarily to the issuance of \$75 million of Tax Allocation Bonds and \$101 million of Lease Revenue Bonds (Civic Center Project and refunding), offset with the payoffs of the 2004 JPFA Point Potrero Lease Revenue Note in the amount of \$3.5 million, the refunding of the JPFA 2001A Lease Revenue Bonds, the JPFA 1996 Port Terminal Lease Revenue Bonds, and a portion of the JPFA 1995A Lease Revenue Bonds, in the amounts of \$27.2 million, \$3.9 million, and \$5.7 million, respectively.

**Outstanding Debt
June 30**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Tax Allocation bonds	\$168,838,368	\$95,079,118			\$168,838,368	\$95,079,118
Revenue bonds	1,829,143	7,640,000	\$42,152,480	\$41,857,327	43,981,623	49,497,327
Lease revenue bonds	97,790,000	25,990,000	5,933,813	7,782,675	103,723,813	33,772,675
Pension obligation bonds	146,453,616	143,575,313			146,453,616	143,575,313
Total bonds payable	414,911,127	272,284,431	48,086,293	49,640,002	462,997,420	321,924,433
Loans payable	10,578,390	10,518,963	5,427,430	7,419,009	16,005,820	17,937,972
Capital leases	3,964,298	5,111,871			3,964,298	5,111,871
Total outstanding debt	\$429,453,815	\$287,915,265	\$53,513,723	\$57,059,011	\$482,967,538	\$344,974,276

The City does not have any general obligation bonds as of June 30, 2008.

On May 7, 2008, Standard & Poor’s Ratings Services (“S&P”) assigned its “A+” issuer credit rating (ICR) to the City and a rating of “A” on the City’s outstanding 2007 Lease Revenue Bonds (Civic Center financing). Specific credit strengths cited by S&P as the incentive for the upgrade include a continued strong general fund cash position, continued improvements in the city’s unreserved general fund balances and the City’s strong financial controls, policies, and management practices.

On May 14, 2008, S&P raised the Richmond Community Redevelopment Agency’s (“RCRA”) underlying rating (SPUR) to “A” from “A-“, citing the RCRA’s diversified tax base, and the 11% increase in project area assessed valuation.

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, 2008, bonds were issued to realize net present value savings of \$2.4 million. These included \$35 million from the issuance of the \$101.4 million 2007 Lease Revenue Bonds used to refund several prior bond issues and to fund the Civic Center project.

The City has purchased municipal bond insurance policies on its bond issuances in the past, including for the RCRA 2007 TABs , and the 2007 Lease Revenue Bonds, resulting in the debt issues being assigned the ratings of the respective bond insurers. In fiscal year 2008, the City's variable rate debt was affected by the credit downgrades of bond insurers MBIA and Ambac; resulting in higher than anticipated rate resets. In May, 2008, the City restructured the RCRA 2007 TABs and the 2007 Lease Revenue Bonds to index rate and fixed rate bonds for a term of eighteen to twenty-four months. In October, 2008, the City refunded its 2006 Wastewater Bonds, Series A with a new bond issue, which is supported by a Letter of Credit from Union Bank of California, and removes Ambac as the bond insurer. At the time of this bond issuance, S&P also raised the City's Wastewater Enterprise credit rating to "AA-".

For more detailed information on the City's long-term debt see Note 7 on pages 71-98.

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 Target in July 2008. Coupled with a continuing tight rein on appropriations, a continuing positive cash flow is projected.
- 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 completed 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 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.

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

This Page Left Intentionally Blank

City of Richmond
June 30, 2008

**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 Richmond Community 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, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	RHA Properties
ASSETS				
Cash and investments (Note 3)	\$102,842,982	\$14,948,746	\$117,791,728	\$507,631
Restricted cash and investments (Note 3)	166,490,455	7,065,721	173,556,176	2,399,825
Receivables:				
Accounts, net	12,729,271	2,067,133	14,796,404	71,761
Interest	222,628	16,673	239,301	
Grants	3,580,005	1,001,826	4,581,831	
Due from developer (Note 17)		8,628,540	8,628,540	
Loans, net of reserves (Note 5)	33,060,555		33,060,555	
Internal balances (Note 4)	24,316,035	(24,316,035)		
Prepays, supplies, and other assets	567,250	438,987	1,006,237	3,082
Bond issuance costs and other investments, net of amortization		1,634,249	1,634,249	1,070,111
Net pension asset (Notes 10 and 11)	110,931,302		110,931,302	
Net OPEB asset (Note 12)	2,196,876		2,196,876	
Capital assets (Note 6):				
Nondepreciable	129,405,552	41,017,516	170,423,068	10,431,153
Depreciable, net	173,826,019	84,516,132	258,342,151	19,712,283
Total Assets	760,168,930	137,019,488	897,188,418	34,195,846
LIABILITIES				
Accounts payable and accrued liabilities	16,149,071	2,735,097	18,884,168	970,384
Interest payable	3,581,063	1,322,143	4,903,206	
Refundable deposits	4,330,079	171,656	4,501,735	255,420
Net pension obligation (Note 11)	191,095		191,095	
Unearned revenue	106,452		106,452	
Compensated absences (Note 2):				
Due within one year	942,478	183,187	1,125,665	
Due in more than one year	9,028,266	527,661	9,555,927	
Claims liabilities (Note 14):				
Due within one year	9,619,000		9,619,000	
Due in more than one year	10,645,000		10,645,000	
Long-term debt (Note 7):				
Due within one year	10,254,291	3,200,374	13,454,665	405,000
Due in more than one year	419,199,524	50,313,349	469,512,873	32,926,188
Total Liabilities	484,046,319	58,453,467	542,499,786	34,556,992
NET ASSETS				
Invested in capital assets, net of related debt	188,467,600	77,558,806	266,026,406	(787,927)
Restricted for:				
Capital projects	141,032,044		141,032,044	
Debt service	33,766,161	1,526,840	35,293,001	
Housing and redevelopment	11,771,657		11,771,657	2,399,825
Pension benefits	2,381,020		2,381,020	
Total Restricted Net Assets	188,950,882	1,526,840	190,477,722	2,399,825
Unrestricted (Deficit)	(101,295,871)	(519,625)	(101,815,496)	(1,973,044)
Total Net Assets (Deficit)	\$276,122,611	\$78,566,021	\$354,688,632	(\$361,146)

See accompanying notes to financial statements

This Page Left Intentionally Blank

CITY OF RICHMOND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$26,826,443	\$13,061,289	\$151,071	
Public safety	80,140,357	3,435,021	1,157,207	
Public works	31,252,681	952,330	2,343,370	\$2,982,222
Community development	5,046,846	393,878	2,810,406	
Cultural and recreational	19,624,717	257,258	853,893	444,188
Housing and redevelopment	17,471,811	1,037,112	2,326,146	640,300
Interest on long-term debt	24,242,109			
Total Governmental Activities	204,604,964	19,136,888	9,642,093	4,066,710
Business-type Activities:				
Richmond Housing Authority	24,324,334	1,776,252		21,892,994
Port of Richmond	4,589,789	5,900,126		2,782,673
Richmond Marina	240,542	484,212		
Municipal Sewer	15,084,727	13,864,120		
Storm Sewer	4,685,796	1,637,151		
Cable TV	853,646	974,924		
Total Business-type Activities	49,778,834	24,636,785		24,675,667
Total Primary Government	\$254,383,798	\$43,773,673	\$9,642,093	\$28,742,377
Component Unit:				
RHA Properties	\$4,003,434	\$3,462,561		
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				
Special item (Note 6)				
Transfers (Note 4)				
Total general revenues, transfers and special item				
Change in Net Assets				
Net Assets-Beginning				
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
(\$13,614,083)		(\$13,614,083)	
(75,548,129)		(75,548,129)	
(24,974,759)		(24,974,759)	
(1,842,562)		(1,842,562)	
(18,069,378)		(18,069,378)	
(13,468,253)		(13,468,253)	
(24,242,109)		(24,242,109)	
<u>(171,759,273)</u>		<u>(171,759,273)</u>	
	(\$655,088)	(655,088)	
	4,093,010	4,093,010	
	243,670	243,670	
	(1,220,607)	(1,220,607)	
	(3,048,645)	(3,048,645)	
	121,278	121,278	
	<u>(466,382)</u>	<u>(466,382)</u>	
<u>(171,759,273)</u>	<u>(466,382)</u>	<u>(172,225,655)</u>	
			<u>(\$540,873)</u>
77,012,808	10,382	77,023,190	
29,005,711		29,005,711	
29,553,243		29,553,243	
3,647,333		3,647,333	
5,155,662		5,155,662	
9,990,413	919,679	10,910,092	63,560
4,330,572		4,330,572	
4,008,197		4,008,197	
4,256,500		4,256,500	
201,270		201,270	
3,101,841	313,863	3,415,704	166,325
	(14,425,750)	(14,425,750)	
<u>(1,706,880)</u>	<u>1,706,880</u>		
<u>168,556,670</u>	<u>(11,474,946)</u>	<u>157,081,724</u>	<u>229,885</u>
(3,202,603)	(11,941,328)	(15,143,931)	(310,988)
<u>279,325,214</u>	<u>90,507,349</u>	<u>369,832,563</u>	<u>(50,158)</u>
<u>\$276,122,611</u>	<u>\$78,566,021</u>	<u>\$354,688,632</u>	<u>(\$361,146)</u>

This Page Left Intentionally Blank

**City of Richmond
June 30, 2008**

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 2008. 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 ADMINISTRATION SPECIAL REVENUE FUND

The Redevelopment Agency Administration Fund accounts for all administrative activities of the Agency.

REDEVELOPMENT AGENCY LOW AND MODERATE INCOME HOUSING CAPITAL PROJECTS FUND

The Redevelopment Agency Low and Moderate Income Housing Fund accounts for the twenty percent housing set-aside from the tax increment proceeds of each of the Redevelopment Agency's project areas. This set-aside is required by California redevelopment law, and must be used to provide housing for people with low and moderate incomes.

REDEVELOPMENT AGENCY DEBT SERVICE FUND

The Redevelopment Agency Debt Service Fund accounts for the accumulation of property taxes for payment of interest and principal on the Agency's long-term debt.

REDEVELOPMENT AGENCY PROJECTS CAPITAL PROJECTS FUND

The Redevelopment Agency Projects Fund accounts for capital projects connected with redevelopment funded by property tax increment revenues.

SECURED PENSION OVERRIDE SPECIAL REVENUE FUND

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

CIVIC CENTER PROJECT CAPITAL PROJECTS FUND

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

CITY OF RICHMOND
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2008

	General	Redevelopment Agency Administration	Redevelopment Agency Low/Mod Income Housing	Redevelopment Agency Debt Service	Redevelopment Agency Projects	Secured Pension Override
ASSETS						
Cash and investments	\$14,910,701	\$805,562	\$4,019,618	\$11,595,998	\$8,483,397	\$2,366,485
Restricted cash and investments	15,961	1,426,571	10,789,904	8,114,641	60,585,747	
Receivables:						
Accounts, net	8,126,501	23,847	168,050		4,762	
Interest	33,206	11,979	7,069	41,239	(7,234)	14,535
Grants	3,840					
Loans	1,376,940	2,514,184	16,213,706		10,353,832	
Due from other funds	12,580,755	5,076,924		2,737,085	921,886	
Advances to other funds	24,353,654	2,174,067			99,685	
Prepays, supplies and other assets	211,792					
Total Assets	\$61,613,350	\$12,033,134	\$31,198,347	\$22,488,963	\$80,442,075	\$2,381,020
LIABILITIES						
Accounts payable and accrued liabilities	\$3,404,146	\$147,591	\$1,689,326		\$2,913,681	
Refundable deposits	595,211	137,429			41,206	
Due to other funds	8,706,778	174,416	1,709,770	\$3,373,554	4,506,494	
Advances from other funds	99,685					
Deferred revenue	2,370,902	2,688,251	16,027,594		10,358,592	
Total Liabilities	15,176,722	3,147,687	19,426,690	3,373,554	17,819,973	
FUND BALANCES						
Fund balance						
Reserved for:						
Encumbrances	1,824,308	191,867	3,706,367		8,872,121	
Prepays, supplies and other assets	211,792					
Debt service				11,506,031		
Advances to other funds	24,353,654	2,000,000			99,685	
Loans receivable	659,224		119,434			
Low and moderate income housing			7,945,856			
Unreserved, designated for:						
Contingencies	10,000,000					
Unreserved, Undesignated, Reported in:						
General Fund	9,387,650					
Special Revenue Funds		6,693,580				\$2,381,020
Debt Service Funds				7,609,378		
Capital Projects Funds					53,650,296	
Total Fund Balances	46,436,628	8,885,447	11,771,657	19,115,409	62,622,102	2,381,020
Total Liabilities and Fund Balances	\$61,613,350	\$12,033,134	\$31,198,347	\$22,488,963	\$80,442,075	\$2,381,020

See accompanying notes to financial statements

<u>Civic Center Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$1,898,211	\$26,096,934	\$70,176,906
61,359,452	21,702,056	163,994,332
	4,318,639	12,641,799
(4,726)	59,893	155,961
683,613	2,892,552	3,580,005
	5,711,926	36,170,588
	4,002,457	25,319,107
		26,627,406
		211,792
<u>\$63,936,550</u>	<u>\$64,784,457</u>	<u>\$338,877,896</u>
\$3,618,142	\$1,392,607	\$13,165,493
	3,556,233	4,330,079
4,000,000	2,848,095	25,319,107
2,000,000	211,686	2,311,371
	6,861,414	38,306,753
<u>9,618,142</u>	<u>14,870,035</u>	<u>83,432,803</u>
168,336	4,732,092	19,495,091
		211,792
		11,506,031
		26,453,339
		778,658
		7,945,856
		10,000,000
		9,387,650
	12,658,066	21,732,666
	20,942,088	28,551,466
<u>54,150,072</u>	<u>11,582,176</u>	<u>119,382,544</u>
<u>54,318,408</u>	<u>49,914,422</u>	<u>255,445,093</u>
<u>\$63,936,550</u>	<u>\$64,784,457</u>	<u>\$338,877,896</u>

CITY OF RICHMOND
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
with the
STATEMENT OF NET ASSETS
JUNE 30, 2008

Total fund balances reported on the governmental funds balance sheet \$255,445,093

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. 303,231,571

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	32,666,076
Restricted cash and investments	2,496,123
Accounts receivable	87,472
Interest receivable	66,667
Prepays and supplies	355,458
Accounts payable and accrued liabilities	(2,983,578)
Compensated absences	(717,206)
Claims payable	(20,264,000)

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. 35,090,268

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	(3,581,063)
Long-term debt	(429,453,815)
Net pension obligation	(191,095)
Net pension asset	110,931,302
Net OPEB asset	2,196,876
Governmental activities portion of compensated absences	(9,253,538)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$276,122,611

See accompanying notes to financial statements

This Page Left Intentionally Blank

CITY OF RICHMOND
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	General	Redevelopment Agency Administration	Redevelopment Agency Low/Mod Income Housing	Redevelopment Agency Debt Service	Redevelopment Agency Projects
REVENUES					
Property taxes	\$34,269,322			\$26,535,184	
Sales taxes	29,005,711				
Utility user taxes	29,553,243				
Other taxes	7,659,207				
Licenses, permits and fees	2,975,914	\$1,037,112			
Developer revenue sharing					\$201,270
Fines, forfeitures and penalties	283,918				
Use of money and property	756,288	774,359	\$381,171	746,990	1,728,833
Intergovernmental	5,101,207	1,500			640,300
Charges for services	2,314,495				
Pension stabilization revenue					
Other	1,878,275	326,654	19,217		398,554
Rent	308,946				27,671
Total Revenues	114,106,526	2,139,625	400,388	27,282,174	2,996,628
EXPENDITURES					
Current:					
General government	17,794,828				
Public safety	80,799,922				
Public works	7,780,750				
Community development	1,610,874				
Cultural and recreational	20,165,663				
Housing and redevelopment		6,893,357	4,579,041		7,975,242
Capital outlay	763,184		3,246,331		10,388,367
Debt service:					
Principal				2,345,000	
Interest and fiscal charges		1,520,453		2,879,648	
Total Expenditures	128,915,221	8,413,810	7,825,372	5,224,648	18,363,609
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(14,808,695)	(6,274,185)	(7,424,984)	22,057,526	(15,366,981)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of property	4,008,197		279,320		
Issuance of debt			9,772,622		65,400,000
Payment to bond escrow agent					
Transfers in	5,503,497	13,077,064	7,362,980	8,669,621	13,714,681
Transfers (out)	(10,183,160)	(310,036)	(6,515,671)	(25,820,381)	(25,473,393)
Total Other Financing Sources (Uses)	(671,466)	12,767,028	10,899,251	(17,150,760)	53,641,288
NET CHANGE IN FUND BALANCES	(15,480,161)	6,492,843	3,474,267	4,906,766	38,274,307
BEGINNING FUND BALANCES	61,916,789	2,392,604	8,297,390	14,208,643	24,347,795
ENDING FUND BALANCES	\$46,436,628	\$8,885,447	\$11,771,657	\$19,115,409	\$62,622,102

See accompanying notes to financial statements

<u>Secured Pension Override</u>	<u>Civic Center Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$13,983,324		\$2,976,778	\$77,764,608
			29,005,711
			29,553,243
		683,602	8,342,809
		4,150,980	8,164,006
			201,270
		28,788	312,706
166,136	\$2,797,770	3,008,482	10,360,029
	683,613	11,666,052	18,092,672
		3,711,670	6,026,165
		4,256,500	4,256,500
		784,781	3,407,481
			336,617
<u>14,149,460</u>	<u>3,481,383</u>	<u>31,267,633</u>	<u>195,823,817</u>
124		8,227,808	26,022,760
5,148,186		768,808	86,716,916
	48,525	10,292,301	18,121,576
		3,585,986	5,196,860
		649,035	20,814,698
		3,381,134	22,828,774
	35,692,073	12,652,898	62,742,853
		3,955,998	6,300,998
		11,212,442	15,612,543
<u>5,148,310</u>	<u>35,740,598</u>	<u>54,726,410</u>	<u>264,357,978</u>
<u>9,001,150</u>	<u>(32,259,215)</u>	<u>(23,458,777)</u>	<u>(68,534,161)</u>
			4,287,517
		97,790,000	172,962,622
		(32,897,515)	(32,897,515)
	88,524,430	47,661,522	184,513,795
<u>(8,004,256)</u>	<u>(10,045,950)</u>	<u>(99,505,128)</u>	<u>(185,857,975)</u>
<u>(8,004,256)</u>	<u>78,478,480</u>	<u>13,048,879</u>	<u>143,008,444</u>
996,894	46,219,265	(10,409,898)	74,474,283
1,384,126	8,099,143	60,324,320	180,970,810
<u>\$2,381,020</u>	<u>\$54,318,408</u>	<u>\$49,914,422</u>	<u>\$255,445,093</u>

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, 2008

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 \$74,474,283

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 59,462,139

Depreciation expense is deducted from the fund balance

(Depreciation expense is net of internal service fund depreciation of \$1,426,389 which has already been allocated to serviced funds) (14,522,502)

Contributions of infrastructure and improvements by Developers are capitalized in the Statement of Activities, but are not recorded in the Fund Statements because no cash changed hands 689,655

Retirements of capital assets are deducted from the fund balance (277,808)

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 6,300,998

Issuance of debt is deducted from fund balance (172,962,622)

Payment to bond escrow agent is added back to fund balance, net of refunding costs 31,488,291

Capital appreciation bonds accretion is deducted from fund balance (7,044,931)

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 (100,411)

Deferred revenue 6,984,016

Compensated absences (601,754)

Net pension asset (obligation) 273,467

Net OPEB asset 2,196,876

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 10,512,700

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (\$3,202,603)

See accompanying notes to financial statements

City of Richmond
June 30, 2008

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 2008.

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, 2008

	Business-type Activities-Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds		
ASSETS						
Current assets:						
Cash and investments	\$4,852,158	\$1,974,353	\$3,571,143	\$4,551,092	\$14,948,746	\$32,666,076
Restricted cash and investments	189,924	1,336,916	5,538,881		7,065,721	2,496,123
Receivables:						
Accounts, net	901,558	479,284	366,001	320,290	2,067,133	87,472
Interest		3,668	7,196	5,809	16,673	66,667
Grants	1,001,826				1,001,826	
Prepays and other assets	438,987				438,987	355,458
Due from developer	8,628,540				8,628,540	
Total current assets	<u>16,012,993</u>	<u>3,794,221</u>	<u>9,483,221</u>	<u>4,877,191</u>	<u>34,167,626</u>	<u>35,671,796</u>
Noncurrent assets:						
Capital assets:						
Nondepreciable	8,298,597	8,591,150	24,127,769		41,017,516	1,375,326
Depreciable, net	35,647,787	15,490,136	22,193,903	11,184,306	84,516,132	5,479,724
Bond issuance costs net of amortization		32,741	1,601,508		1,634,249	
Total noncurrent assets	<u>43,946,384</u>	<u>24,114,027</u>	<u>47,923,180</u>	<u>11,184,306</u>	<u>127,167,897</u>	<u>6,855,050</u>
Total Assets	<u>59,959,377</u>	<u>27,908,248</u>	<u>57,406,401</u>	<u>16,061,497</u>	<u>161,335,523</u>	<u>42,526,846</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	559,271	1,494,013	557,397	124,416	2,735,097	2,980,547
Interest payable		33,648	1,151,496	136,999	1,322,143	3,031
Refundable deposits	139,756	31,900			171,656	
Compensated absences - due within one year	85,295			97,892	183,187	
Claims payable						9,619,000
Current portion of long-term debt		2,745,000	398,012	57,362	3,200,374	531,027
Total current liabilities	<u>784,322</u>	<u>4,304,561</u>	<u>2,106,905</u>	<u>416,669</u>	<u>7,612,457</u>	<u>13,133,605</u>
Noncurrent liabilities:						
Advances from other funds	5,517,838	17,039,855		1,758,342	24,316,035	
Compensated absences	445,926	68,292	13,443		527,661	717,206
Claims payable						10,645,000
Long-term debt, net		3,188,813	43,860,716	3,263,820	50,313,349	1,133,369
Total noncurrent liabilities	<u>5,963,764</u>	<u>20,296,960</u>	<u>43,874,159</u>	<u>5,022,162</u>	<u>75,157,045</u>	<u>12,495,575</u>
Total Liabilities	<u>6,748,086</u>	<u>24,601,521</u>	<u>45,981,064</u>	<u>5,438,831</u>	<u>82,769,502</u>	<u>25,629,180</u>
NET ASSETS						
Invested in capital assets, net of related debt	43,946,384	18,147,473	7,601,825	7,863,124	77,558,806	6,855,050
Restricted for debt service	189,924	1,336,916			1,526,840	
Unrestricted	9,074,983	(16,177,662)	3,823,512	2,759,542	(519,625)	10,042,616
Total Net Assets	<u>\$53,211,291</u>	<u>\$3,306,727</u>	<u>\$11,425,337</u>	<u>\$10,622,666</u>	<u>\$78,566,021</u>	<u>\$16,897,666</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, 2008

	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	\$1,611,864				\$1,611,864	
Marina berth rentals		\$170,331			170,331	
Service charges		4,321,085	\$13,862,211	\$2,469,109	20,652,405	\$42,083,188
Lease income		1,444,088		484,212	1,928,300	
Other	164,388	(35,378)	1,909	142,966	273,885	
Total Operating Revenues	1,776,252	5,900,126	13,864,120	3,096,287	24,636,785	42,083,188
OPERATING EXPENSES						
Salaries and benefits	6,859,124	837,443	432,542	1,588,576	9,717,685	11,056,355
General and administrative	1,412,818	2,129,592	10,008,804	2,905,325	16,456,539	8,212,465
Maintenance	838,314	50,661	34,681		923,656	4,194,477
Depreciation	299,402	919,326	1,386,016	1,136,221	3,740,965	1,426,389
Housing assistance	14,641,716				14,641,716	
Claims losses						7,574,820
Other		7,037	61,855	203	69,095	156,158
Total Operating Expenses	24,051,374	3,944,059	11,923,898	5,630,325	45,549,656	32,620,664
Operating Income (Loss)	(22,275,122)	1,956,067	1,940,222	(2,534,038)	(20,912,871)	9,462,524
NONOPERATING REVENUES (EXPENSES)						
Gain from sale of capital assets						8,714
Loss on retirement of capital assets	(272,960)	(60,272)			(333,232)	
Interest income	44,294	161,534	546,843	167,008	919,679	1,545,563
Property taxes			10,382		10,382	
Grants	21,892,994	2,782,673			24,675,667	
Other income	313,863				313,863	
Interest (expense)		(585,458)	(3,160,829)	(149,659)	(3,895,946)	(141,401)
Total Nonoperating Revenues (Expenses)	21,978,191	2,298,477	(2,603,604)	17,349	21,690,413	1,412,876
Income (Loss) Before Contributions and Transfers	(296,931)	4,254,544	(663,382)	(2,516,689)	777,542	10,875,400
TRANSFERS AND SPECIAL ITEM						
Special item - Contribution to developer (Note 6)	(14,425,750)				(14,425,750)	
Transfers in		1,863,750		540,285	2,404,035	
Transfers (out)		(156,870)	(540,285)		(697,155)	(362,700)
Net contributions and transfers	(14,425,750)	1,706,880	(540,285)	540,285	(12,718,870)	(362,700)
Change in net assets	(14,722,681)	5,961,424	(1,203,667)	(1,976,404)	(11,941,328)	10,512,700
BEGINNING NET ASSETS (DEFICIT)	67,933,972	(2,654,697)	12,629,004	12,599,070	90,507,349	6,384,966
ENDING NET ASSETS	\$53,211,291	\$3,306,727	\$11,425,337	\$10,622,666	\$78,566,021	\$16,897,666

See accompanying notes to financial statements

CITY OF RICHMOND
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2008

	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	\$1,688,697	\$5,835,507	\$13,682,633	\$3,057,372	\$24,264,209	\$42,801,138
Payments to suppliers	(14,831,585)	(902,212)	(9,993,744)	(2,817,075)	(28,544,616)	(4,350,635)
Payments to employees	(6,840,412)	(857,107)	(432,512)	(1,584,548)	(9,714,579)	(17,523,578)
Insurance premiums and claims paid						(10,427,058)
Cash Flows from Operating Activities	(19,983,300)	4,076,188	3,256,377	(1,344,251)	(13,994,986)	10,499,867
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund receipts	253,742			1,758,342	2,012,084	
Interfund payments		(50,000)			(50,000)	
Other income	313,863				313,863	
Receipts from other governments	21,982,071	2,782,673			24,764,744	
Property taxes			10,382		10,382	
Transfers in		1,863,750		540,285	2,404,035	
Transfers (out)		(156,870)	(540,285)		(697,155)	(362,700)
Cash Flows from Noncapital Financing Activities	22,549,676	4,439,553	(529,903)	2,298,627	28,757,953	(362,700)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets, net of retirements	(2,280,503)	(3,068,286)	(6,657,355)	(161,249)	(12,167,393)	(4,160,352)
Proceeds from sale of capital assets						27,396
Proceeds from issuance of debt		3,630,000			3,630,000	
Payment to bond escrow agent		(3,940,024)			(3,940,024)	
Cost of issuance		(77,204)			(77,204)	
Principal payments on capital debt		(3,094,865)	(423,822)	(54,891)	(3,573,578)	(754,714)
Interest paid		(362,194)	(2,464,976)	(151,923)	(2,979,093)	(142,327)
Cash Flows from Capital and Related Financing Activities	(2,280,503)	(6,912,573)	(9,546,153)	(368,063)	(19,107,292)	(5,029,997)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	44,294	160,609	545,382	167,558	917,843	1,535,233
Cash Flows from Investing Activities	44,294	160,609	545,382	167,558	917,843	1,535,233
Net Cash Flows	330,167	1,763,777	(6,274,297)	753,871	(3,426,482)	6,642,403
Cash and investments at beginning of period	4,711,915	1,547,492	15,384,321	3,797,221	25,440,949	28,519,796
Cash and investments at end of period	<u>\$5,042,082</u>	<u>\$3,311,269</u>	<u>\$9,110,024</u>	<u>\$4,551,092</u>	<u>\$22,014,467</u>	<u>\$35,162,199</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:						
Operating income (loss)	(\$22,275,122)	\$1,956,067	\$1,940,222	(\$2,534,038)	(\$20,912,871)	\$9,462,524
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation	299,402	919,326	1,386,016	1,136,221	3,740,965	1,426,389
Change in assets and liabilities:						
Receivables, net	(95,807)	(26,421)	(181,487)	(38,915)	(342,630)	717,950
Prepays and other assets	2,075,881				2,075,881	(116,238)
Accounts payable and accrued liabilities and other accrued expenses	(14,618)	1,285,078	111,596	88,453	1,470,509	1,742,631
Refundable deposits	8,252	(38,198)			(29,946)	
Compensated absences payable	18,712	(19,664)	30	4,028	3,106	2,611
Claims payable						(2,736,000)
Cash Flows from Operating Activities	(\$19,983,300)	\$4,076,188	\$3,256,377	(\$1,344,251)	(\$13,994,986)	\$10,499,867
Non cash transactions:						
Special item - Contribution to Developer	(\$14,425,750)					
Retirement of capital assets		\$60,273				
Amortization of bond issuance costs		(332,987)	(\$21,544)			

See accompanying notes to financial statements

City of Richmond
June 30, 2008

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, 2008

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and investments (Note 3)		\$11,559,104
Restricted cash and investments (Note 3)		4,953,712
Investment in reassessment bonds (Note 3)		18,102,500
Pension plan cash and investments (Note 11):		
City of Richmond Investment Pool	\$4,164,472	
Local Agency Investment Fund	182,596	
Mutual Fund Investments	20,274,545	
Accounts receivable		122,496
Interest receivable	9,768	12,491
Total Assets	24,631,381	\$34,750,303
LIABILITIES		
Accounts payable and accrued liabilities	65,192	\$5,617,279
Refundable deposits payable		900,661
Due to assessment district bondholders		28,232,363
Total Liabilities	65,192	\$34,750,303
NET ASSETS		
Held in trust for employees' pension benefits	\$24,566,189	

See accompanying notes to financial statements

CITY OF RICHMOND
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2008

	Pension Trust Funds
ADDITIONS	
Net investment income:	
Net increase (decrease) in the fair value of investments	(\$1,633,517)
Interest income	905,995
Investment management fees	(213,314)
Contribution from the City	380,432
Contribution from Pension Reserve	5,000,000
Other	12,284
	4,451,880
Total Additions	4,451,880
DEDUCTIONS	
Pension benefits	5,539,019
Administrative expenses	91
	5,539,110
Total Deductions	5,539,110
Net Increase (Decrease)	(1,087,230)
NET ASSETS, BEGINNING OF YEAR	25,653,419
NET ASSETS, END OF YEAR	\$24,566,189

See accompanying notes to financial statements

This Page Left Intentionally Blank

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

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 activities of Redevelopment Agency are presented in the City's basic financial statements as the following major funds: Redevelopment Administration Fund, Redevelopment Low and Moderate Income Housing Fund, Redevelopment Agency Debt Service Fund and Redevelopment Agency Capital Projects Fund. 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, 2008

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.

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

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.

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

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

The Government-wide financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets 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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Government-Wide financial statements.

All governmental funds are accounted for on the “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received such as business licenses and fines and penalties in cash, except that revenues subject to accrual (generally sixty days after the fiscal year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the City are property taxes, sales taxes, transient occupancy taxes, franchise taxes, certain other intergovernmental revenues, and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred also generally sixty days after the fiscal year end.

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

Proprietary Fund Financial Statements - Proprietary Fund Financial Statements include a Statement of Net 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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Administration Special Revenue Fund – The Redevelopment Agency Administration Fund accounts for all administrative activities of the Agency.

Redevelopment Agency Low and Moderate Income Housing Capital Projects Fund - The Redevelopment Agency Low and Moderate Income Housing Fund accounts for the twenty percent housing set-aside from the tax increment proceeds of each of the Redevelopment Agency's project areas. This set-aside is required by California redevelopment law, and must be used to provide housing for people with low and moderate incomes.

Redevelopment Agency Debt Service Fund - The Redevelopment Agency Debt Service Fund accounts for the accumulation of property taxes for payment of interest and principal on the Agency's long-term debt.

Redevelopment Agency Projects Capital Projects Fund - The Redevelopment Agency Projects Fund accounts for capital projects connected with redevelopment funded by property tax increment revenues.

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

Civic Center Project Capital Projects Fund – The Civic Center Project Fund accounts for activities of the new Civic Center project.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The City also reports the following fund types:

Internal Service Funds. The funds account for 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.

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. In the case of the initial capitalization of general infrastructure assets reported by governmental activities, the City chose to include all such items regardless of their acquisition date or amount.

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

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	\$9,366,379	\$707,742	\$10,074,121
Additions	5,577,381	107,384	5,684,765
Payments	(4,973,016)	(104,278)	(5,077,294)
Ending Balance	<u>\$9,970,744</u>	<u>\$710,848</u>	<u>\$10,681,592</u>
Current Portion	<u>\$942,478</u>	<u>\$183,187</u>	<u>\$1,125,665</u>

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, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

Government-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 to segregated or identify the portion of the fund equity not available for future expenditures.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

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 Redevelopment Agency Capital Projects Fund is now reported as four separate funds, the Redevelopment Agency Administration Special Revenue Fund, Redevelopment Agency Low and Moderate Income Housing Capital Projects Fund, Redevelopment Agency Debt Service Fund and the Redevelopment Agency Capital Projects Fund.

The Joint Powers Financing Authority Debt Service Fund was closed as of June 30, 2008. The activities of the Authority are now reported in the Redevelopment Agency Debt Service Fund, the General Debt Service Fund, the Richmond Housing Authority Enterprise Fund and the Port Enterprise Fund.

The activity previously reported in the Parks, Recreation, and Environment Special Revenue Fund is now reported in two separate funds, the Special Programs Special Revenue Fund and the Developer Impact Fees Special Revenue Fund.

The Civic Center Debt Service Fund was established to account for principal and interest payments on the 2007 Lease Revenue Bonds.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures in Excess of Appropriations

The Public Safety Special Revenue Fund incurred expenditures in excess of appropriations in the amount of \$214,451. The fund had sufficient fund balances or revenues to finance these expenditures.

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, 2008

NOTE 3 - CASH AND INVESTMENTS (Continued)

Classification

Cash and investments are classified in the financial statements as shown below at June 30, 2008:

Cash and investments	\$117,791,728
Restricted cash and investments	<u>173,556,176</u>
Total Primary Government cash and investments	<u>291,347,904</u>
Cash and investments	507,631
Restricted cash and investments	<u>2,399,825</u>
Total Component Unit cash and investments	<u>2,907,456</u>
Cash and investments in Fiduciary Funds (Separate Statement)	
Cash and investments	11,559,104
Restricted cash and investments	4,953,712
Investments in reassessment bonds	<u>18,102,500</u>
Total cash and investments	<u><u>\$328,870,676</u></u>

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
Investment Trust of California (CalTrust)	N/A		N/A	None
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, 2008

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, 2008, 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	\$55,446,148	\$6,351,500	\$6,997,550		\$68,795,198
Money Market Mutual Funds (U.S. Securities)	86,140				86,140
Certificates of Deposit	246,713				246,713
California Local Agency Investment Fund	31,526,547				31,526,547
CalTrust Short Term Fund	289,721				289,721
Held by Bond Trustee:					
Federal Agency Securities	6,126,086		4,173,043		10,299,129
Money Market Mutual Funds (U.S. Securities)	93,622,112				93,622,112
California Local Agency Investment Fund	87,989				87,989
Guaranteed Investment Contracts	58,399,964	1,164,974		\$4,580,948	64,145,886
Investment Agreements	1,095,500			1,039,778	2,135,278
Repurchase Agreement		1,146,500			1,146,500
Reassessment Bonds	767,500	815,000	2,472,500	14,047,500	18,102,500
RHA Properties:					
Money Market Mutual Funds (U.S. Securities)	2,399,825				2,399,825
Total Investments	\$250,094,245	\$9,477,974	\$13,643,093	\$19,668,226	292,883,538
Cash in Banks and on hand - <i>Primary Government</i>					35,479,507
Cash in banks - <i>RHA Properties</i>					507,631
Total Cash and Investments					\$328,870,676

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

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, 2008, these investments matured in an average of 212 days.

The City is a participant in the Short-Term Fund of the Investment Trust of California (CalTrust), a joint powers authority and public agency established by its members under the provisions of Section 6509.7 of the California Government Code. Members and participants are limited to California public agencies. CalTrust is governed by a Board of Trustees of seven Trustees, at least seventy-five percent of whom are from the participating agencies. The City reports its investment in CalTrust at the fair value amount provided by CalTrust, which is the same as the value of the pool shares. The balance is available for withdrawal on demand, and is based on the accounting records maintained by CalTrust. Included in CalTrust's investment portfolio are: United States Treasury Notes, Bills, Bonds or Certificates of Indebtedness; registered state warrants or treasury notes or bonds; California local agency bonds, notes, warrants or other indebtedness; federal agency or United States government-sponsored enterprise obligations; bankers acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term notes; money market mutual funds; notes, bonds or other obligation secured by a first priority security interest in securities authorized under Government Code Section 53651; and mortgage passthrough securities, collateralized mortgage obligations, and other asset – backed securities. CalTrust's Short-Term Fund has a target portfolio duration of 0 to 2 years. At June 30, 2008, these investments matured in an average of 175 days.

Money market funds and mutual funds are available for withdrawal on demand and as of June 30, 2008 have an average maturity from 1 to 27 days.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 3 - CASH AND INVESTMENTS (Continued)

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, 2008 for each investment type:

Investment Type	AAA	Aaf/S1+	Total
Federal Agency Securities	\$79,094,327		\$79,094,327
Money Market Mutual Funds (U.S. Securities)	96,108,077		96,108,077
CalTrust Short Term Fund		\$289,721	289,721
Totals	<u>\$175,202,404</u>	<u>\$289,721</u>	175,492,125
<i>Not rated:</i>			
California Local Agency Investment Fund			31,614,536
Guaranteed Investment Contracts			64,145,886
Certificates of Deposit			246,713
Investment Agreements			2,135,278
Repurchase Agreement			1,146,500
Reassessment Bonds			18,102,500
Total Investments			<u>292,883,538</u>
Cash in Banks and on hand			<u>35,987,138</u>
Total Cash and Investments			<u><u>\$328,870,676</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

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 Government-wide investments are as follows at June 30, 2008:

Issuer	Type of Investments	Amount
Federal Farm Credit Banks	Federal Agency Securities	\$16,000,000
Federal Home Loan Bank	Federal Agency Securities	34,488,588
Federal Home Loan Mortgage Corporation	Federal Agency Securities	17,109,289
FSA Investment Agreement	Guaranteed Investment Contract	59,564,938

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, 2008 were as follows:

Fund	Issuer	Type of Investments	Amount
Redevelopment Agency Administration Fund	MBIA Inc	Guaranteed Investment Contract	\$1,429,000
Redevelopment Agency Debt Service Fund	Morgan Guarantee Trust of New York	Investment Agreement	1,039,778
Redevelopment Agency Debt Service Fund	FGIC	Guaranteed Investment Contract	2,226,948
Redevelopment Agency Debt Service Fund	Bayerische Landesbank Girozentrale	Investment Repurchase Agreement	1,146,500
Civic Center Project Fund	FSA Investment Agreement	Guaranteed Investment Contract	58,399,964
Non Major Governmental Funds	Federal Home Loan Mortgage Corporation	Federal Agency Securities	6,126,086
Non Major Governmental Funds	Federal Home Loan Bank	Federal Agency Securities	4,173,043
Port of Richmond Enterprise Fund	AIG	Investment Agreement	1,095,500

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, in Agency Funds at June 30, 2008 were as follows:

Agency Fund	Issuer	Type of Investment	Amount
JPFA Reassessment District	City of Richmond	Municipal Bonds	\$7,582,500
2006A&B Reassessment District	City of Richmond	Municipal Bonds	10,520,000

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

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, 2008 were as follows:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	Redevelopment Agency Administration Fund	\$171,959
	Redevelopment Agency Low/Mod Income Housing Fund	1,709,770
	Redevelopment Agency Debt Service Fund	3,373,554
	Redevelopment Agency Projects Fund	4,506,494
	Non Major Governmental Funds	2,818,978
Redevelopment Agency Administration Fund	General Fund	5,047,807
	Non Major Governmental Funds	29,117
Redevelopment Agency Debt Service Fund	General Fund	2,737,085
Redevelopment Agency Projects Fund	General Fund	921,886
Non Major Governmental Funds	Redevelopment Agency Administration Fund	2,457
	Civic Center Project Capital Projects Fund	4,000,000
		<u>\$25,319,107</u>

B. Long-Term Interfund Advances

At June 30, 2008 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 Projects Fund	\$99,685
Civic Center Project Capital Projects Fund	Redevelopment Agency Administration Fund	2,000,000
Non Major Governmental Fund	General Fund	211,686
Richmond Housing Authority Enterprise Fund	General Fund	5,343,771
	Redevelopment Agency Administration Fund	174,067
Port of Richmond Enterprise Fund	General Fund	17,039,855
Non Major Enterprise Fund	General Fund	1,758,342
Total		<u>\$26,627,406</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 loan bears interest of 3%.

In fiscal 2007 and 2008 the General Fund made advances to the Richmond Housing Authority Enterprise Fund for police, sewer, and other services as well as the Housing Authority's employee payroll. The advance bears no interest and is payable in 360 monthly installments of \$12,531. The balance as of June 30, 2008 is \$5,343,771.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

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

In fiscal 2006 the General Fund established repayment terms for its advance of \$17,139,855 to the Port of Richmond Enterprise Fund to assist the Port with various lease transactions and other projects. The advance 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 years 2007 and 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.

In fiscal 2008 the General Fund advanced \$211,686 to the Impact Fees Special Revenue Fund for the purpose of redeeming a portion of the letter of credit with Pinole Point Properties, Inc. that was redeemed with a settlement payment of \$1,750,000. The advance is to be repaid with future developer's fees.

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

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, 2008 were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>
General Fund	Secured Pension Override Fund	\$4,700,000
	Non-Major Governmental Funds	803,497
Redevelopment Agency Administration Fund	Redevelopment Debt Service Fund	6,402,942
	Redevelopment Low/Mod Income Housing Fund	4,945,000
	Redevelopment Projects Fund	299,358
	Non-Major Governmental Funds	1,429,764
Redevelopment Agency Low/Mod Income Housing	Redevelopment Agency Administration Fund	266,400
	Redevelopment Debt Service Fund	5,702,758
	Redevelopment Projects Fund	1,393,822
Redevelopment Agency Debt Service Fund	Redevelopment Agency Low/Mod Income Housing	1,570,671
	Redevelopment Projects Fund	495,000
	Non-Major Governmental Funds	6,603,950
Redevelopment Projects Fund	Redevelopment Debt Service Fund	13,714,681
Civic Center Project Fund	Redevelopment Agency Projects Fund	22,000,000 (A)
	Non-Major Governmental Funds	66,524,430 (A)
Non-Major Governmental Funds	General Fund	10,183,160
	Redevelopment Agency Administration Fund	43,636
	Redevelopment Agency Projects Fund	1,285,213
	Secured Pension Override Fund	3,304,256
	Civic Center Project Fund	10,045,950
	Non-Major Governmental Funds	22,279,737
	Port of Richmond Enterprise Fund	156,870
	Internal Service Funds	362,700
Port of Richmond Enterprise Fund	Non-Major Governmental Funds	1,863,750
Non-Major Enterprise Funds	Municipal Sewer Enterprise Fund	540,285
Total Interfund Transfers		<u><u>\$186,917,830</u></u>

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

(A) Bond proceeds for the Civic Center project

D. Internal Balances

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 5 - NOTES AND LOANS RECEIVABLE

At June 30, 2008, notes and loans receivable consisted of the following:

	Amount
City's Loans:	
CalTrans Loan	\$817,401
Police Activities League Loan	426,000
Police Chief Loan	133,539
Community Development Block Grant and	
Home Investment Partnership Program Loans:	
Mechanics Bank Loans	41,096
Deferred Loans	3,469,252
Home Improvement Program Loans	784,427
Rental Rehab Loans	310,419
Arbors Loan	253,732
Wood Development Loan	853,000
Subtotal - CDBG and HOME Loans	5,711,926
Redevelopment Agency Loans:	
EDA Loans	536,329
Olson Urban Housing, LLC.	4,951,144
Harbour Capital Projects Loan	4,440,359
MacDonald Housing	3,411,328
Arbors Loan	1,527,379
Wood Development Loan	800,000
Rental Rehab Loans	30,700
Atchison Village Annex Apartments	439,523
Heritage Park Development	382,487
Silent Second Mortgage Loans	2,074,661
Chesley Avenue Development	4,741,492
Ford Point Building Loan	3,000,000
CALHome Program	464,360
Easter Hill Project	2,281,960
Subtotal- Redevelopment Agency Loans	29,081,722
Total Notes and Loans Receivable	36,170,588
Less Reserve For Conditional Grant	(3,110,033)
Net Notes and Loans Receivable	\$33,060,555

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

CalTrans Loan

The total of \$817,401 consists of two loans from the City of Richmond to Richmond Neighborhood Housing Services. These are pass-through loans from CalTrans for the construction of 27 new homes located in North Richmond.

Police 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 PAL's receipt of the remaining balance of the State of California department of Parks and Recreation, 2002 Resources-Bond Act, Murray-Hayden Program Grant in the sum of \$500,000. The loan bears a fixed rate of 4.546%. In addition, on August 3, 2007 the City approved \$126,000 of additional funding for PAL to complete the construction of the youth center gymnasium and office complex. The same terms as the first loan apply to the second loan.

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

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.

Creely Avenue Housing Rehabilitation (Arbors)

On September 15, 2006, the Redevelopment Agency loaned Arbors Preservation Limited Partnership the amount of \$2,558,557, to construct extremely low, very low and low income rental housing units and a new community room on Creely Avenue. Funding for the loan is as follows: \$889,500 in HOME funds, \$75,000 in CDBG funds and \$1,594,057 in 2007 Series B bond funds. The loan bears simple interest at the rate of 3% per year. All unpaid principal and interest on the loan is due on April 29, 2063. Interest for the loan is 3% per annum.

Scattered Site Infill Housing Development (Wood)

On March 1, 2006, the Redevelopment Agency loaned Wood Development Corporation, a California nonprofit public benefit corporation the amount of \$1,653,000, to construct and develop single family homes which will be made available for sale to low and moderate income households on 8 parcels within City Richmond. Funding for the loan is as follows: \$853,000 in HOME funds and \$800,000 in 2007 Series B bond funds. The loan bears simple interest at the rate of 3% per year. All unpaid principal and interest on the loan is due on June 30, 2009.

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

Harbour 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. During fiscal year 2008, the developer repaid \$1 million of the loan balance by a cash payment of \$310,345 and the dedication of parking lot improvements with a value of \$689,655.

MacDonald Place Senior Housing

On June 26, 2007, the Redevelopment Agency agreed to loan MacDonald Housing Partners, L.P., and Richmond Labor and Love Community Development Corporation the amount of \$4,720,000, to construct senior housing units, a management office, small meeting rooms and ancillary retail use, and a separate space for community services. The loan's principal is due 57 years from the date of disbursement. The loan bears simple of interest of 2% per year payable from any residual receipts available from the prior calendar year with an additional 1% per year, but only to the extent that funds are available to pay such contingent interest from the Agency's share of residual receipts, as defined in the agreement. During the year ended June, 30, 2008, the Agency disbursed \$3,411,328 to the developer.

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, 2008

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, 2008, the Agency had issued loans of \$464,360.

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

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 6 - CAPITAL ASSETS

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

	Balance at June 30, 2007	Additions	Retirements	Transfers	Balance at June 30, 2008
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land	\$25,854,935	\$1,450,000	(\$283,869)	\$653,206	\$27,674,272
Construction in progress	51,844,936	57,621,246		(7,734,902)	101,731,280
Total capital assets not being depreciated	<u>77,699,871</u>	<u>59,071,246</u>	<u>(283,869)</u>	<u>(7,081,696)</u>	<u>129,405,552</u>
Capital assets being depreciated:					
Buildings and improvements	32,392,451	1,250,333		89,697	33,732,481
Machinery and equipment	32,549,733	3,985,415	(300,563)	(89,697)	36,144,888
Land improvements and infrastructure	401,668,340			7,081,696	408,750,036
Total capital assets being depreciated	<u>466,610,524</u>	<u>5,235,748</u>	<u>(300,563)</u>	<u>7,081,696</u>	<u>478,627,405</u>
Less accumulated depreciation for:					
Buildings and improvements	(13,080,229)	(659,073)			(13,739,302)
Machinery and equipment	(26,190,454)	(1,965,226)	293,094		(27,862,586)
Land improvements and infrastructure	(249,874,906)	(13,324,592)			(263,199,498)
Total accumulated depreciation	<u>(289,145,589)</u>	<u>(15,948,891)</u>	<u>293,094</u>		<u>(304,801,386)</u>
Capital asset being depreciated, net	<u>177,464,935</u>	<u>(10,713,143)</u>	<u>(7,469)</u>	<u>7,081,696</u>	<u>173,826,019</u>
Governmental activity capital assets, net	<u>\$255,164,806</u>	<u>\$48,358,103</u>	<u>(\$291,338)</u>		<u>\$303,231,571</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, 2008 were as follows:

Governmental Activities	
General Government	\$263,246
Public Safety	284,772
Public Works	13,628,706
Community Development	8,933
Cultural and Recreational	217,312
Housing and Redevelopment	119,533
Internal Service Funds	1,426,389
Total Governmental Activities	<u>\$15,948,891</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 6 - CAPITAL ASSETS (Continued)

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

	Balance at June 30, 2007	Additions	Retirements	Transfers	Balance at June 30, 2008
<i>Business-type activities</i>					
Capital assets not being depreciated:					
Land	\$11,215,340	\$627			\$11,215,967
Construction in progress	42,063,819	12,154,664	(\$23,494,811)	(\$922,123)	29,801,549
Total capital assets not being depreciated	<u>53,279,159</u>	<u>12,155,291</u>	<u>(23,494,811)</u>	<u>(922,123)</u>	<u>41,017,516</u>
Capital assets being depreciated:					
Buildings and improvements	88,745,403		(2,758,129)	795,023	86,782,297
Machinery and equipment	12,692,481	178,821	(516,933)	127,100	12,481,469
Infrastructure	104,555,698		(3,452)		104,552,246
Total capital assets being depreciated	<u>205,993,582</u>	<u>178,821</u>	<u>(3,278,514)</u>	<u>922,123</u>	<u>203,816,012</u>
Less accumulated depreciation for:					
Buildings and improvements	(43,726,150)	(811,976)	2,700,670		(41,837,456)
Machinery and equipment	(10,682,617)	(259,428)	514,961		(10,427,084)
Infrastructure	(64,369,231)	(2,669,561)	3,452		(67,035,340)
Total accumulated depreciation	<u>(118,777,998)</u>	<u>(3,740,965)</u>	<u>3,219,083</u>		<u>(119,299,880)</u>
Capital asset being depreciated, net	<u>87,215,584</u>	<u>(3,562,144)</u>	<u>(59,431)</u>	<u>922,123</u>	<u>84,516,132</u>
Business-type activity capital assets, net	<u>\$140,494,743</u>	<u>\$8,593,147</u>	<u>(\$23,554,242)</u>		<u>\$125,533,648</u>

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

	Balance at June 30, 2007	Additions	Balance at June 30, 2008
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	(3,335,499)	(\$869,715)	(4,205,214)
Machinery and equipment	(39,326)	(9,920)	(49,246)
Total accumulated depreciation	<u>(3,374,825)</u>	<u>(879,635)</u>	<u>(4,254,460)</u>
Capital asset being depreciated, net	<u>20,591,918</u>	<u>(879,635)</u>	<u>19,712,283</u>
Business-type activity capital assets, net	<u>\$31,023,071</u>	<u>(\$879,635)</u>	<u>\$30,143,436</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 6 - CAPITAL ASSETS (Continued)

Business activities depreciation expenses for capital assets allocated to each program for the year ended June 30, 2008 were as follows:

Business-Type Activities	
Richmond Housing Authority	\$299,402
Port of Richmond	919,326
Municipal Sewer	1,386,016
Richmond Marina	90,747
Storm Sewer	999,041
Cable TV	46,433
Total Business-Type Activities	\$3,740,965
Component Unit	
RHA Properties	\$879,635

Special Item - Contribution to Developer

As of June 30, 2008, the Housing Authority has substantially completed the construction of the Hope VI project with an accumulated book value of \$23,054,290. Since these projects will be operated and maintained by the developer, pursuant to the developer agreement, the value of these projects have been transferred to the developer and have been recorded as Contribution to Developer, net of costs reimbursed by the Developer of \$8,628,540.

NOTE 7 - LONG-TERM DEBT OBLIGATIONS

A. Governmental Activities:

Following is a summary of governmental activities long-term debt transactions during the fiscal year ended June 30, 2008:

	Balance July 01, 2007	Additions	Deletions	Balance June 30, 2008	Due Within One Year	Due in More than One Year
Bonds payable	\$272,284,431	\$180,007,553	(\$37,380,857)	\$414,911,127	\$9,154,386	\$405,756,741
Loans payable	10,518,963	75,000	(15,573)	10,578,390	157,644	10,420,746
Capital leases	5,111,871		(1,147,573)	3,964,298	942,261	3,022,037
Total	\$287,915,265	\$180,082,553	(\$38,544,003)	\$429,453,815	\$10,254,291	\$419,199,524

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Bonds Payable

Bonds payable at June 30, 2008 consisted of the following:

	Net
JPFA Revenue Refunding Bonds - 1995 Series A	\$1,829,143
Harbour Tax Allocation Refunding Bonds - 1991	95,000
Harbour Tax Allocation Refunding Bonds - 1998 Series A	24,373,902
Pension Obligation Bonds - 1999 Series A	21,165,000
JPFA Tax Allocation Revenue Bonds - 2000 Series A	19,695,000
JPFA Tax Allocation Revenue Bonds - 2000 Series B	4,310,000
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	14,440,000
JPFA Tax Allocation Revenue Bonds - 2004 Series B	1,795,000
Pension Funding Bond Series 2005	125,288,616
Subordinate Tax Allocation Bonds - 2007 Series A	65,400,000
Subordinate Tax Allocation Bonds - 2007 Series B	10,149,466
JPFA Lease Revenue Bonds - 2007	97,790,000
Total	\$414,911,127

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

The Bonds were issued by the Richmond JPFA for the purpose of refinancing the cost of certain public capital improvements financed by 1990 Series A Revenue Bonds. The Series A Bonds consist of serial bonds that mature annually through 2013, in amounts ranging from \$525,000 to \$1,450,000. Interest rates vary from 4.0% to a maximum of 5.25% and payments are due semiannually on May 15 and November 15. The Series 1995A Local Obligations consist of a Master Lease with the City and an Installment Purchase Agreement with the City payable solely from gas tax revenues. During the year ended June 30, 2008 the Master Lease portion of the Bonds in the principal amount of \$5,498,291 was defeased by the 2007 Lease Revenue Bonds. The Installment Purchase Agreement portion of the Bonds with the outstanding principal balance of \$1,829,143 at the time of the defeasance remained outstanding.

The total principal and interest remaining to be paid on the bonds is \$2,119,313. Principal and interest paid for the current fiscal year and total Gas Tax Revenues were \$423,638 and \$1,854,090, respectively.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

For the Years Ending June 30,	Principal	Interest	Total
2009	\$329,386	\$94,589	\$423,975
2010	344,804	77,229	422,033
2011	365,829	59,035	424,864
2012	382,648	39,755	422,403
2013	406,476	19,562	426,038
Total	\$1,829,143	\$290,170	\$2,119,313

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 derived from taxable property within the Harbour Project Area.

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

For the Years Ending June 30,	Principal	Interest	Total
2009	\$60,000	\$4,550	\$64,550
2010	35,000	1,225	36,225
Total	\$95,000	\$5,775	\$100,775

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 derived from taxable property within the Harbour Project Area.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

At June 30, 2008, the Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Current interest bonds	\$12,855,000			\$12,855,000
Capital appreciation bonds	16,935,000	\$554,784	(\$5,970,882)	11,518,902
	<u>\$29,790,000</u>	<u>\$554,784</u>	<u>(\$5,970,882)</u>	<u>\$24,373,902</u>

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

For the Years Ending June 30,	Principal	Interest	Total
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	1,800,000	518,513	2,318,513
2014-2018	9,555,000	2,017,177	11,572,177
2019-2023	10,675,000	878,883	11,553,883
2024	2,280,000	26,838	2,306,838
Total	<u>\$29,790,000</u>	<u>\$5,789,236</u>	<u>\$35,579,236</u>

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

The bonds were issued to fund a portion of the unfunded accrued actuarial liability in the Pension Fund together with the prepayment of certain pension benefit costs of the Beneficiaries and to pay the costs of issuance associated with the issuance of the bonds. The bonds consist of serial bonds in the amount of \$23,885,000 that mature annually on through 2013, in amounts ranging from \$1,280,000 to \$3,240,000. Interest rates vary from 6.37% to a maximum of 7.39% and are payable semiannually on February 1, and August 1. The term bonds consist of \$8,960,000 due August 1, 2020 with an interest rate of 7.57% and \$3,435,000 due August 1, 2029 with an interest rate of 7.62%. The bonds are payable from certain pension tax override revenues received by the City from a special tax pursuant to City Council Ordinance 9-99 adopted by the City Council on March 30, 1999. The total principal and interest remaining to be paid on the bonds is \$33,444,736. Principal and interest paid for the current fiscal year and total pension tax override revenues were \$3,295,407 and \$13,983,324 respectively.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - 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
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	1,360,000	1,084,523	2,444,523
2014-2018	7,185,000	3,888,765	11,073,765
2019-2023	4,385,000	1,506,950	5,891,950
2024-2028	1,885,000	381,954	2,266,954
2029-2030	220,000	14,099	234,099
Total	\$21,165,000	\$12,279,736	\$33,444,736

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%.

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 the Pre-2004 Limit Area and the Post-2004 Limit Area.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

For the Years Ending June 30,	Principal	Interest	Total
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	1,640,000	675,210	2,315,210
2014-2018	9,470,000	2,047,760	11,517,760
2019-2023	2,495,000	159,863	2,654,863
2024-2028	150,000	39,113	189,113
2029-2030	70,000	3,675	73,675
Total	\$19,695,000	\$6,332,682	\$26,027,682

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

For the Years Ending June 30,	Principal	Interest	Total
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	345,000	229,983	574,983
2014-2018	2,165,000	691,763	2,856,763
2019-2023	600,000	52,398	652,398
2024-2028	25,000	13,000	38,000
2029-2030	20,000	1,600	21,600
Total	\$4,310,000	\$2,143,043	\$6,453,043

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 consisted of serial bonds in the amount of \$11,665,000 and term bonds in the amount of \$17,540,000. The serial Bonds matured annually in amounts ranging from \$450,000 to \$905,000. Interest rates ranged from 3.2% to 5.125% and are payable on each February 1 and August 1. The term bonds matured 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 were secured by revenues of a lease agreement between the City and the Financing Authority. The Bonds were subject to redemption prior to maturity, starting in 2020. During the year ended June 30, 2008 the Bonds in the principal amount of \$25,990,000 were defeased by the 2007 Lease Revenue Bonds.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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 the Post-2004 Limit Area.

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

For the Years Ending June 30,	Principal	Interest	Total
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	915,000	1,363,127	2,278,127
2014-2018	5,265,000	6,079,745	11,344,745
2019-2023	8,780,000	4,261,356	13,041,356
2024-2026	10,320,000	985,286	11,305,286
Total	<u>\$28,580,000</u>	<u>\$18,508,216</u>	<u>\$47,088,216</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 subordinate housing and non-housing tax increment revenues derived from the taxable property within the Merged Project Area.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - 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
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	260,000	788,286	1,048,286
2014-2018	1,470,000	3,753,411	5,223,411
2019-2023	5,690,000	2,788,368	8,478,368
2024-2027	7,875,000	1,220,808	9,095,808
Total	<u>\$16,235,000</u>	<u>\$11,799,195</u>	<u>\$28,034,195</u>

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, 2008, the City's net pension asset amounted to \$106,710,519. The Bonds consist of three series as shown below:

Bond Type & Series	Initial Interest Rate	Less: Credit Adjust- ment	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
					<u>\$114,995,133</u>			<u>\$203,186,000</u>

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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.

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. In the event the

Swap Agreements - The City entered into two interest rate swap agreements related to the 2005B-1 and 2005B-2 Bonds, which will become effective August 1, 2013 and August 1, 2023, respectively, in the same amount as the outstanding principal balances of the Bonds on that date. The combination of the variable rate bonds and a floating swap rate will create synthetic fixed-rate debt for the City. Because neither the variable rate nor the swap rates are effective as of June 30, 2008 the initial bond interest rates discussed above are used for disclosure purposes. The terms of the swap agreements will be disclosed when they become effective.

At June 30, 2008, the Bonds consisted of the following:

	<u>Maturity Value</u>	<u>Accretion/ Amortization</u>	<u>Unamortized Premium (Discount)</u>	<u>Net</u>
Current interest bonds	\$23,650,000			\$23,650,000
Capital appreciation bonds	203,186,000	\$6,113,303	(\$107,660,687)	101,638,616
	<u>\$226,836,000</u>	<u>\$6,113,303</u>	<u>(\$107,660,687)</u>	<u>\$125,288,616</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
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	5,555,000	407,429	5,962,429
2014-2018	25,678,000	15,087,506	40,765,506
2019-2023	47,439,000	7,990,475	55,429,475
2024-2028	36,201,000	26,156,375	62,357,375
2029-2033	62,177,000	17,611,575	79,788,575
2034-2035	35,896,000	1,765,300	37,661,300
Total	\$226,836,000	\$73,291,047	\$300,127,047

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.

The 2007 A Subordinate Tax Allocation Bonds were issued as auction rate bonds with interest calculated every thirty-five days. The rate fluctuates according to the market conditions, but is capped at 12%. However, the City entered into a 29-year interest rate swap agreement for the entire amount of its 2007 A Subordinate Tax Allocation 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 5.467% at June 30, 2008.

At June 30, 2008, the Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Current interest bonds	\$65,400,000			\$65,400,000
Capital appreciation bonds	24,460,000	\$376,844	(\$14,687,378)	10,149,466
	<u>\$89,860,000</u>	<u>\$376,844</u>	<u>(\$14,687,378)</u>	<u>\$75,549,466</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

The annual debt service requirements on the 2007A Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2009	\$1,125,000	\$4,626,458	\$5,751,458
2010	1,525,000	3,649,800	5,174,800
2011	1,600,000	3,561,057	5,161,057
2012	1,675,000	3,468,021	5,143,021
2013	1,750,000	3,370,692	5,120,692
2014-2018	10,025,000	15,234,642	25,259,642
2019-2023	12,175,000	11,961,800	24,136,800
2024-2028	17,450,000	8,246,520	25,696,520
2029-2033	9,200,000	3,989,589	13,189,589
2034-2037	8,875,000	1,125,162	10,000,162
Total	\$65,400,000	\$59,233,741	\$124,633,741

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 subordinated housing and non-housing tax revenues.

The annual debt service requirements on the 2007B Bonds are as follows:

For the Years Ending June 30,	Principal
2009	\$465,000
2010	535,000
2011	580,000
2012	625,000
2013	675,000
2014-2018	1,660,000
2019-2023	5,560,000
2024-2028	6,855,000
2029-2033	4,165,000
2034-2037	3,340,000
Total	\$24,460,000

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Pledge of Redevelopment Tax Increment Revenues

The six Tax Allocation Bond issues discussed above consist of senior and parity obligations secured by future tax increment revenues. The pledge of all future tax increment revenues (housing and non-housing revenue) ends upon repayment of \$345,918,147 remaining debt service on the Tax Allocation Bonds which is scheduled to occur in 2037. For fiscal year 2008, non-housing tax increment revenue and housing tax increment revenue pledged for both senior and parity obligations along with the associated debt service are listed below:

	Tax Revenue Pledged	Outstanding Obligation	For the Year Ended June 30, 2008		
			Debt Service	Tax Increment	Coverage
<i>Senior Non-Housing Obligations:</i>					
1991 Harbour Tax Allocation Refunding Bonds	Harbour Project Area	\$100,775	\$68,750		
1998 Harbour Tax Allocation Refunding Bonds	Harbour Project Area	35,579,236	1,172,753		
Subtotal		<u>35,680,011</u>	<u>\$1,241,503</u>	<u>\$10,553,986</u>	<u>850%</u>
<i>Senior Non-Housing Obligations:</i>					
2000 A JPFA Tax Allocation Revenue Bonds	All project areas except Harbour and Pilot	26,027,682	\$4,310,000	\$10,526,805	244%
<i>Senior Non-Housing Obligations:</i>					
2003 A & B JPFA Tax Allocation Revenue Bonds	All project areas except Pilot	47,088,216	\$1,515,771		
<i>Subordinate Non-Housing Obligations:</i>					
2004 A JPFA Tax Allocation Revenue Bonds (Two-thirds)	All project areas except Pilot	16,936,820	605,165		
2007 A Subordinate Tax Allocation Bonds	All project areas except Pilot	124,633,741	0		
Subtotal		<u>188,658,777</u>	<u>\$2,120,936</u>	<u>\$21,080,791</u>	<u>994%</u>
<i>Senior Housing Obligations:</i>					
2000 B JPFA Tax Allocation Revenue Bonds	Low and Moderate Income Housing Setaside Revenues	6,453,043	\$578,098		
<i>Subordinate Housing Obligations:</i>					
2004 B & One-third of 2004 A JPFA Tax Allocation Revenue Bonds	Low and Moderate Income Housing Setaside Revenues	11,097,375	441,064		
2007 B Subordinate Tax Allocation Bonds	Low and Moderate Income Housing Setaside Revenues	24,460,000	0		
Subtotal		<u>42,010,418</u>	<u>\$1,019,162</u>	<u>\$5,702,757</u>	<u>560%</u>
Total Outstanding Obligations		<u>\$345,918,147</u>			

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 were used to finance a portion of the costs of the new Civic Center Project, and to refund a portion of the 1995A Joint Powers Financing Authority Revenue Refunding Bonds in the principal amount of \$5,498,291 and the remaining \$25,990,000 principal amount of the 2001A Joint Powers Financing Authority Lease Revenue Bonds. The 2007 Bonds were also used to refund the remaining \$3,865,000 principal amount of the 1996 Port Terminal Lease Revenue Bonds, which is discussed in Note 8B below. Net proceeds from the Series 2007 Bonds of \$28,841,042 plus an additional amount of \$4,056,473 from the refunded 1995 A and 2001 A Bonds above were used to purchase U.S. government securities placed in an irrevocable trust to provide all the future debt service payments for the refunded 1995 A and 2001 A Bonds. The refunding resulted in an overall debt service savings of \$6,521,671. The net present value of the debt service savings is called an economic gain and amounted to \$2,079,304. The 1995 A Bonds were called in November 2007. The outstanding balance of the defeased 2001 A Bonds was \$25,445,000 at June 30, 2008. The Series 2007 Bonds in the principal amount of \$97,790,000 have been recorded as governmental activities debt, and \$3,630,000 has been recorded as business-type activities as discussed in Note 7B below.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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.

The 2007 Lease 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 2007 Lease 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 7.504% at June 30, 2008.

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

For the Years Ending June 30,	Principal	Interest	Total
2009	\$1,530,000	\$7,424,887	\$8,954,887
2010	1,430,000	7,280,631	8,710,631
2011	1,660,000	7,148,709	8,808,709
2012	1,720,000	7,010,007	8,730,007
2013	1,785,000	6,865,574	8,650,574
2014-2018	10,460,000	32,032,254	42,492,254
2019-2023	14,695,000	27,318,582	42,013,582
2024-2028	17,675,000	21,031,884	38,706,884
2029-2033	21,260,000	13,469,069	34,729,069
2034-2038	25,575,000	4,373,678	29,948,678
Total	\$97,790,000	\$133,955,275	\$231,745,275

Interest Rate Swap Agreement

The City entered into interest swap agreements in connection with the 2007A Subordinate Tax Allocation Bonds and the 2007 Lease Revenue Bonds. The transactions allow 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 agreements are disclosed below. For the swap agreements pertaining to the 2005B-1 and 2005B-2 Taxable Pension Funding Bonds, these disclosures are included below, but the swap agreements do not become effective until August 1, 2013 and August 1, 2023, respectively.

Terms. The terms, including the counterparty credit ratings of the outstanding swaps, as of June 30, 2008, are included below. The swap agreements contain scheduled reductions to the outstanding notional amount that are expected to follow scheduled reductions in the Bonds.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's/Fitch)	Fixed Rate Paid	Variable Rate Received	Termination Date
<i>2005B-1 Taxable Pension Funding Bonds</i>						
\$75,230,476	8/1/2013	JPMorgan Chase Co.	AA-/Aaa/AA	5.712%	100% of USD-3 Month LIBOR	8/1/2023
<i>2005B-2 Taxable Pension Funding Bonds</i>						
\$127,990,254	8/1/2023	JPMorgan Chase Co.	AA-/Aaa/AA	5.730%	100% of USD-3 Month LIBOR	8/1/2034
<i>2007A Subordinate Tax Allocation Bonds</i>						
\$65,400,000	7/12/2007	Royal Bank of Canada	AA-/Aaa/AA	3.990%	68% of USD-1 Month LIBOR	9/1/2036
<i>2007 Lease Revenue Bonds</i>						
\$101,420,000	9/11/2007	Royal Bank of Canada	AA-/Aaa/AA	3.657%	68% of USD-1 Month LIBOR	8/1/2037

Based on the swap agreements, the City owes interest calculated at a fixed rate to the counterparty of the swaps. In return, the counterparty owes the City interest based on 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 swaps take into consideration the prevailing interest rate environment, the specific terms and conditions of each transaction and any upfront payments that may have been received. Fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swaps, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swap. As of June 30, 2008, the fair value for the each of the outstanding swaps was in favor of the respective counterparties as follows: 2005B-1 Bonds in the amount of \$1,562,369, 2005B-2 Bonds in the amount of \$1,579,454, 2007A Subordinate Tax Allocation Bonds in the amount of \$4,980,018, and the 2007 Lease Revenue Bonds in the amount of \$4,939,131.

Credit risk. As of June 30, 2008, the City was not exposed to credit risk on the outstanding swaps because the swaps had negative fair values. However, if *interest* rates increase and the fair value of the swaps were to become positive, the City would be exposed to credit risk. The City will be exposed to interest rate risk only if the counterparty to the swaps defaults or if the swaps are 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 swaps. The swaps have basis risk since the City receives a percentage of the LIBOR Index to offset the actual variable bond rate the City pays on the underlying Bonds. The City is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the City pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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 swaps contracts default or if the swaps contracts are terminated. A termination of the swaps contracts may also result in the City's making or receiving a termination payment based on market interest rates at the time of the termination. If at the time of termination the swaps have a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Swap payments and associated debt. Using rates as of June 30, 2008, debt service requirements of the City's outstanding variable-rate 2007A and 2007 Bonds and net swap payments, assuming current interest rates remain the same for their term, are as follows. The 2005B-1 and 2005B-2 Bonds are not included in the table, because the swaps are not effective until August 1, 2013 and August 1, 2034, respectively. As rates vary, variable-rate bond interest payments and net swap payments will vary. These payments below for each of the Bonds are included in the Debt Service Requirements above:

2007 Subordinate Tax Allocation Bonds

For the Years Ending June 30,	Variable-Rate Bonds		Interest Rate Swap, Net	Total
	Principal	Interest	Interest	
2009	\$1,125,000	\$3,132,733	\$1,493,725	\$5,751,458
2010	1,525,000	2,189,867	1,459,933	5,174,800
2011	1,600,000	2,137,910	1,423,147	5,161,057
2012	1,675,000	2,083,397	1,384,624	5,143,021
2013	1,750,000	2,026,330	1,344,362	5,120,692
2014-2018	10,025,000	9,182,791	6,051,851	25,259,642
2019-2023	12,175,000	7,259,525	4,702,275	24,136,800
2024-2028	17,450,000	5,108,839	3,137,681	25,696,520
2029-2033	9,200,000	2,480,319	1,509,270	13,189,589
2034-2037	8,875,000	771,693	353,469	10,000,162
Total	\$65,400,000	\$36,373,404	\$22,860,337	\$124,633,741

2007 Lease Revenue Bonds

For the Years Ending June 30,	Variable-Rate Bonds		Interest Rate Swap, Net	Total
	Principal	Interest	Interest	
2009	\$1,890,000	\$5,698,039	\$1,977,999	\$9,566,038
2010	1,790,000	5,594,911	1,942,317	9,327,228
2011	2,030,000	5,481,443	1,902,434	9,413,877
2012	2,105,000	5,362,340	1,860,791	9,328,131
2013	2,185,000	5,238,177	1,817,569	9,240,746
2014-2018	12,215,000	24,164,743	8,380,922	44,760,665
2019-2023	14,695,000	20,289,562	7,029,020	42,013,582
2024-2028	17,675,000	15,628,850	5,403,034	38,706,884
2029-2033	21,260,000	10,021,985	3,447,084	34,729,069
2034-2038	25,575,000	3,278,970	1,094,708	29,948,678
Total	\$101,420,000	\$100,759,020	\$34,855,878	\$237,034,898

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Loans Payable

Loans payable at June 30, 2008 consisted of the following:

Wells Fargo Loan	\$500,000
CalTrans Home Loans	811,235
CHFA Help Loans	2,767,155
HUD Section 108 Loans	6,500,000
Total	<u><u>\$10,578,390</u></u>

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	Principal	Interest	Total
Ending June 30,			
2009		\$7,500	\$7,500
2010		7,500	7,500
2011		7,500	7,500
2012		7,500	7,500
2013		7,500	7,500
2014-2017	\$500,000	30,000	530,000
Total	<u><u>\$500,000</u></u>	<u><u>\$67,500</u></u>	<u><u>\$567,500</u></u>

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

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - 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 2008 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
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	158,141	62,081	220,222
2014-2018	854,054	247,055	1,101,109
2019-2023	970,060	131,049	1,101,109
2024-2025	423,966	13,246	437,212
Total	\$3,000,000	\$740,539	\$3,740,539

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 2012 through 2026.

For the Years Ending June 30,	Principal	Interest	Total
2009		\$90,300	\$90,300
2010		90,300	90,300
2011		90,300	90,300
2012	\$160,000	90,300	250,300
2013	170,000	81,786	251,786
2014-2018	1,000,000	334,110	1,334,110
2019-2023	1,250,000	185,760	1,435,760
2024-2026	920,000	25,284	945,284
Total	\$3,500,000	\$988,140	\$4,488,140

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Capital Leases

Capital leases payable at June 30, 2008 consisted of the following:

Municipal Finance Corporation - Viron	\$2,299,902
Sun Trust Leasing Corporation - Computer Equipment	<u>1,664,396</u>
Total	<u><u>\$3,964,298</u></u>

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
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	493,742	14,266	508,008
2014	42,173	161	42,334
Total	<u><u>\$2,299,902</u></u>	<u><u>\$282,473</u></u>	<u><u>\$2,582,375</u></u>

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.

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

For the Years Ending June 30,	Principal	Interest	Total
2009	\$531,027	\$66,999	\$598,026
2010	554,486	43,540	598,026
2011	578,883	19,045	597,928
Total	<u><u>\$1,664,396</u></u>	<u><u>\$129,584</u></u>	<u><u>\$1,793,980</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

B. Business-Type Activities

The following is a summary of long-term debt of business-type activities during the fiscal year ended June 30, 2008:

	Balance July 01, 2007	Additions	Deletions	Balance June 30, 2008	Due Within One Year	Due in More than One Year
Bonds payable	\$49,640,002	\$3,630,000	(\$5,183,709)	\$48,086,293	\$2,745,000	\$45,341,293
Loans and leases payable	7,419,009		(1,991,579)	5,427,430	455,374	4,972,056
Total	<u>\$57,059,011</u>	<u>\$3,630,000</u>	<u>(\$7,175,288)</u>	<u>\$53,513,723</u>	<u>\$3,200,374</u>	<u>\$50,313,349</u>

Bonds payable at June 30, 2008 consisted of the following:

Port Terminal Lease Revenue Refunding Bonds Series 1999	\$2,378,837
Wastewater Revenue Bonds Series 2006A and 2006B	42,152,480
2007 Lease Revenue Bonds - Port Portion	<u>3,554,976</u>
Total	<u>\$48,086,293</u>

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. The City has pledged future port revenues, net of specified operating expenses, to repay the Port Terminal Lease Revenue Refunding Bonds through 2009. Annual principal and interest payments on the bonds are expected to require less than 24 percent and 3 percent of net port revenues. The Port of Richmond Enterprise Fund's total principal and interest remaining to be paid on the bonds is \$2,494,710. The Port of Richmond Enterprise Fund's principal and interest paid for the current year and total customer net revenues were \$1,400,903 and \$5,192,144, respectively.

Bonds outstanding are carried net of unamortized discount, as follows:

Bonds outstanding	\$2,385,000
Unamortized discount	<u>(6,163)</u>
Net	<u>\$2,378,837</u>

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

For the Years Ending June 30,	Principal	Interest	Total
2009	<u>\$2,385,000</u>	<u>\$109,710</u>	<u>\$2,494,710</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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 consisted of Term Bonds that mature on September 1, 2002, 2006, 2009 and 2016. Interest rates varied from 5.55% to a maximum of 6.6% and payments were due semiannually on February 15 and August 15. During the year ended June 30, 2008 the principal amount of \$3,865,000 was defeased by the 2007 Lease Revenue Bonds.

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 were used to purchase U.S. government securities placed in an irrevocable trust to provide all the future debt service payments for the 1999 Wastewater Bonds. The outstanding balance of the defeased bonds as of June 30, 2008 was \$36,943,845. 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	(7,213,992)
Unamortized premium	536,472
Net	<u><u>\$42,152,480</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
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	990,000	595,625	1,585,625
2014-2018	5,745,000	2,170,825	7,915,825
2019-2023	7,120,000	784,388	7,904,388
Total	<u><u>\$16,570,000</u></u>	<u><u>\$6,341,377</u></u>	<u><u>\$22,911,377</u></u>

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 8.881% at June 30, 2008.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - 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
2009		\$2,971,859	\$2,971,859
2010		2,971,646	2,971,646
2011		2,971,646	2,971,646
2012		2,971,646	2,971,646
2013		2,971,859	2,971,859
2014-2018		14,858,442	14,858,442
2019-2023		14,858,441	14,858,441
2024-2028	\$8,740,000	12,600,798	21,340,798
2029-2033	10,615,000	8,092,075	18,707,075
2034-2038	12,905,000	2,611,234	15,516,234
Total	\$32,260,000	\$67,879,646	\$100,139,646

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay the Wastewater Revenue Refunding Bonds through 2038. The Municipal Sewer Enterprise Fund's total principal and interest remaining to be paid on the bonds is \$123,051,023. The Municipal Sewer Enterprise Fund's principal and interest paid for the current year and total customer net revenues were \$2,407,579 and \$3,873,081, respectively.

Richmond Joint Powers Financing Authority Lease Revenue Bonds Series 2007 – Port Refunding Bonds Original Issue \$3,630,000

On September 11, 2007 the Richmond Joint Powers Financing Authority issued Series 2007 Lease Revenue Bonds in the amount of \$101,420,000 as discussed in Note 8A above. A portion of the proceeds from the 2007 Bonds were used to refund the remaining \$3,865,000 principal amount of the 1996 Port Terminal Lease Revenue Bonds. The Series 2007 Bonds in the principal amount of \$97,790,000 have been recorded as governmental activities debt, as discussed in Note 8A above, and \$3,630,000 has been recorded as debt in the Port of Richmond Enterprise Fund. Net proceeds from the Series 2007 Bonds of \$3,348,742 plus an additional amount of \$591,282 from the refunded 1996 Bonds were used to purchase U.S. government securities placed in an irrevocable trust to provide all the future debt service payments for the refunded Bonds. The refunding resulted in an overall debt service savings of \$935,901. The net present value of the debt service savings is called an economic gain and amounted to \$383,889. The 1996 Bonds were called in March 2008. Bonds outstanding are carried net of the unamortized loss on refunding as follows:

Bonds outstanding:	
2007 Port Portion	\$3,630,000
Unamortized deferred amount on refunding	(75,024)
Net	\$3,554,976

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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. Information regarding the interest rate swap agreement in connection with the 2007 Lease Revenue Bonds is discussed in Note 7A above.

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

For the Years Ending June 30,	Principal	Interest	Total
2009	\$360,000	\$251,151	\$611,151
2010	360,000	256,597	616,597
2011	370,000	235,168	605,168
2012	385,000	213,124	598,124
2013	400,000	190,172	590,172
2014-2017	1,755,000	513,411	2,268,411
Total	\$3,630,000	\$1,659,623	\$5,289,623

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, 2008, 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 (S&P/Moody's/Fitch)	Rate Paid	Rate Received	Termination Date
\$32,260,000	10/17/2006	JPMorgan Chase Co.	AA-/Aa2/AA-	3.661%	63.42% of USD- LIBOR-BBA	8/1/2037

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, 2008, the fair value of the swap was in favor of the counterparty in the amount of \$1,971,399.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Credit risk. As of June 30, 2008, the City was not exposed to credit risk on the outstanding swap because the swap had a negative fair value. However, if *interest* rates increase and the fair value of the swap were to become positive, the City would be exposed to credit risk. The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

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

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

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.

Swap payments and associated debt. Using rates as of June 30, 2008, debt service requirements of the City's outstanding variable-rate Bonds and net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, variable-rate bond *interest* payments and net swap payments will vary. These payments below are included in the Debt Service Requirements above:

For the Years Ending June 30,	Variable-Rate Bonds		Interest Rate Swap, Net	Total
	Principal	Interest	Interest	
2009		\$2,364,932	\$606,927	\$2,971,859
2010		2,364,719	606,927	2,971,646
2011		2,364,719	606,927	2,971,646
2012		2,364,719	606,927	2,971,646
2013		2,364,932	606,927	2,971,859
2014-2018		11,823,807	3,034,635	14,858,442
2019-2023		11,823,806	3,034,635	14,858,441
2024-2028	\$8,740,000	10,033,055	2,567,743	21,340,798
2029-2033	10,615,000	6,446,551	1,645,524	18,707,075
2034-2038	12,905,000	2,086,610	524,624	15,516,234
Total	\$32,260,000	\$54,037,850	\$13,841,796	\$100,139,646

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Loans and Leases Payable

Loans and leases payable at June 30, 2008, consisted of the following:

State Revolving Fund Loan Contract	\$2,106,248
California Department of Boating and Waterways	<u>3,321,182</u>
Total	<u><u>\$5,427,430</u></u>

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.

The annual debt service requirements on the State Revolving Fund Loan are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2009	\$398,012	\$63,187	\$461,199
2010	410,170	51,241	461,411
2011	422,475	38,936	461,411
2012	435,221	26,190	461,411
2013	440,370	13,205	453,575
Total	<u>\$2,106,248</u>	<u>\$192,759</u>	<u>\$2,299,007</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, 2008 was \$3,321,181.

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

For the Years Ending June 30,	Principal	Interest	Total
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	68,405	138,410	206,815
2014-2018	391,064	643,012	1,034,076
2019-2023	487,337	546,738	1,034,075
2024-2028	607,310	426,765	1,034,075
2029-2033	714,786	277,257	992,043
2034-2038	568,109	126,959	695,068
2039-2043	238,766	17,545	256,311
Total	<u>\$3,321,182</u>	<u>\$2,758,541</u>	<u>\$6,079,723</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - 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 2008, cumulative excess payments received from the lessee were used to repay principal of \$1,549,865. The lease was fully repaid during fiscal year 2008.

C. Business-Type Activities – RHA Properties

The following is a summary of RHA Properties long-term debt activities during the fiscal year ended June 30, 2008:

	Balance July 1, 2007	Deletions	Balance June 30, 2008	Due Within One Year	Due in More than One Year
Bonds payable	<u>\$33,598,835</u>	<u>(\$267,647)</u>	<u>\$33,331,188</u>	<u>\$405,000</u>	<u>\$32,926,188</u>

Bonds payable at June 30, 2008 consisted of the following:

RHA Properties Affordable Housing Agency Bonds Series 2003 A	\$21,600,000
JPFA Subordinate Multifamily Housing Revenue Bonds Series 2007	<u>11,731,188</u>
	<u>\$33,331,188</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.

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 (3.21% at June 30, 2008) with interest payments due monthly commencing September 15, 2003.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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
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	500,000	856,319	1,356,319
2014-2018	2,800,000	3,944,252	6,744,252
2019-2023	3,900,000	3,225,967	7,125,967
2024-2028	5,200,000	2,249,387	7,449,387
2029-2033	7,200,000	917,807	8,117,807
2034	400,000	2,901	402,901
Total	<u>\$21,600,000</u>	<u>\$14,812,424</u>	<u>\$36,412,424</u>

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

JPFA Subordinate Multifamily Housing Revenue Bonds, Series 2007

On April 12, 2007, the Richmond Joint Powers Financing Authority issued \$12,540,000 of Subordinate Multifamily Housing Revenue Bonds (Westridge at Hilltop Apartments), Series 2007 to advance refund and defease \$11,345,000 of the Subordinate Multifamily Housing Revenue Bonds, 2003 Series A-S (Subordinated Bonds). The *2007 Series Subordinate Bonds* bear interest from 3.850% to 5% per annum, payable semi-annually commencing June 15, 2007. Net proceeds were used to purchase U.S. government securities for the 2003 Series A-S Bonds. Those securities were deposited in irrevocable trust with an escrow agent to provide for all future debt service payments. The 2003 Series A-S Bonds are considered to be defeased and the liabilities for those bonds have been removed. As of June 30, 2008 \$11,085,000 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	(808,812)
Net	<u>\$11,731,188</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
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	325,000	560,170	885,170
2014-2018	1,850,000	2,579,470	4,429,470
2019-2023	2,305,000	2,113,813	4,418,813
2024-2028	2,955,000	1,471,375	4,426,375
2029-2033	3,770,000	645,000	4,415,000
2034	430,000	10,750	440,750
Total	\$12,540,000	\$9,736,265	\$22,276,265

RHA Properties has pledged future revenues to repay the Bonds through 2033. Annual principal and interest payments on the bonds are expected to require less than 17 percent of revenues. The RHA properties total principal and interest remaining to be paid on the bonds is \$58,688,689. The RHA properties principal and interest paid for the current fiscal year and total rental revenues were \$599,972 and \$3,462,561, respectively.

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, 2008, 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	\$1,665,000
Richmond JPFA Reassessment Revenue Bonds, 2003 Series A, secured solely by revenues from Reassessment District 2003-1 (Atlas Interchange/Atlas Road West)	8,085,000
Harbor Navigation Improvement District	1,395,000
Community Facilities District No. 1998-1	3,875,000
San Pablo Avenue Street Lighting District No. 854	60,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2006A (including Series 2006AT)	9,880,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2006B	1,945,000

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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, 2008, the balance of these issuers' outstanding debts was as follows:

Bridge Housing Acquisitions, Inc.	\$13,570,000
YMCA of the East Bay, 1996 Revenue Bonds	3,370,000
Baycliff Apartment Project, 2004 Revenue Bonds	32,000,000
Crescent Park Apartment Project, 2007 Series A & Series A-T Revenue Bonds	67,000,000

NOTE 8 - DEFERRED REVENUE

Fund Financial Statements

At June 30, 2008, 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:

	General Fund	Redevelopment Agency Administration	Redevelopment Agency Low/Mod Income Housing	Redevelopment Agency Projects	Non- Major Governmental Funds	Total
Loans Receivable	\$717,716	\$2,688,251	\$16,027,594	\$10,358,592	\$5,715,316	\$35,507,469
Grants Receivable					1,146,098	1,146,098
Interest accrual - Advances to other funds	1,546,735					1,546,735
Park & recreation receivable - unearned rents	106,451					106,451
Total	<u>\$2,370,902</u>	<u>\$2,688,251</u>	<u>\$16,027,594</u>	<u>\$10,358,592</u>	<u>\$6,861,414</u>	<u>\$38,306,753</u>

NOTE 9 - DEFICIT FUND BALANCES AND ACCUMULATED DEFICITS

Deficit fund balance of \$463,465 and \$2,778,497 in the Paratransit Operations and Cost Recovery Special Revenue Funds will be eliminated by future service revenues.

Deficit net assets of \$3,580,386 in the Insurance Reserves Internal Service Fund is expected to be eliminated through future increases in service charges.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 10 - 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.

Funding Policy

Active plan members are required by state statute to contribute 7%-8% for miscellaneous and 9% for safety employees of their annual covered salary. The City, as employer, was required to contribute at an actuarially determined rate of 12.641% and 17.512% of annual covered payroll for miscellaneous and safety employees, respectively. Total employer contributions based on the actuarially determined rates amounted to \$9,327,481 for the year ended June 30, 2008.

Annual Pension Cost and Net Pension Asset

For 2007-2008, the City's annual pension cost of \$11,776,488 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, 2008, were 30 years for both the miscellaneous and the safety employees plans for prior and current service unfunded liability.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 10 - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Continued)

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

Safety Plan:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
6/30/2006	\$7,111,495	100%	\$65,171,265
6/30/2007	5,506,687	100%	63,785,279
6/30/2008	6,086,347	100%	62,354,249

Miscellaneous Plan:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
6/30/2006	\$5,708,395	100%	\$46,360,181
6/30/2007	4,830,259	100%	45,374,247
6/30/2008	5,690,141	100%	44,356,270

The City prepaid its pension contributions with proceeds from the 2005 Pension Obligation Bonds (See Note 7). These prepaid contributions are reflected in the accompanying financial statements as Net Pension Asset which amounted to \$106,710,519 at June 30, 2008. During fiscal 2008, the amortization of the prepayment increased the actuarially required contributions by \$2,449,007 to arrive at Annual Pension Costs of \$11,776,488, as shown below for each Plan:

	<u>Safety</u>	<u>Miscellaneous</u>	<u>Total</u>
Annual required contribution	\$4,655,317	\$4,672,164	\$9,327,481
Interest on net pension obligation	(4,943,359)	(3,516,504)	(8,459,863)
Adjustment to annual required contribution	6,374,389	4,534,481	10,908,870
Annual pension cost	6,086,347	5,690,141	11,776,488
Contributions made	(4,655,317)	(4,672,164)	(9,327,481)
(Decrease) increase in net pension obligations	1,431,030	1,017,977	2,449,007
Net pension obligation (asset) June 30, 2007	(63,785,279)	(45,374,247)	(109,159,526)
Net pension obligation (asset) June 30, 2008	<u>(\$62,354,249)</u>	<u>(\$44,356,270)</u>	<u>(\$106,710,519)</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 10 - 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
06/30/05	\$326,157,639	\$259,483,882	\$66,673,757	79.6%	\$22,128,726	301.3%
06/30/06	339,241,980	339,619,607	(377,627)	100.1%	21,314,998	(1.8%)
06/30/07	362,133,278	359,089,009	3,044,269	99.2%	24,752,789	12.3%

Miscellaneous Plan:

Actuarial						
Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
06/30/05	\$269,183,479	\$221,754,486	\$47,428,993	82.4%	\$28,600,241	165.8%
06/30/06	277,497,262	278,531,185	(1,033,923)	100.4%	29,837,781	(3.5%)
06/30/07	294,179,170	294,827,825	(648,655)	100.2%	33,931,419	(1.9%)

NOTE 11 – 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 84 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, 2008

NOTE 11 – 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, 2008 the pension plans' reported assets available for benefits of \$24,621,613. The composition of these assets at June 30, 2008 is shown below. For actuarial purposes, the value of the Plans' assets was determined to be fair value.

Pooled cash and investments	\$ 4,164,472
Local Agency Investment Fund	182,596
Wellington Trust Company Fund	<u>20,274,545</u>
Assets available for benefits at June 30, 2008	<u><u>\$ 24,621,613</u></u>

Actuarially Determined Required Contributions

General Pension Plan – As of July 1, 2007, the date of the most recent actuarial valuation available, the actuarial present value of pension benefits under the Plan was \$5,242,136 and the assets of the Plan at fair value were \$2,416,881 resulting in an unfunded actuarial liability of \$2,825,255. In computing the actuarial valuation, Plan assets were assumed to yield a 4.5% return and benefit payments were assumed to increase 3.5% annually. Assumptions for retirement age, disability, withdrawal, and salary increases were not meaningful as all of the participants had retired. The required contribution was determined by using the entry age normal actuarial cost method.

Police and Firemen's Pension Plan – 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, 2008 was \$5,000,000. Pension benefits for the 2007/2008 fiscal year were \$4,746,409. The actuarial present value of future pension liabilities under the Plan at July 1, 2007, the date of the most recent actuarial valuation, was approximately \$43,591,093, representing principally prior service costs. Assets of the Plan were \$22,910,310 resulting in an unfunded actuarial liability of \$20,680,783. 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, 2008

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

Garfield Pension Plan – As of July 1, 2007, the date of the most recent actuarial valuation available, the actuarial present value of pension benefits under the Plan was \$899,777 and the assets of the Plan at fair value were \$326,228 resulting in an unfunded actuarial liability of \$573,549. In computing the actuarial valuation, Plan assets were assumed to yield a 4.5% return and benefit payments were assumed to increase 3.5% annually. Assumptions for retirement age, disability, withdrawal, and salary increases were not meaningful as the only participant had retired. The required contribution was determined by using the entry age normal actuarial cost method.

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

Fiscal Year	General Pension Plan			Police and Firemen's Pension Plan		
	Annual Required Contribution	Amount Contributed	Percent Contributed	Annual Required Contribution	Amount Contributed	Percent Contributed
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%
2007/08	307,948	307,948	100%	2,199,459	5,000,000	227%

Fiscal Year	Garfield Pension Plan		
	Annual Required Contribution	Amount Contributed	Percent Contributed
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%
2007/08	72,484	72,484	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, 2008

NOTE 11 – 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, 2008, the Police and Firemen’s Pension Plan and the General Pension Plan had net pension assets of \$2,433,227 and \$1,787,556, respectively. At June 30, 2008, the Garfield Pension Plan had a net pension liability of \$191,095. The net pension assets and the net pension liability have been recorded in the City-wide financial statements as Net Pension Asset and Net Pension Obligation.

The net pension liability (asset) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization periods at June 30, 2008, were fourteen, twelve, and eight 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 2007-2008 were as follows:

	<u>Police and Firemen's Plan</u>	<u>General Pension Plan</u>	<u>Garfield Pension Plan</u>
Annual required contribution	\$2,199,459	\$307,948	\$72,484
Interest on net pension obligation	24,203	(85,186)	9,319
Adjustment to annual required contribution	<u>(39,600)</u>	<u>195,503</u>	<u>(26,172)</u>
Annual pension cost	2,184,062	418,265	55,631
Contributions made	<u>(5,000,000)</u>	<u>(307,948)</u>	<u>(72,484)</u>
(Decrease) increase in net pension obligations	(2,815,938)	110,317	(16,853)
Net pension obligation (asset) June 30, 2007	<u>382,711</u>	<u>(1,897,873)</u>	<u>207,948</u>
Net pension obligation (asset) June 30, 2008	<u><u>(\$2,433,227)</u></u>	<u><u>(\$1,787,556)</u></u>	<u><u>\$191,095</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

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

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
Police and Fireman's Plan			
June 30, 2006	\$2,056,237	108%	\$4,542,122
June 30, 2007	2,056,237	302%	382,711
June 30, 2008	2,184,062	229%	(2,433,227)
General Pension Plan			
June 30, 2006	335,200	71%	(1,994,809)
June 30, 2007	335,200	71%	(1,897,873)
June 30, 2008	418,265	74%	(1,787,556)
Garfield Pension Plan			
June 30, 2006	56,882	130%	224,983
June 30, 2007	56,882	130%	207,948
June 30, 2008	55,631	130%	191,095

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 11 – 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, 2002	\$49,135,204	\$25,177,947	\$23,957,257	51%	(A)	N/A
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
July 1, 2006	N/A (C)	N/A (C)	N/A (C)	N/A (C)	(A)	N/A
July 1, 2007	43,591,093	22,910,310	20,680,783	53%	(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, 2002	\$6,246,070	\$2,145,405	\$4,100,665	34%	(B)	N/A
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
July 1, 2006	N/A (C)	N/A (C)	N/A (C)	N/A (C)	(B)	N/A
July 1, 2007	5,242,136	2,416,881	2,825,255	46%	(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, 2002	N/A (C)	N/A (C)	N/A (C)	N/A (C)	(B)	N/A
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
July 1, 2006	N/A (C)	N/A (C)	N/A (C)	N/A (C)	(B)	N/A
July 1, 2007	899,777	326,228	573,549	36%	(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, 2008

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

Plan Financial Statements

The Statement of Net Assets for the Plans at June 30, 2008 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	\$2,109,990	\$1,904,191	\$150,291
Local Agency Investment Fund			182,596
Mutual Fund Investments		20,274,545	
Interest receivable	<u>4,336</u>	<u>3,863</u>	<u>1,569</u>
Total Assets	<u>2,114,326</u>	<u>22,182,599</u>	<u>334,456</u>
LIABILITIES			
Accounts payable		<u>65,192</u>	
NET ASSETS			
Held in trust for employees' pension benefits	<u>\$2,114,326</u>	<u>\$22,117,407</u>	<u>\$334,456</u>

The Statement of Changes in Plan Net Assets for the year ended June 30, 2008 follows:

	<u>General Pension</u>	<u>Police and Fireman's Pension</u>	<u>Garfield Pension</u>
ADDITIONS			
Net investment income:			
Net increase (decrease) in the fair value of investments	\$9,647	(\$1,643,164)	
Interest income	89,129	803,739	\$13,127
Investment management fees		(213,314)	
Contribution from the City	307,948		72,484
Contribution from Pension Reserve		5,000,000	
Other		<u>12,284</u>	
Total Additions	<u>406,724</u>	<u>3,959,545</u>	<u>85,611</u>
DEDUCTIONS			
Pension benefits	709,193	4,752,448	77,378
Administrative expenses	<u>86</u>		<u>5</u>
Total Deductions	<u>709,279</u>	<u>4,752,448</u>	<u>77,383</u>
Net Increase (Decrease)	(302,555)	(792,903)	8,228
NET ASSETS			
Beginning of year	<u>2,416,881</u>	<u>22,910,310</u>	<u>326,228</u>
End of year	<u>\$2,114,326</u>	<u>\$22,117,407</u>	<u>\$334,456</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

During fiscal year 2008, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB). The provisions of this Statement are applied prospectively and do not affect prior year's financial statements. Required disclosures are presented below.

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

Plan Provisions for Future Retirees

Classification	Eligibility (Age/Service)	Monthly Premium Paid by City Before/After Medicare Eligibility
SEIU Local 790	Service Retirement: 50/20, 51/18, 52/16, 53/14, 54/12, 55/10 Disability Retirement: any age/10	Retiree only or surviving spouse: \$244/\$202 Retiree +1 or more: \$364/\$304
IFPTE, Miscellaneous Executive Management, City Council	Service Retirement: Same as SEIU Disability Retirement: 50/20, 51/18, 52/16, 53/14, 54/12, 55/10	Same as SEIU
Fire Local 188, Fire Management, and Fire Executive Management	35/15	Percentage of premium for retiree/dependents/surviving spouse up to 2nd highest premium plan. Percentage is 90%, increased to 100% after 27 years of service
Police Local 3	10 years of service	Percentage of premium for retiree/dependents/surviving spouse but no more than \$614 per month, including dental and vision. Percentage is 50%, increased to 90% after 15 years of service, and 100% after 25 years of service
Police Widows	Death in line of duty	Full premium
Police Management and Police Executive Management	50/20, 51/18, 52/16, 53/14, 54/12, 55/10	Percentage of premium for retiree/dependents/surviving spouse up to Kaiser (1) (Pre Medicare) and 2nd highest premium plan (post Medicare). Percentage is 65%, increased to 75% after 20 years of service, and 100% after 27 years of service

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Provisions for Current Retirees		
Classification	Subgroup	Monthly Premium Reimbursement Before/After Medicare Eligibility
SEIU Local 790		Retiree only or surviving spouse: \$244/\$202 Retiree +1 or more: \$364/\$304
IFPTE, Miscellaneous Executive Management	Retired November 5, 1999 or later	Retiree only or surviving spouse: \$244/\$202 Retiree +1 or more: \$364/\$304
	Retired before November 5, 1999	Retiree only or surviving spouse: \$144/\$102 Retiree +1 or more: \$264/\$204
Fire Local 188 and Fire Management		Percentage of premium for retiree/dependents/surviving spouse up to 2nd highest premium plan. Percentage is 90%, increased to 100% after 27 years of service
Police Local 3	Retired July 1, 2004 or later	Percentage of premium for retiree/dependents/surviving spouse but no more than \$614 per month, including dental and vision. Percentage is 50%, increased to 90% after 15 years of service, and 100% after 25 years of service
	Retired July 1, 1997 through June 30, 2004	Percentage of premium for retiree/dependents/surviving spouse but no more than \$550 per month, including dental and vision. Percentage is 50%, increased to 90% after 15 years of service, and 100% after 25 years of service
	Retired July 1, 1994 through June 30, 1997	Percentage of premium for retiree/dependents/surviving spouse. Percentage is 65%, increased to 75% after 20 years of service, and 100% after 27 years of service

Funding Policy and Actuarial Assumptions

In fiscal year 2007, the City hired an actuary to prepare a study to determine the unfunded liability of these benefits for both active employees and retirees. The study indicates that as of July 1, 2007, the unfunded actuarial liability was estimated to be \$45,083,965, assuming the City had made a contribution to a trust during fiscal year 2007. However, the City did not contribute to a trust until fiscal year 2008. The study indicates that as of July 1, 2007, the actuarial accrued liability was estimated to be \$47,046,989. As of June 30, 2008, the City joined the Public Agencies Post-Retirement Health Care Plan, a multiple employer trust administered by Public Agency Retirement Services (PARS).

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The City's policy is to partially prefund these benefits by accumulating assets with PARS discussed above along with making pay-as-you-go payments pursuant to Resolution No. 52-06 of June 27, 2006. The annual required contribution (ARC) was determined as part of a July 1, 2007 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.75% investment rate of return, (b) 3.25% projected annual salary increase, and (c) health care cost trend rates of 4.75-5.25% for medical and 4.25% for dental. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period.

Funding Progress and Funded Status

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2008, the City contributed \$5,906,179 to the Plan, including \$2,206,179 for pay-as-you-go premiums, \$1,700,000 paid to PARS representing the remaining ARC plus an additional \$2,000,000 paid to PARS to prefund benefits which represented 9.3% of the \$63.5 million of covered payroll. As a result, the City has recorded the Net OPEB Asset, representing the difference between the ARC and actual contributions, as presented below:

Annual required contribution	\$ 3,709,303
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	3,709,303
Contributions made	<u>(5,906,179)</u>
(Decrease) increase in net OPEB obligations	(2,196,876)
Net OPEB obligation June 30, 2007	<u>-</u>
Net OPEB obligation (asset) June 30, 2008	<u><u>(\$2,196,876)</u></u>

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated July 1, 2007, amounted to \$47,046,989 million and was unfunded since no assets had been transferred into PARS as of that date. However, as of June 30, 2008, the City transferred additional contributions to PARS which along with investment income totaled \$5,906,179 and reduced the unfunded actuarial accrued liability to \$41,140,810.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The Plan's annual required contributions and actual contributions for the year ended June 30, 2008 are set forth below:

Fiscal Year	Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed	Net OPEB Obligation (Asset)
6/30/2008	\$3,709,303	\$5,906,179	159.23%	(\$2,196,876)

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the July 1, 2007 actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A - B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A - B)/C]
7/1/2007	\$ -	\$47,046,989	(\$47,046,989)	0%	\$44,201,238	-106%

NOTE 13 – 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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 14 - 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 / Deductible	Coverage Limit	Insurance Carrier
Workers' compensation	\$1,000,000 per claim	\$24,000,000 in excess of SIR	ARCH Insurance Co.
Difference in Conditions	10% pre-1970, minimum \$100,000, 5% post-1970 of total insured value of each building	\$50,000,000 in excess of SIR	Westchester Surplus Lines Insurance Co.
Crime/Employee Dishonesty	\$10,000 per claim	\$1,000,000 in excess of deductible	National Union Fire Insurance Co.

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)	\$25,000,000
Property	
All Risk Fire (\$5,000)	1,000,000,000
Flood*	25,000,000
Boiler & Machinery (\$5,000)	100,000,000
Employment Practices (\$50,000)	1,000,000

* \$100,000 minimum deductible per occurrence, except Zone A & V, which are subject to a \$250,000 deductible per occurrence.

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, 2008, 2007 and 2006 the amount of settlements did not exceed insurance coverage.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 14 - RISK MANAGEMENT (Continued)

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, 2008, the estimated claims payable of \$20,264,000, consisting of reserves for both reported and IBNR losses, as well as allocated loss adjustment expenses, have been recorded in the Insurance Reserves internal service fund. The claims payable are reported at their present value using expected future investment yield assumptions of 3 percent and an eighty percent confidence level. The undiscounted claims totaled \$19,628,000 at June 30, 2008. Changes in the claims liabilities for the years ended June 30, 2008 and 2007 were as follows:

	<u>2008</u>	<u>2007</u>
Claims liabilities, beginning of year	\$23,000,000	\$22,710,000
Current year claims	5,772,840	1,667,337
Change in prior year claims	2,796,575	11,348,863
Claim payments	(6,754,543)	(9,037,799)
Legal, administrative and other expenses	<u>(4,550,872)</u>	<u>(3,688,401)</u>
Claims liabilities, end of year	<u><u>\$20,264,000</u></u>	<u><u>\$23,000,000</u></u>
Claims liabilities, due in one year	<u><u>\$9,619,000</u></u>	<u><u>\$9,560,000</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 15 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City's non-major enterprise funds include the following segments:

- Richmond Marina Fund – Marina operations and maintenance, including berth rentals and use of marina facilities.
- Storm Sewer Fund – Storm sewer management and urban runoff control.
- Cable TV Fund – Administration and enforcement of the franchise agreements with two cable television systems, management of a municipal cable channel, departmental video services, media and public information, and telecommunications planning.

Fiscal 2008 condensed financial information for the Richmond Marina Enterprise Fund is as follows:

Condensed Statement of Net Assets

Assets:	
Current assets	\$3,581,067
Capital assets	2,302,420
Total assets	<u>5,883,487</u>
Liabilities:	
Current liabilities	194,361
Long-term liabilities	3,263,820
Total liabilities	<u>3,458,181</u>
Net assets:	
Invested in capital assets, net of debt	(1,018,762)
Unrestricted	3,444,068
Total net assets	<u><u>\$2,425,306</u></u>

Condensed Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues:	
Lease income	\$484,212
Depreciation expense	(90,747)
Other operating expenses	(136)
Operating income	<u>393,329</u>
Nonoperating revenues (expenses):	
Interest income	156,895
Interest expense	(149,659)
Change in net assets	400,565
Beginning net assets	2,024,741
Ending net assets	<u><u>\$2,425,306</u></u>

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$488,910
Capital and related financing activities	(206,814)
Investing activities	154,796
Net increase	436,892
Beginning cash and investments	3,073,563
Ending cash and investments	<u><u>\$3,510,455</u></u>

NOTE 16 - RESTATEMENT

During fiscal year 2008 the City determined that deferred revenue in the General Fund totaling \$7,484,889 had been earned in previous fiscal years. Therefore, beginning fund balance in the General Fund and beginning net assets in the Statement of Activities have been restated in that amount.

City of Richmond
Notes to Basic Financial Statements
June 30, 2008

NOTE 17 - 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 Police Department occupies leased premises owned by DiCon Fiberoptics, Inc. under the terms of a non-cancelable lease terminating on December 31, 2009, which calls for minimum monthly lease payments of \$81,034.

The City's future commitments under construction projects totaled approximately \$10,746,034 at June 30, 2008 for projects including the West MacDonald Avenue street redesign, the general plan update and various paving projects.

Litigation

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

Housing Authority – Easter Hill Project

In June 2000, the Richmond Housing Authority received a \$35 million grant (HOPE VI Grant) from the U.S. Department of Housing and Urban Development ("HUD") for the revitalization of the former Easter Hill Public Housing project. The original Easter Hill site, owned by the Richmond Housing Authority, included 300 units on 21 acres in the Cortez/Stege neighborhood of Richmond.

The California Tax Credit Committee, City of Richmond, Bank of America, Silicon Valley, Federal Home Loan Bank, California Housing Finance Agency, the Richmond Housing Authority along with the \$35 million dollar HUD grant financed this \$120 million revitalization effort. Physical costs are estimated to be approximately \$108 million and life services, relocation, acquisition, administrative and other costs are estimated to be approximately \$12 million. The physical development includes approximately 320 rental and homeownership units to replace the 300 rental units originally at the site and 273 remaining units at the time of grant approval. Amenities at the revitalized site include a pool and a 5,000 square feet community room with facilities for an after school program, computer center, gymnasium and conference room.

In addition, pursuant of the same agreement, the Authority is entitled to receive reimbursement for certain costs it has incurred in development of these projects. Upon completion of the project, the Authority recorded \$8,628,540, representing reimbursement from the developer which has been recorded in the accompanying financial statements as due from developer.

Other

As of June 30, 2008, a major property taxpayer filed an appeal with the County challenging the assessed valuation of their property, however as of December 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, 2008

NOTE 18 - SUBSEQUENT EVENTS

Richmond Variable Rate Wastewater Revenue Refunding Bonds, Series 2008 A

On October 17, 2008 the City of Richmond issued Series 2008 A Wastewater Revenue Refunding Bonds in the amount of \$33,015,000. The proceeds from the Bonds will be used to refund the City's 2006 B Wastewater Revenue Bonds. The 2008 A Bonds were issued as variable rate Bonds. The rate fluctuates according to the market conditions. The City originally entered into an interest rate swap agreement for the entire amount of the 2006 B Bonds, and the City will maintain this interest rate swap agreement after the redemption of the 2006 B Bonds and the 2008 A Bonds, will be associated with the interest rate swap agreement. The combination of the variable rate bonds and a floating rate swap creates a synthetic fixed-rate debt for the City.

Suntrust Capital Leases

On July 2, 2008 the City entered into three new capital leases in the amounts of \$2,849,228, \$1,473,600, and \$1,704,800. The purpose of these leases is for the acquisition of street sweeping vehicles and trucks, fire vehicles and related equipment and various other vehicles. The leases bear interest rates that range from 3.90% to 4.35%. Principal and interest payments on the leases are due semi-annually on each June 26 and December 26 commencing on December 26, 2008.

CITY OF RICHMOND
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property tax-current collections	\$33,063,746	\$33,783,746	\$34,269,322	\$485,576
Sales tax	29,325,855	31,279,586	29,005,711	(2,273,875)
Utility user fees	30,712,812	30,712,812	29,553,243	(1,159,569)
Other taxes	13,264,250	8,551,122	7,659,207	(891,915)
Licenses, permits and fees	4,200,331	3,615,705	2,975,914	(639,791)
Fines, forfeitures and penalties	289,000	289,000	283,918	(5,082)
Use of money and property	1,900,000	3,000,000	756,288	(2,243,712)
Intergovernmental	5,267,670	5,382,670	5,101,207	(281,463)
Charges for services	2,989,020	2,989,020	2,314,495	(674,525)
Rent	389,600	389,600	308,946	(80,654)
Other	867,279	867,279	1,878,275	1,010,996
	<u>122,269,563</u>	<u>120,860,540</u>	<u>114,106,526</u>	<u>(6,754,014)</u>
EXPENDITURES:				
Current				
General government	15,553,084	16,102,064	17,794,828	(1,692,764)
Public safety	80,291,187	88,368,605	80,799,922	7,568,683
Public works	7,929,314	8,666,188	7,780,750	885,438
Community development	1,959,988	1,875,142	1,610,874	264,268
Cultural and recreational	21,893,167	22,252,259	20,165,663	2,086,596
Capital outlay			763,184	(763,184)
	<u>127,626,740</u>	<u>137,264,258</u>	<u>128,915,221</u>	<u>8,349,037</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(5,357,177)</u>	<u>(16,403,718)</u>	<u>(14,808,695)</u>	<u>1,595,023</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	4,025,000	4,025,000	4,008,197	(16,803)
Transfers in	7,600,000	14,941,555	5,503,497	(9,438,058)
Transfers (out)	(8,828,890)	(9,211,890)	(10,183,160)	(971,270)
	<u>2,796,110</u>	<u>9,754,665</u>	<u>(671,466)</u>	<u>(10,426,131)</u>
NET CHANGE IN FUND BALANCE				
	<u>(2,561,067)</u>	<u>(6,649,053)</u>	<u>(15,480,161)</u>	<u>(8,831,108)</u>
Fund balance, July 1	<u>61,916,789</u>	<u>61,916,789</u>	<u>61,916,789</u>	
Fund balance, June 30	<u>\$59,355,722</u>	<u>\$55,267,736</u>	<u>\$46,436,628</u>	<u>(\$8,831,108)</u>

CITY OF RICHMOND
REDEVELOPMENT AGENCY ADMINISTRATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses, permits and fees			\$1,037,112	\$1,037,112
Use of money and property			774,359	774,359
Intergovernmental			1,500	1,500
Other			326,654	326,654
Total Revenues			2,139,625	2,139,625
EXPENDITURES				
Current:				
Housing and redevelopment	\$8,268,803	\$8,268,803	6,893,357	1,375,446
Debt service:				
Interest and fiscal charges	1,515,771	1,515,771	1,520,453	(4,682)
Total Expenditures	9,784,574	9,784,574	8,413,810	1,370,764
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,784,574)	(9,784,574)	(6,274,185)	3,510,389
OTHER FINANCING SOURCES (USES)				
Transfers in	9,784,574	9,784,574	13,077,064	3,292,490
Transfers (out)	(5,459,000)	(5,459,000)	(310,036)	5,148,964
Total other financing sources (uses)	4,325,574	4,325,574	12,767,028	8,441,454
NET CHANGE IN FUND BALANCE	(5,459,000)	(5,459,000)	6,492,843	11,951,843
Fund balance, July 1	2,392,604	2,392,604	2,392,604	
Fund balance, June 30	(\$3,066,396)	(\$3,066,396)	\$8,885,447	\$11,951,843

City of Richmond
Required Supplementary Information
June 30, 2008

NOTES TO BUDGETARY COMPARISON SCHEDULES

Budgets and Budgetary Accounting

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

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

An operating budget is adopted each fiscal year for the General Fund, certain Special Revenue Funds (Redevelopment Agency Administration, State Gas Tax, General Purpose, Paratransit Operations, Special Programs, Public Safety, Cost Recovery, Hilltop LMD, and Developer Impact Fees) and certain debt service funds (Redevelopment Agency Debt Service, 2005 Pension Obligation Bonds, and General Debt Service). Public hearings are conducted on the proposed budgets to review all appropriations and sources of financing. Capital projects funds are budgeted by the Mayor and City Council over the term of the individual projects. Since capital projects are not budgeted on an annual basis, they are not included in the budgetary data.

Expenditures are controlled at the fund level for all budgeted departments with in 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.

This Page Left Intentionally Blank

**City of Richmond
Supplementary Information
June 30, 2008**

Major Governmental Fund Other than the General Fund and Major Special Revenue Funds

CITY OF RICHMOND
REDEVELOPMENT AGENCY DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$22,292,479	\$26,535,184	\$4,242,705
Use of money and property	168,074	746,990	578,916
Total Revenues	22,460,553	27,282,174	4,821,621
EXPENDITURES			
Debt service:			
Principal	2,280,000	2,345,000	(65,000)
Interest and fiscal charges	2,958,960	2,879,648	79,312
Total Expenditures	5,238,960	5,224,648	14,312
EXCESS OF REVENUES OVER EXPENDITURES	17,221,593	22,057,526	4,835,933
OTHER FINANCING SOURCES (USES)			
Transfers in	5,231,879	13,768,687	8,536,808
Transfers (out)	(15,889,460)	(30,919,447)	(15,029,987)
Total Other Financing Sources (Uses)	(10,657,581)	(17,150,760)	(6,493,179)
NET CHANGE IN FUND BALANCE	6,564,012	4,906,766	(1,657,246)
Fund Balance, July 1	14,208,643	14,208,643	
Fund Balance June 30	\$20,772,655	\$19,115,409	(\$1,657,246)

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.

Special Programs to account for monies received and expended from public donations earmarked for non-profit organizations, youth education and after school programs.

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.

Developer Impact Fees to account for monies received from fees levied by the City on new commercial and residential projects. These funds will be used to mitigate the additional public safety and infrastructure costs resulting from these development projects.

City of Richmond
June 30, 2008

DEBT SERVICE FUNDS

2005 Pension Obligation Bonds Debt Service Fund receives transfers from the General Fund and the Pension Tax Override Fund, and pays the debt service on the 2005 Pension Obligation Bonds.

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

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.

Civic Center Debt Service Fund accounts for principal and interest payments on the 2007 Lease Revenue Bonds.

CAPITAL PROJECTS FUNDS

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

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.

This Page Left Intentionally Blank

CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2008

SPECIAL REVENUE FUNDS

	State Gas Tax	General Purpose	Paratransit Operations	Community Development Block Grant	Special Programs
ASSETS					
Cash and investments	\$3,969,340	\$6,440,981			\$950,082
Restricted cash and investments				\$2,063,571	
Receivables:					
Accounts, net	449,279	89,722	\$5,863	8,440	163,065
Interest	11,176	12,983	(1,092)		1,954
Grants		125,941		556,323	
Loans				5,711,926	
Due from other funds				2,457	
Total Assets	\$4,429,795	\$6,669,627	\$4,771	\$8,342,717	\$1,115,101
LIABILITIES					
Accounts payable and accrued liabilities	\$138,396	\$158,159	\$17,405	\$84,768	\$208
Refundable deposits					
Due to other funds			450,831	765,384	
Advance from other funds					
Deferred revenue				5,715,316	
Total Liabilities	138,396	158,159	468,236	6,565,468	208
FUND EQUITY					
Fund balances (deficits)					
Reserved for encumbrances	651,236	281,135	279	10,139	
Unreserved, undesignated	3,640,163	6,230,333	(463,744)	1,767,110	1,114,893
Total Fund Balances (Deficits)	4,291,399	6,511,468	(463,465)	1,777,249	1,114,893
Total Liabilities and Fund Balances	\$4,429,795	\$6,669,627	\$4,771	\$8,342,717	\$1,115,101

SPECIAL REVENUE FUNDS					DEBT SERVICE FUNDS		
Employment and Training	Public Safety	Cost Recovery	Hilltop LMD	Developer Impact Fees	2005 Pension Obligation Bonds	JPFA	General Debt Service
\$603,563	\$353,796	\$109,357	\$466,254	\$1,960,195	\$6,291,336		\$421,693 614,404
30,269	174,722	2,513,005		\$84,274			
1,074,472	974	953	948	4,030			123
	60,007				4,000,000		
<u>\$1,708,304</u>	<u>\$589,499</u>	<u>\$2,623,315</u>	<u>\$467,202</u>	<u>\$2,048,499</u>	<u>\$10,291,336</u>		<u>\$1,036,220</u>
\$200,772	\$19,948	\$213,699	\$19,753	\$45,825			
		3,556,233					
		1,631,880					
70,289				211,686			
<u>271,061</u>	<u>19,948</u>	<u>5,401,812</u>	<u>19,753</u>	<u>257,511</u>			
1,437,243	9,621	468,547		619,255	\$10,291,336		\$1,036,220
	559,930	(3,247,044)	447,449	1,171,733			
1,437,243	569,551	(2,778,497)	447,449	1,790,988	10,291,336		1,036,220
<u>\$1,708,304</u>	<u>\$589,499</u>	<u>\$2,623,315</u>	<u>\$467,202</u>	<u>\$2,048,499</u>	<u>\$10,291,336</u>		<u>\$1,036,220</u>

(Continued)

CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2008

	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS			Total Nonmajor Governmental Funds
	Civic Center Debt Service	General Capital Improvement	Measure C	Harbor Navigation	
ASSETS					
Cash and investments		\$7,444,454	\$2,719,491	\$657,728	\$26,096,934
Restricted cash and investments	\$9,614,532	2,771,108		347,105	21,702,056
Receivables:					
Accounts, net		800,000			4,318,639
Interest		13,674	12,811	1,359	59,893
Grants		1,075,809			2,892,552
Loans					5,711,926
Due from other funds					4,002,457
	<u>\$9,614,532</u>	<u>\$12,105,045</u>	<u>\$2,732,302</u>	<u>\$1,006,192</u>	<u>\$64,784,457</u>
Total Assets					
LIABILITIES					
Accounts payable and accrued liabilities		\$381,202	\$112,472		\$1,392,607
Refundable deposits					3,556,233
Due to other funds					2,848,095
Advance from other funds					211,686
Deferred revenue		1,075,809			6,861,414
		<u>1,457,011</u>	<u>112,472</u>		<u>14,870,035</u>
Total Liabilities					
FUND EQUITY					
Fund balances (deficits)					
Reserved for encumbrances		2,092,000	599,880		4,732,092
Unreserved, undesignated	\$9,614,532	8,556,034	2,019,950	\$1,006,192	45,182,330
	<u>9,614,532</u>	<u>10,648,034</u>	<u>2,619,830</u>	<u>1,006,192</u>	<u>49,914,422</u>
Total Fund Balances (Deficits)					
Total Liabilities and Fund Balances	<u>\$9,614,532</u>	<u>\$12,105,045</u>	<u>\$2,732,302</u>	<u>\$1,006,192</u>	<u>\$64,784,457</u>

This Page Left Intentionally Blank

CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	SPECIAL REVENUE FUNDS				
	State Gas Tax	General Purpose	Paratransit Operations	Community Development Block Grant	Special Programs
REVENUES					
Property taxes					
Other taxes		\$674,602			
Licenses, permits and fees		18,750			\$232,433
Fines, forfeitures and penalties		25,627			
Use of money and property	\$332,518	302,585	(\$21,392)		45,348
Intergovernmental	1,854,090	1,040,888	489,280	\$2,324,645	65,031
Charges for services			38,144		
Pension stabilization revenue					
Other		22,750	4,579	206,045	154
Total Revenues	<u>2,186,608</u>	<u>2,085,202</u>	<u>510,611</u>	<u>2,530,690</u>	<u>342,966</u>
EXPENDITURES					
Current:					
General government					67,978
Public safety		26,038			
Public works	3,293	2,847,790	1,145,623		12
Community development		317,208			
Cultural and recreational		654,889			(5,854)
Housing and redevelopment				3,381,134	
Capital outlay	3,288,232	20,708			
Debt Service:					
Principal					
Interest and fiscal charges					
Total Expenditures	<u>3,291,525</u>	<u>3,866,633</u>	<u>1,145,623</u>	<u>3,381,134</u>	<u>62,136</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>(1,104,917)</u>	<u>(1,781,431)</u>	<u>(635,012)</u>	<u>(850,444)</u>	<u>280,830</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt					
Payment to bond escrow agent					
Transfers in		4,166,840	400,000		
Transfers (out)	(1,633,140)	(1,200,000)			(6,269,168)
Total Other Financing Sources (Uses)	<u>(1,633,140)</u>	<u>2,966,840</u>	<u>400,000</u>		<u>(6,269,168)</u>
NET CHANGE IN FUND BALANCE	(2,738,057)	1,185,409	(235,012)	(850,444)	(5,988,338)
BEGINNING FUND BALANCES (DEFICITS)	<u>7,029,456</u>	<u>5,326,059</u>	<u>(228,453)</u>	<u>2,627,693</u>	<u>7,103,231</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$4,291,399</u>	<u>\$6,511,468</u>	<u>(\$463,465)</u>	<u>\$1,777,249</u>	<u>\$1,114,893</u>

SPECIAL REVENUE FUNDS					DEBT SERVICE FUNDS		
Employment and Training	Public Safety	Cost Recovery	Hilltop LMD	Developer Impact Fees	2005 Pension Obligation Bonds	JPFA	General Debt Service
			\$751,800		\$2,224,978		
\$48		\$3,555,219 3,161	31	\$344,499			
32,582	\$27,239	(7,413)	14,931	218,279	493,365	\$203,526	\$217,983
2,223,104	926,217						
393,830		3,280,026			4,256,500		
277,346	177,078	51,371	6,049				37,491
2,926,910	1,130,534	6,882,364	772,811	562,778	6,974,843	203,526	255,474
		8,159,830					
	742,770	2,136,872	850,803	2,299,597			
3,268,778							
42,961	236,325	502,335	6,060	1,991,164			
					1,575,000		2,380,998
					1,437,188	269,368	2,559,279
3,311,739	979,095	10,799,037	856,863	4,290,761	3,012,188	269,368	4,940,277
(384,829)	151,439	(3,916,673)	(84,052)	(3,727,983)	3,962,655	(65,842)	(4,684,803)
325,000	15,399	1,563,510	80,499	6,111,882		4,151,203	5,633,864
	(53,300)			(592,911)	(4,684,908)	(14,507,641)	(651)
325,000	(37,901)	1,563,510	80,499	5,518,971	(4,684,908)	(10,356,438)	5,633,213
(59,829)	113,538	(2,353,163)	(3,553)	1,790,988	(722,253)	(10,422,280)	948,410
1,497,072	456,013	(425,334)	451,002		11,013,589	10,422,280	87,810
\$1,437,243	\$569,551	(\$2,778,497)	\$447,449	\$1,790,988	\$10,291,336		\$1,036,220

(Continued)

CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	DEBT SERVICE				Total Nonmajor Governmental Funds
	FUND	CAPITAL PROJECTS FUNDS			
	Civic Center Project	General Capital Improvement	Measure C	Harbor Navigation	
REVENUES					
Property taxes					\$2,976,778
Other taxes		\$9,000			683,602
Licenses, permits and fees					4,150,980
Fines, forfeitures and penalties					28,788
Use of money and property	\$267,733	517,940	\$310,709	\$52,549	3,008,482
Intergovernmental		1,511,161	1,231,636		11,666,052
Charges for services		(330)			3,711,670
Pension stabilization revenue					4,256,500
Other		1,918			784,781
Total Revenues	267,733	2,039,689	1,542,345	52,549	31,267,633
EXPENDITURES					
Current:					
General government					8,227,808
Public safety					768,808
Public works		879,095	128,336	880	10,292,301
Community development					3,585,986
Cultural and recreational					649,035
Housing and redevelopment					3,381,134
Capital outlay		2,040,990	4,524,123		12,652,898
Debt Service:					
Principal					3,955,998
Interest and fiscal charges	6,946,607				11,212,442
Total Expenditures	6,946,607	2,920,085	4,652,459	880	54,726,410
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,678,874)	(880,396)	(3,110,114)	51,669	(23,458,777)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	97,790,000				97,790,000
Payment to bond escrow agent	(32,897,515)				(32,897,515)
Transfers in	18,039,783	7,172,316		1,226	47,661,522
Transfers (out)	(66,638,862)	(2,892,499)	(1,032,048)		(99,505,128)
Total Other Financing Sources (Uses)	16,293,406	4,279,817	(1,032,048)	1,226	13,048,879
NET CHANGE IN FUND BALANCE	9,614,532	3,399,421	(4,142,162)	52,895	(10,409,898)
BEGINNING FUND BALANCES (DEFICITS)		7,248,613	6,761,992	953,297	60,324,320
ENDING FUND BALANCES (DEFICITS)	\$9,614,532	\$10,648,034	\$2,619,830	\$1,006,192	\$49,914,422

This Page Left Intentionally Blank

CITY OF RICHMOND
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	STATE GAS TAX			GENERAL PURPOSE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes				\$41,188	\$674,602	\$633,414
Licenses, permits and fees					18,750	18,750
Fines, forfeitures and penalties					25,627	25,627
Use of money and property		\$332,518	\$332,518		302,585	302,585
Intergovernmental	\$4,758,500	1,854,090	(2,904,410)	1,408,225	1,040,888	(367,337)
Charges for services						
Pension stabilization revenue						
Other					22,750	22,750
Total Revenues	4,758,500	2,186,608	(2,571,892)	1,449,413	2,085,202	635,789
EXPENDITURES						
Current:						
General government				5,977		5,977
Public safety				41,179	26,038	15,141
Public works		3,293	(3,293)	5,812,241	2,847,790	2,964,451
Community development					317,208	(317,208)
Cultural and recreational				374,894	654,889	(279,995)
Capital outlay	4,228,672	3,288,232	940,440		20,708	(20,708)
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	4,228,672	3,291,525	937,147	6,234,291	3,866,633	2,367,658
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	529,828	(1,104,917)	(1,634,745)	(4,784,878)	(1,781,431)	3,003,447
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of property						
Transfers in	150,000		(150,000)	578,822	4,166,840	3,588,018
Transfers (out)		(1,633,140)	(1,633,140)		(1,200,000)	(1,200,000)
Total Other Financing Sources (Uses)	150,000	(1,633,140)	(1,783,140)	578,822	2,966,840	2,388,018
NET CHANGE IN FUND BALANCES	\$679,828	(2,738,057)	(\$3,417,885)	(\$4,206,056)	1,185,409	\$5,391,465
BEGINNING FUND BALANCES (DEFICITS)		7,029,456			5,326,059	
ENDING FUND BALANCES (DEFICITS)		\$4,291,399			\$6,511,468	

PARATRANSIT OPERATIONS			SPECIAL PROGRAMS			PUBLIC SAFETY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
				\$232,433	\$232,433			
\$555,634	(\$21,392)	(\$21,392)		45,348	45,348		\$27,239	\$27,239
45,000	489,280	(66,354)		65,031	65,031	\$599,085	926,217	327,132
	38,144	(6,856)						
	4,579	4,579		154	154		177,078	177,078
600,634	510,611	(90,023)		342,966	342,966	599,085	1,130,534	531,449
152,814		152,814	\$161,968	67,978	93,990			
1,429,427	1,145,623	283,804		12	(12)	764,644	742,770	21,874
			77,459	(5,854)	83,313		236,325	(236,325)
1,582,241	1,145,623	436,618	239,427	62,136	177,291	764,644	979,095	(214,451)
(981,607)	(635,012)	346,595	(239,427)	280,830	520,257	(165,559)	151,439	316,998
400,000	400,000			(6,269,168)	(6,269,168)	188,153	15,399	(172,754)
							(53,300)	(53,300)
400,000	400,000			(6,269,168)	(6,269,168)	188,153	(37,901)	(226,054)
(\$581,607)	(235,012)	\$346,595	(\$239,427)	(5,988,338)	(\$5,748,911)	\$22,594	113,538	\$90,944
	(228,453)			7,103,231			456,013	
	(\$463,465)			\$1,114,893			\$569,551	

(Continued)

CITY OF RICHMOND
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	COST RECOVERY			HILLTOP LMD		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes				\$733,035	\$751,800	\$18,765
Other taxes						
Licenses, permits and fees	\$4,088,634	\$3,555,219	(\$533,415)		31	31
Fines, forfeitures and penalties		3,161	3,161			
Use of money and property		(7,413)	(7,413)		14,931	14,931
Intergovernmental						
Charges for services	8,731,537	3,280,026	(5,451,511)			
Pension stabilization revenue						
Other		51,371	51,371	72,000	6,049	(65,951)
Total Revenues	12,820,171	6,882,364	(5,937,807)	805,035	772,811	(32,224)
EXPENDITURES						
Current:						
General government	10,791,300	8,159,830	2,631,470	42,182		42,182
Public safety						
Public works	5,273,732	2,136,872	3,136,860	884,524	850,803	33,721
Community development						
Cultural and recreational						
Capital outlay		502,335	(502,335)		6,060	(6,060)
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	16,065,032	10,799,037	5,265,995	926,706	856,863	69,843
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,244,861)	(3,916,673)	(671,812)	(121,671)	(84,052)	37,619
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of property						
Transfers in	512,700	1,563,510	1,050,810	80,499	80,499	
Transfers (out)						
Total Other Financing Sources (Uses)	512,700	1,563,510	1,050,810	80,499	80,499	
NET CHANGE IN FUND BALANCES	<u>(\$2,732,161)</u>	<u>(2,353,163)</u>	<u>\$378,998</u>	<u>(\$41,172)</u>	<u>(3,553)</u>	<u>\$37,619</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>(425,334)</u>			<u>451,002</u>	
ENDING FUND BALANCES (DEFICITS)		<u><u>(\$2,778,497)</u></u>			<u><u>\$447,449</u></u>	

DEVELOPER IMPACT FEES			2005 PENSION OBLIGATION BONDS			GENERAL DEBT SERVICE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$2,224,978	\$2,224,978				
\$4,828,969	\$344,499	(\$4,484,470)						
	218,279	218,279	500,000	493,365	(\$6,635)		\$217,983	\$217,983
			4,256,500	4,256,500				
						\$40,398	37,491	(2,907)
<u>4,828,969</u>	<u>562,778</u>	<u>(4,266,191)</u>	<u>6,981,478</u>	<u>6,974,843</u>	<u>(6,635)</u>	<u>40,398</u>	<u>255,474</u>	<u>215,076</u>
5,618,787	2,299,597	3,319,190						
	1,991,164	(1,991,164)						
			1,575,000	1,575,000		2,380,998	2,380,998	
			1,437,188	1,437,188		4,984,511	2,559,279	2,425,232
<u>5,618,787</u>	<u>4,290,761</u>	<u>1,328,026</u>	<u>3,012,188</u>	<u>3,012,188</u>		<u>7,365,509</u>	<u>4,940,277</u>	<u>2,425,232</u>
<u>(789,818)</u>	<u>(3,727,983)</u>	<u>(2,938,165)</u>	<u>3,969,290</u>	<u>3,962,655</u>	<u>(6,635)</u>	<u>(7,325,111)</u>	<u>(4,684,803)</u>	<u>2,640,308</u>
	6,111,882	6,111,882				6,858,325	5,633,864	(1,224,461)
	(592,911)	(592,911)		(4,684,908)	(4,684,908)		(651)	(651)
	5,518,971	5,518,971		(4,684,908)	(4,684,908)	6,858,325	5,633,213	(1,225,112)
<u>(\$789,818)</u>	<u>1,790,988</u>	<u>\$2,580,806</u>	<u>\$3,969,290</u>	<u>(722,253)</u>	<u>(\$4,691,543)</u>	<u>(\$466,786)</u>	<u>948,410</u>	<u>\$1,415,196</u>
				11,013,589			87,810	
	<u>\$1,790,988</u>			<u>\$10,291,336</u>			<u>\$1,036,220</u>	

This Page Left Intentionally Blank

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.

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2008

	Richmond Marina	Storm Sewer	Cable TV	Total
ASSETS				
Current Assets				
Cash and investments	\$3,510,455	\$333,812	\$706,825	\$4,551,092
Receivables:				
Accounts	63,393	2,279	254,618	320,290
Interest	7,219	(2,862)	1,452	5,809
Total Current Assets	<u>3,581,067</u>	<u>333,229</u>	<u>962,895</u>	<u>4,877,191</u>
Noncurrent Assets				
Capital assets:				
Depreciable, net	<u>2,302,420</u>	<u>8,629,194</u>	<u>252,692</u>	<u>11,184,306</u>
Total Noncurrent Assets	<u>2,302,420</u>	<u>8,629,194</u>	<u>252,692</u>	<u>11,184,306</u>
Total Assets	<u>5,883,487</u>	<u>8,962,423</u>	<u>1,215,587</u>	<u>16,061,497</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities		86,000	38,416	124,416
Interest payable	136,999			136,999
Compensated absences		50,612	47,280	97,892
Current portion of long term debt	57,362			57,362
Total Current Liabilities	<u>194,361</u>	<u>136,612</u>	<u>85,696</u>	<u>416,669</u>
Noncurrent Liabilities:				
Advance from other funds		1,758,342		1,758,342
Long-term debt	<u>3,263,820</u>			<u>3,263,820</u>
Total Noncurrent Liabilities	<u>3,263,820</u>	<u>1,758,342</u>		<u>5,022,162</u>
Total Liabilities	<u>3,458,181</u>	<u>1,894,954</u>	<u>85,696</u>	<u>5,438,831</u>
NET ASSETS				
Invested in capital assets, net of related debt	(1,018,762)	8,629,194	252,692	7,863,124
Unrestricted	<u>3,444,068</u>	<u>(1,561,725)</u>	<u>877,199</u>	<u>2,759,542</u>
Total Net Assets	<u><u>\$2,425,306</u></u>	<u><u>\$7,067,469</u></u>	<u><u>\$1,129,891</u></u>	<u><u>\$10,622,666</u></u>

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	Richmond Marina	Storm Sewer	Cable TV	Total
OPERATING REVENUES				
Service charges		\$1,604,265	\$864,844	\$2,469,109
Lease income	\$484,212			484,212
Other		32,886	110,080	142,966
Total Operating Revenues	484,212	1,637,151	974,924	3,096,287
OPERATING EXPENSES				
Salaries and benefits		1,059,340	529,236	1,588,576
General and administrative	136	2,627,415	277,774	2,905,325
Depreciation	90,747	999,041	46,433	1,136,221
Other			203	203
Total Operating Expenses	90,883	4,685,796	853,646	5,630,325
Operating Income (Loss)	393,329	(3,048,645)	121,278	(2,534,038)
NONOPERATING REVENUES (EXPENSES)				
Interest income	156,895	(27,532)	37,645	167,008
Interest (expense)	(149,659)			(149,659)
Total Nonoperating Revenues (Expenses)	7,236	(27,532)	37,645	17,349
Income (Loss) Before Transfers	400,565	(3,076,177)	158,923	(2,516,689)
Transfers in		540,285		540,285
Net Transfers		540,285		540,285
Change in Net Assets	400,565	(2,535,892)	158,923	(1,976,404)
BEGINNING NET ASSETS	2,024,741	9,603,361	970,968	12,599,070
ENDING NET ASSETS	\$2,425,306	\$7,067,469	\$1,129,891	\$10,622,666

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

	Richmond Marina	Storm Sewer	Cable TV	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$489,046	\$1,609,125	\$959,201	\$3,057,372
Payments to suppliers	(136)	(2,550,661)	(266,278)	(2,817,075)
Payments to employees		(1,053,387)	(531,161)	(1,584,548)
	<u>488,910</u>	<u>(1,994,923)</u>	<u>161,762</u>	<u>(1,344,251)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund receipts		1,758,342		1,758,342
Transfer in		540,285		540,285
		<u>2,298,627</u>		<u>2,298,627</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Acquisition of capital assets		1	(161,250)	(161,249)
Repayment of long-term borrowing	(54,891)			(54,891)
Interest paid	(151,923)			(151,923)
	<u>(206,814)</u>	<u>1</u>	<u>(161,250)</u>	<u>(368,063)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	154,796	(24,715)	37,477	167,558
	<u>154,796</u>	<u>(24,715)</u>	<u>37,477</u>	<u>167,558</u>
Net Cash Flows	436,892	278,990	37,989	753,871
Cash and investments at beginning of period	3,073,563	54,822	668,836	3,797,221
Cash and investments at end of period	<u>\$3,510,455</u>	<u>\$333,812</u>	<u>\$706,825</u>	<u>\$4,551,092</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$393,329	(\$3,048,645)	\$121,278	(\$2,534,038)
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	90,747	999,041	46,433	1,136,221
Change in assets and liabilities:				
Accounts receivable	4,834	(28,026)	(15,723)	(38,915)
Accounts payable and accrued liabilities and other accrued expenses		76,754	11,699	88,453
Compensated absences		5,953	(1,925)	4,028
	<u>\$488,910</u>	<u>(\$1,994,923)</u>	<u>\$161,762</u>	<u>(\$1,344,251)</u>

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, 2008

	Insurance Reserves	Information Technology	Equipment Services and Replacement	Police Tele- communications	Facilities Maintenance	Total
ASSETS						
Current Assets						
Cash and investments	\$16,804,550	\$1,087,739	\$9,886,305	\$4,118,371	\$769,111	\$32,666,076
Restricted cash and investments		2,496,123				2,496,123
Receivables:						
Accounts			8,403	40,531	38,538	87,472
Interest	34,555	2,242	20,345	10,120	(595)	66,667
Prepays and supplies			322,303		33,155	355,458
Total Current Assets	16,839,105	3,586,104	10,237,356	4,169,022	840,209	35,671,796
Noncurrent Assets						
Capital assets:						
Nondepreciable		532,264	843,062			1,375,326
Depreciable, net		336,353	4,447,990	695,381		5,479,724
Total Assets	16,839,105	4,454,721	15,528,408	4,864,403	840,209	42,526,846
LIABILITIES						
Current Liabilities						
Accounts payable and accrued liabilities	130,004	561,454	2,048,968	19,308	220,813	2,980,547
Interest payable		3,031				3,031
Accrued claims liabilities	9,619,000					9,619,000
Current portion of long-term debt		531,027				531,027
Total Current Liabilities	9,749,004	1,095,512	2,048,968	19,308	220,813	13,133,605
Noncurrent Liabilities						
Compensated absences	25,487	200,510	88,837	142,638	259,734	717,206
Accrued claims liabilities	10,645,000					10,645,000
Long-term debt		1,133,369				1,133,369
Total Noncurrent Liabilities	10,670,487	1,333,879	88,837	142,638	259,734	12,495,575
Total Liabilities	20,419,491	2,429,391	2,137,805	161,946	480,547	25,629,180
NET ASSETS (DEFICIT)						
Invested in capital assets		868,617	5,291,052	695,381		6,855,050
Unrestricted	(3,580,386)	1,156,713	8,099,551	4,007,076	359,662	10,042,616
Total Net Assets (Deficit)	(\$3,580,386)	\$2,025,330	\$13,390,603	\$4,702,457	\$359,662	\$16,897,666

CITY OF RICHMOND
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	Insurance Reserves	Information Technology	Equipment Services and Replacement	Police Tele- communications	Facilities Maintenance	Total
OPERATING REVENUES						
Charges for services-internal	\$16,230,780	\$5,755,829	\$7,067,925	\$3,723,600	\$7,867,658	\$40,645,792
Charges for services-external				1,437,396		1,437,396
Total Operating Revenues	16,230,780	5,755,829	7,067,925	5,160,996	7,867,658	42,083,188
OPERATING EXPENSES						
Salaries and benefits	600,132	1,626,858	1,538,130	3,326,414	3,964,821	11,056,355
General and administrative	2,619,113	1,584,315	788,623	360,246	2,860,168	8,212,465
Maintenance	1,269	758,650	2,410,497	302,063	721,998	4,194,477
Depreciation		188,036	1,132,584	105,769		1,426,389
Claims losses	7,574,820					7,574,820
Other	30,168	88,001	37,707		282	156,158
Total Operating Expenses	10,825,502	4,245,860	5,907,541	4,094,492	7,547,269	32,620,664
Operating Income (Loss)	5,405,278	1,509,969	1,160,384	1,066,504	320,389	9,462,524
NONOPERATING REVENUES (EXPENSES)						
Gain from sale of property			8,714			8,714
Interest income	717,496	247,831	430,025	150,865	(654)	1,545,563
Interest expense		(141,401)				(141,401)
Total Nonoperating Revenues (Expenses)	717,496	106,430	438,739	150,865	(654)	1,412,876
Income Before Transfers	6,122,774	1,616,399	1,599,123	1,217,369	319,735	10,875,400
Transfers (out)		(362,700)				(362,700)
Net Transfers		(362,700)				(362,700)
Change in Net Assets	6,122,774	1,253,699	1,599,123	1,217,369	319,735	10,512,700
BEGINNING NET ASSETS (DEFICIT)	(9,703,160)	771,631	11,791,480	3,485,088	39,927	6,384,966
ENDING NET ASSETS (DEFICIT)	(\$3,580,386)	\$2,025,330	\$13,390,603	\$4,702,457	\$359,662	\$16,897,666

CITY OF RICHMOND
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

	Insurance Reserves	Information Technology	Equipment Services and Replacement	Police Tele- communications	Facilities Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$16,230,780	\$5,756,011	\$7,084,870	\$5,897,122	\$7,832,355	\$42,801,138
Payments to employees	(3,123,774)	(3,022,277)	(783,243)	(3,702,119)	(6,892,165)	(17,523,578)
Payments to suppliers	(31,437)	(846,651)	(2,448,204)	(302,063)	(722,280)	(4,350,635)
Insurance premiums and claims paid	(10,310,820)		(85,489)		(30,749)	(10,427,058)
Cash Flows from Operating Activities	2,764,749	1,887,083	3,767,934	1,892,940	187,161	10,499,867
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers (out)		(362,700)				(362,700)
Cash Flows from Noncapital Financing Activities		(362,700)				(362,700)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets		(611,115)	(2,933,503)	(615,734)		(4,160,352)
Principal payments on capital debt		(754,714)				(754,714)
Proceeds from sale of property			27,396			27,396
Interest and fiscal charges paid		(142,327)				(142,327)
Cash Flows from Capital and Related Financing Activities		(1,508,156)	(2,906,107)	(615,734)		(5,029,997)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	713,132	247,304	429,370	145,505	(78)	1,535,233
Cash Flows from Investing Activities	713,132	247,304	429,370	145,505	(78)	1,535,233
Net Cash Flows	3,477,881	263,531	1,291,197	1,422,711	187,083	6,642,403
Cash and investments at beginning of period	13,326,669	3,320,331	8,595,108	2,695,660	582,028	28,519,796
Cash and investments at end of period	<u>\$16,804,550</u>	<u>\$3,583,862</u>	<u>\$9,886,305</u>	<u>\$4,118,371</u>	<u>\$769,111</u>	<u>\$35,162,199</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$5,405,278	\$1,509,969	\$1,160,384	\$1,066,504	\$320,389	\$9,462,524
Adjustments to reconcile operating income to net cash flows from operating activities:						
Depreciation		188,036	1,132,584	105,769		1,426,389
Change in assets and liabilities:						
Receivables, net		182	16,945	736,126	(35,303)	717,950
Inventories			(85,489)		(30,749)	(116,238)
Accounts and other payables	99,215	254,047	1,521,592	(10,706)	(121,517)	1,742,631
Compensated absences	(3,744)	(65,151)	21,918	(4,753)	54,341	2,611
Claims payable	(2,736,000)					(2,736,000)
Cash Flows from Operating Activities	\$2,764,749	\$1,887,083	\$3,767,934	\$1,892,940	\$187,161	\$10,499,867

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 29 former City employees not covered by PERS, all of whom have retired.

Police and Fireman's Pension Fund records the activity of the Police and Fireman's Pension Plan, a defined benefit pension plan that covers 84 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, 2008

	PENSION TRUST FUNDS			Total
	General Pension	Police and Fireman's Pension	Garfield Pension	
ASSETS				
Pension plan cash and investments:				
City of Richmond investment pool	\$2,109,990	\$1,904,191	\$150,291	\$4,164,472
Local Agency Investment Fund			182,596	182,596
Mutual Fund Investments		20,274,545		20,274,545
Interest receivable	4,336	3,863	1,569	9,768
	<u>2,114,326</u>	<u>22,182,599</u>	<u>334,456</u>	<u>24,631,381</u>
LIABILITIES				
Accounts payable and accrued liabilities		65,192		65,192
		<u>65,192</u>		<u>65,192</u>
NET ASSETS				
Held in trust for employees' pension benefits	<u>\$2,114,326</u>	<u>\$22,117,407</u>	<u>\$334,456</u>	<u>\$24,566,189</u>

CITY OF RICHMOND
PENSION TRUST FUNDS
STATEMENT OF CHANGES IN PENSION TRUST FUNDS NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>General Pension</u>	<u>Police and Fireman's Pension</u>	<u>Garfield Pension</u>	<u>Total</u>
ADDITIONS				
Net investment income:				
Net increase (decrease) in the fair value of investments	\$9,647	(\$1,643,164)		(\$1,633,517)
Interest income	89,129	803,739	\$13,127	905,995
Investment management fees		(213,314)		(213,314)
Contribution from the City	307,948		72,484	380,432
Contribution from Pension Reserve		5,000,000		5,000,000
Other		12,284		12,284
Total Additions	<u>406,724</u>	<u>3,959,545</u>	<u>85,611</u>	<u>4,451,880</u>
DEDUCTIONS				
Pension benefits	709,193	4,752,448	77,378	5,539,019
Administrative expenses	<u>86</u>		<u>5</u>	<u>91</u>
Total Deductions	<u>709,279</u>	<u>4,752,448</u>	<u>77,383</u>	<u>5,539,110</u>
Net Increase (Decrease)	<u>(302,555)</u>	<u>(792,903)</u>	<u>8,228</u>	<u>(1,087,230)</u>
NET ASSETS				
Beginning of year	<u>2,416,881</u>	<u>22,910,310</u>	<u>326,228</u>	<u>25,653,419</u>
End of year	<u>\$2,114,326</u>	<u>\$22,117,407</u>	<u>\$334,456</u>	<u>\$24,566,189</u>

This Page Left Intentionally Blank

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.

Johnson Library Fund accounts for nonexpendable trust funds to be used to provide funding for special library projects.

Senior Center Fund accounts for assets held by the City in an agent capacity for programs benefiting the senior citizens residing within the City.

JPFA Reassessment Fund receives secured tax payments (from assessment rolls), and makes payments on the JPFA Revenue Reassessment Bonds Series 2003-1.

1999 Revenue Refunding Bonds Fund receives payments of principal and interest on prior assessment bonds, and makes payments on the JPFA Revenue Refunding Bonds Series 1999-A.

Payroll Benefits Fund accounts for accumulation of monies relating to employee and employer payroll liabilities.

2006 A&B Reassessment District Fund receives payments of principal and interest on prior assessment bonds, and makes payments on the JPFA Reassessment Revenue Bonds Series A and B.

CITY OF RICHMOND
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008
<u>Special Assessment</u>				
Cash and investments	\$4,553,901	\$1,356,082	\$4,205,096	\$1,704,887
Restricted cash and investments	1,326,954		675,192	651,762
Interest receivable	5,221	3,505	5,221	3,505
Total Assets	<u>\$5,886,076</u>	<u>\$1,359,587</u>	<u>\$4,885,509</u>	<u>\$2,360,154</u>
Due to assessment district bondholders	<u>\$5,886,076</u>	<u>\$1,359,587</u>	<u>\$4,885,509</u>	<u>\$2,360,154</u>
Total Liabilities	<u>\$5,886,076</u>	<u>\$1,359,587</u>	<u>\$4,885,509</u>	<u>\$2,360,154</u>
<u>General Agency</u>				
Cash and investments	\$694,786	\$849,140	\$702,245	\$841,681
Accounts receivable	6,296	631	6,296	631
Interest receivable	1,163	1,730	1,163	1,730
Total Assets	<u>\$702,245</u>	<u>\$851,501</u>	<u>\$709,704</u>	<u>\$844,042</u>
Accounts payable and accrued liabilities	\$311	\$7,733	\$311	\$7,733
Refundable Deposits	701,934	843,768	709,393	836,309
Total Liabilities	<u>\$702,245</u>	<u>\$851,501</u>	<u>\$709,704</u>	<u>\$844,042</u>
<u>Johnson Library</u>				
Cash and investments	\$8,596	\$9,101	\$8,679	\$9,018
Interest receivable	14	19	14	19
Total Assets	<u>\$8,610</u>	<u>\$9,120</u>	<u>\$8,693</u>	<u>\$9,037</u>
Refundable deposits	<u>\$8,610</u>	<u>\$9,120</u>	<u>\$8,693</u>	<u>\$9,037</u>
<u>Senior Center</u>				
Cash and investments	\$54,000	\$6,282	\$1,425	\$58,857
Interest receivable	97	122	97	122
Total Assets	<u>\$54,097</u>	<u>\$6,404</u>	<u>\$1,522</u>	<u>\$58,979</u>
Accounts payable and accrued liabilities	\$1,425	\$3,664	\$1,425	\$3,664
Refundable Deposits	52,672	2,740	97	55,315
Total Liabilities	<u>\$54,097</u>	<u>\$6,404</u>	<u>\$1,522</u>	<u>\$58,979</u>

(Continued)

CITY OF RICHMOND
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008
<hr/> JPFA Reassessment <hr/>				
Cash and investments	\$1,196,645	\$4,953,600	\$4,845,300	\$1,304,945
Restricted cash and investments	1,251,591	4,478		1,256,069
Interest receivable	4,412	2,683	4,412	2,683
Investment in reassessment bonds	<u>8,115,000</u>		<u>532,500</u>	<u>7,582,500</u>
Total Assets	<u><u>\$10,567,648</u></u>	<u><u>\$4,960,761</u></u>	<u><u>\$5,382,212</u></u>	<u><u>\$10,146,197</u></u>
Due to assessment district bondholders	<u><u>\$10,567,648</u></u>	<u><u>\$4,960,761</u></u>	<u><u>\$5,382,212</u></u>	<u><u>\$10,146,197</u></u>
<hr/> 1999 Revenue Refunding Bonds <hr/>				
Cash investments		\$4,795,429	\$3,498,363	\$1,297,066
Restricted cash and investments	\$1,777,464	699,367		2,476,831
Interest receivable	<u>(52)</u>	<u>2,667</u>	<u>(52)</u>	<u>2,667</u>
Total Assets	<u><u>\$1,777,412</u></u>	<u><u>\$5,497,463</u></u>	<u><u>\$3,498,311</u></u>	<u><u>\$3,776,564</u></u>
Due to assessment district bondholders	<u><u>\$1,777,412</u></u>	<u><u>\$5,497,463</u></u>	<u><u>\$3,498,311</u></u>	<u><u>\$3,776,564</u></u>
<hr/> Payroll Benefits <hr/>				
Cash and investments	\$4,967,073	\$5,605,882	\$5,088,938	\$5,484,017
Accounts receivable	<u>66,050</u>	<u>121,865</u>	<u>66,050</u>	<u>121,865</u>
Total Assets	<u><u>\$5,033,123</u></u>	<u><u>\$5,727,747</u></u>	<u><u>\$5,154,988</u></u>	<u><u>\$5,605,882</u></u>
Accounts payable and accrued liabilities	<u><u>\$5,033,123</u></u>	<u><u>\$5,727,747</u></u>	<u><u>\$5,154,988</u></u>	<u><u>\$5,605,882</u></u>
<hr/> 2006 A&B Reassessment District <hr/>				
Cash and investments	\$824,547	\$910,905	\$876,819	\$858,633
Restricted cash and investments	550,964	18,086		569,050
Interest receivable	1,701	1,765	1,701	1,765
Investment in reassessment bonds	<u>10,715,000</u>		<u>195,000</u>	<u>10,520,000</u>
Total Assets	<u><u>\$12,092,212</u></u>	<u><u>\$930,756</u></u>	<u><u>\$1,073,520</u></u>	<u><u>\$11,949,448</u></u>
Due to assessment district bondholders	<u><u>\$12,092,212</u></u>	<u><u>\$930,756</u></u>	<u><u>\$1,073,520</u></u>	<u><u>\$11,949,448</u></u>

(Continued)

CITY OF RICHMOND
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008
<hr/>				
Total Agency Funds				
Cash and investments	\$12,299,548	\$18,486,421	\$19,226,865	\$11,559,104
Restricted cash and investments	4,906,973	721,931	675,192	4,953,712
Investment in reassessment bonds	18,830,000		727,500	18,102,500
Accounts receivable	72,346	122,496	72,346	122,496
Interest receivable	12,556	12,491	12,556	12,491
Total Assets	<u>\$36,121,423</u>	<u>\$19,343,339</u>	<u>\$20,714,459</u>	<u>\$34,750,303</u>
Accounts payable and accrued liabilities	\$5,034,859	\$5,739,144	\$5,156,724	\$5,617,279
Refundable Deposits	763,216	855,628	718,183	900,661
Due to assessment district bondholders	<u>30,323,348</u>	<u>12,748,567</u>	<u>14,839,552</u>	<u>28,232,363</u>
Total Liabilities	<u>\$36,121,423</u>	<u>\$19,343,339</u>	<u>\$20,714,459</u>	<u>\$34,750,303</u>

City of Richmond
June 30, 2008

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:

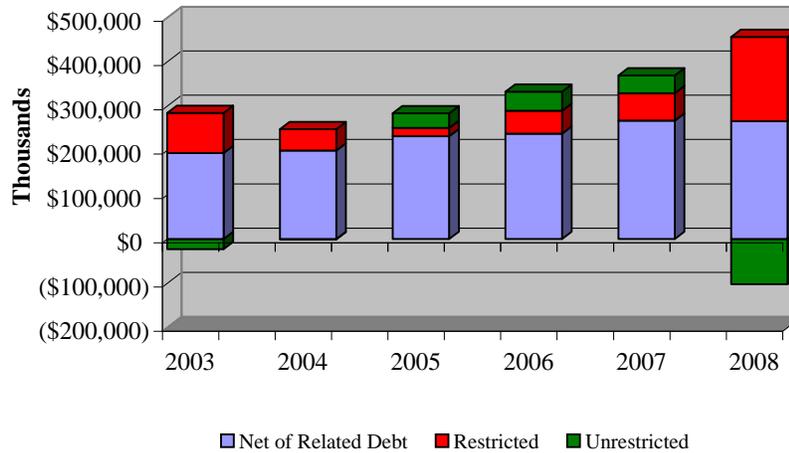
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

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.

This Page Left Intentionally Blank

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



	Fiscal Year Ended June 30,					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	\$161,803,370	\$123,741,262	\$155,699,999	\$155,930,914	\$170,258,857	\$188,467,600
Restricted	90,011,285	45,358,192	16,193,394	49,291,795	60,271,169	188,950,882
Unrestricted	(40,308,547)	19,096,845	42,225,569	44,525,862	48,795,188	(101,295,871)
Total governmental activities net assets	\$211,506,108	\$188,196,299	\$214,118,962	\$249,748,571	\$279,325,214	\$276,122,611
Business-type activities						
Invested in capital assets, net of related debt	\$32,619,310	\$75,917,317	\$76,670,956	\$82,419,674	\$97,164,301	\$77,558,806
Restricted	0	3,156,207	2,246,548	2,283,065	1,427,804	1,526,840
Unrestricted	17,733,546	(19,724,085)	(8,865,682)	(1,351,641)	(8,084,756)	(519,625)
Total business-type activities net assets	\$50,352,856	\$59,349,439	\$70,051,822	\$83,351,098	\$90,507,349	\$78,566,021
Primary government						
Invested in capital assets, net of related debt	\$194,422,680	\$199,658,579	\$232,370,955	\$238,350,588	\$267,423,158	\$266,026,406
Restricted	90,011,285	48,514,399	18,439,942	51,574,860	61,698,973	190,477,722
Unrestricted	(22,575,001)	(627,240)	33,359,887	43,174,221	40,710,432	(101,815,496)
Total primary government net assets	\$261,858,964	\$247,545,738	\$284,170,784	\$333,099,669	\$369,832,563	\$354,688,632

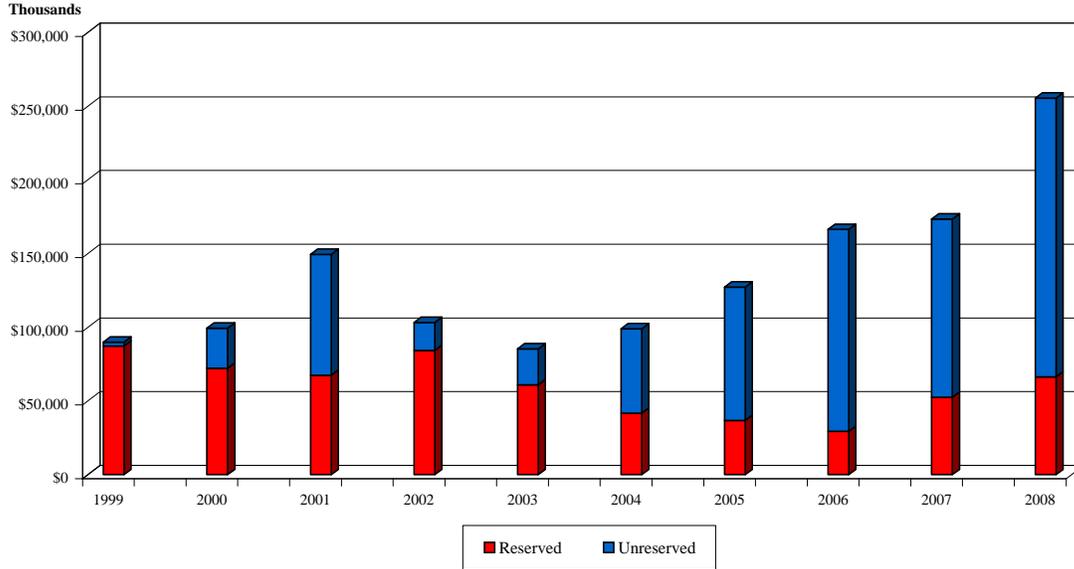
CITY OF RICHMOND
Changes in Net Assets
Last Six Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental Activities:						
General Government	\$20,866,018	\$33,157,403	\$11,798,558	\$20,757,394	\$24,107,042	\$26,826,443
Public Safety	51,888,399	55,122,382	46,320,116	64,704,505	69,145,528	80,140,357
Public Works	32,986,223	39,509,425	36,743,774	40,119,182	25,265,766	31,252,681
Community Development	8,494,108	5,771,490	4,487,223	6,400,700	5,446,357	5,046,846
Cultural and Recreational	11,150,363	11,426,024	7,120,024	10,516,483	15,637,748	19,624,717
Housing and Redevelopment	26,645,808	9,610,845	10,883,850	14,587,522	11,338,512	17,471,811
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	24,242,109
Total Governmental Activities Expenses	173,587,572	169,263,285	127,516,656	171,056,058	166,982,337	204,604,964
Business-Type Activities:						
Richmond Housing Authority	25,518,702	27,920,939	28,054,660	25,761,763	21,902,483	24,324,334
Port of Richmond	2,811,056	2,911,772	2,545,842	2,896,324	3,690,733	4,589,789
Richmond Marina	578,370	272,694	248,045	245,732	331,099	240,542
Municipal Sewer	10,035,988	10,047,198	9,020,928	9,599,570	12,236,185	15,084,727
Storm Sewer	2,446,743	2,461,223	2,142,358	2,953,974	3,590,975	4,685,796
Cable TV	763,738	699,809	646,770	702,849	798,758	853,646
Convention Center	319,066	291,078	269,595	274,542		
Total Business-Type Activities Expenses	42,473,663	44,604,713	42,928,198	42,434,754	42,550,233	49,778,834
Total Primary Government Expenses	\$216,061,235	\$213,867,998	\$170,444,854	\$213,490,812	\$209,532,570	\$254,383,798
Program Revenues						
Governmental Activities:						
Charges for Services:						
General Government	\$5,509,407	\$12,779,067	\$6,195,631	\$9,579,562	\$12,500,031	\$13,061,289
Public Safety	697,659	22,300	1,061,832	2,674,213	3,337,186	3,435,021
Public Works	3,848,741	5,133,200	6,829,231	2,017,908	1,641,139	952,330
Community Development	1,682,781	17	1,488,832	2,488,628	562,647	393,878
Cultural and Recreational	364,665	234,308	230,187	1,230,022	277,523	257,258
Housing and Redevelopment	(680)	26	54	3,145,276	320,165	1,037,112
Operating Grants and Contributions	11,485,157	10,143,316	9,035,667	10,737,556	11,310,497	9,642,093
Capital Grants and Contributions	20,454,780	2,409,429	2,502,038	4,584,637	8,659,910	4,066,710
Total Government Activities Program Revenues	44,042,510	30,721,663	27,343,472	36,457,802	38,609,098	32,845,691
Business-Type Activities:						
Charges for Services:						
Richmond Housing Authority	2,064,716	2,234,580	1,822,316	1,663,345	1,630,745	1,776,252
Port of Richmond	2,265,785	2,491,147	5,913,472	6,130,166	5,392,626	5,900,126
Richmond Marina	366,288	458,473	456,142	579,581	448,630	484,212
Municipal Sewer	8,020,968	10,008,499	9,099,788	11,009,699	12,410,236	13,864,120
Storm Sewer	1,477,853	1,478,790	1,546,345	1,545,977	1,655,799	1,637,151
Cable TV	677,314	911,227	840,773	944,693	930,168	974,924
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	24,675,667
Total Business-Type Activities Program Revenue	39,118,467	51,639,828	52,659,304	55,423,306	46,294,871	49,312,452
Total Primary Government Program Revenues	\$83,160,977	\$82,361,491	\$80,002,776	\$91,881,108	\$84,903,969	\$82,158,143
Net (Expense)/Revenue						
Governmental Activities	(\$129,545,062)	(\$138,541,622)	(\$100,173,184)	(\$134,598,256)	(\$128,373,239)	(\$171,759,273)
Business-Type Activities	(3,355,196)	7,035,115	9,731,106	12,988,552	3,744,638	(466,382)
Total Primary Government Net Expense	(\$132,900,258)	(\$131,506,507)	(\$90,442,078)	(\$121,609,704)	(\$124,628,601)	(\$172,225,655)

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

	Fiscal Year Ended June 30,					
	2003	2004	2005	2006	2007	2008
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	\$77,012,808
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	29,005,711
Utility user taxes		29,322,850	29,721,091	30,199,388	27,007,410	29,553,243
Other Taxes	44,665,215	9,421,142	13,847,030	14,690,034	12,042,215	8,802,995
Use of Money and Property		2,597,233	2,993,086	5,490,761	7,895,609	9,990,413
Unrestricted Intergovernmental	978,228	4,157,098	3,031,587	954,905	438,625	4,330,572
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	3,101,841
Gain (Loss) on Sales of Capital Assets	(175,225)		11,361,312	2,361,410	3,113,487	4,008,197
Pension stabilization revenue				4,175,381	4,240,135	4,256,500
Developer revenue sharing				3,254,620	591,051	201,270
Settlement reimbursement				4,226,289		
Transfers	(2,116,594)	49,486	167,153	375,740	(2,346,906)	(1,706,880)
Reimbursement from Pension Fund	3,928,959					
Total Government Activities	<u>104,876,201</u>	<u>113,153,915</u>	<u>129,696,268</u>	<u>170,227,865</u>	<u>157,949,882</u>	<u>168,556,670</u>
Business-Type Activities:						
Taxes:						
Property Taxes			10,193	10,867	10,576	10,382
Use of Money and Property		1,809,249	1,222,413	1,247,868	1,618,432	919,679
Investment Income	2,281,921					
Other			1,956,342			313,863
Gain (Loss) on Sales of Capital Assets	(9,527)				41,000	
Special Item						(14,425,750)
Transfers	2,116,594	(49,486)	(167,153)	(375,740)	2,346,906	1,706,880
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>	<u>(11,474,946)</u>
Total Primary Government	<u>\$109,265,189</u>	<u>\$114,913,678</u>	<u>\$132,718,063</u>	<u>\$171,110,860</u>	<u>\$161,966,796</u>	<u>\$157,081,724</u>
Change in Net Assets						
Governmental Activities	(\$24,668,861)	(\$25,387,707)	\$29,523,084	\$35,629,609	\$29,576,643	(\$3,202,603)
Business-Type Activities	1,033,792	8,794,878	12,752,901	13,871,547	7,761,552	(11,941,328)
Total Primary Government	<u>(\$23,635,069)</u>	<u>(\$16,592,829)</u>	<u>\$42,275,985</u>	<u>\$49,501,156</u>	<u>\$37,338,195</u>	<u>(\$15,143,931)</u>

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



	Fiscal Year Ended June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$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	\$27,048,978
Unreserved	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	19,387,650
Total General Fund	<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>	<u>\$46,436,628</u> (a)
All Other Governmental Funds										
Reserved	\$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	\$39,341,789
Unreserved, reported in:										
Special revenue funds	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	69,189,158
Debt service funds				(3,264,769)	(32,671,008)	(1,555,799)	462,267	6,647,877	11,101,399	20,942,088
Capital project funds	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	79,535,430
Total all other governmental funds	<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>	<u>\$209,008,465</u>

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

This Page Left Intentionally Blank

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

	Fiscal Year Ended June 30,					
	1999	2000	2001	2002	2003	2004
Revenues						
Property taxes	\$29,420,000	\$37,211,425	\$37,220,187	\$37,152,483	\$39,816,120	\$36,475,512
Sales taxes	10,736,000	12,431,034	14,255,927	13,199,899	12,282,691	12,352,198
Utility user fees	18,142,000	18,330,503	21,094,681	21,144,888	23,463,409	29,322,850
Other taxes	6,151,000	6,660,722	9,755,617	7,578,673	10,810,643	9,421,142
Licenses, permits and fees	2,502,000	2,954,637	3,854,140	6,459,773	5,267,568	8,414,668
Developer revenue sharing						
Fines, forfeitures and penalties	630,000	804,657	759,782	454,786	570,823	435,057
Use of money and property	6,117,000	5,561,947	8,521,642	11,950,076	9,710,818	2,628,566
Intergovernmental	18,663,000	23,669,018	19,539,785	15,391,085	26,727,129	15,892,578
Charges for services	5,511,000	8,546,061	4,824,336	6,158,955	6,775,324	6,775,449
Pension stabilization revenue						
Settlement reimbursement						
Lease income			1,306,391	3,013,488	3,017,548	
Reimbursement from pension fund				4,017,246	3,928,959	
Rent	2,576,000	3,659,066	2,793,821	4,244,780	2,629,861	2,560,987
Proceeds from sale of land	322,000					
Other	2,036,000	2,362,505	3,971,315	2,364,500	6,184,893	23,152,932
Total Revenues	102,806,000	122,191,575	127,897,624	133,130,632	151,185,786	147,431,939
Expenditures						
Current:						
General government	18,824,000	25,213,454	19,657,294	17,316,203	17,981,557	
Public safety	37,515,000	38,812,146	40,336,645	44,309,105	53,169,844	
Public works						
Highway and streets	5,124,000	5,575,459	7,793,120	24,689,873	18,345,397	
Health and sanitation		295,890	955,873			
Community development	6,969,000	8,571,962	9,600,033	6,139,781	8,556,636	
Cultural and recreational	8,625,000	9,876,807	9,740,773	10,707,305	11,585,860	
Housing and redevelopment	5,829,000	7,820,872	1,990,502	9,861,172	24,940,122	
Salaries and wages						86,240,536
General and administrative						40,886,151
Maintenance						2,182,381
Other	901,000	1,429,324	11,165,647	81,095	75,785	601,026
Capital outlay	16,629,000	17,492,266	15,894,297	8,461,827	13,170,857	12,570,471
Debt service:						
Principal repayment	5,671,000	14,827,335	13,436,978	12,988,661	6,245,552	7,989,730
Interest and fiscal charges	6,586,000	7,796,012	12,003,575	13,939,372	13,930,315	12,102,434
Total Expenditures	112,673,000	137,711,527	142,574,737	148,494,394	168,001,925	162,572,729
Excess (deficiency) of revenues over (under) expenditures	(9,867,000)	(15,519,952)	(14,677,113)	(15,363,762)	(16,816,139)	(15,140,790)
Other Financing Sources (Uses)						
Transfers in	24,272,000	33,409,953	52,731,159	29,129,749	37,541,392	66,659,138
Transfers out	(20,684,000)	(33,692,040)	(52,846,008)	(30,137,487)	(42,657,986)	(69,609,652)
Sale of property	322,000	4,882,030	308,775	223,115	61,624	578,907
Payment to refund bond escrow agent					6,556,686	
Proceeds of long-term debt		23,277,689	60,720,000	7,437,213		29,145,759
Payment to retirement plan						
Total other financing sources (uses)	3,910,000	27,877,632	60,913,926	6,652,590	1,501,716	26,774,152
Net Change in fund balances	(\$5,957,000)	\$12,357,680	\$46,236,813	(\$8,711,172)	(\$15,314,423)	\$11,633,362
Debt service as a percentage of noncapital expenditures	(a)	(a)	(a)	23.8%	15.0%	15.5%

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,

2005	2006	2007	2008
\$48,148,871	\$76,431,421	\$73,983,141	\$77,764,608
20,273,363	25,402,253	28,217,895	29,005,711
29,721,091	30,199,388	27,007,410	29,553,243
13,847,030	14,690,034	12,042,215	8,342,809
8,347,868	14,272,803	8,379,660	8,164,006
	3,254,620	591,051	201,270
522,015	396,257	312,723	312,706
2,496,624	5,149,718	6,879,814	10,360,029
15,980,671	16,303,188	24,439,246	18,092,672
3,864,491	4,421,803	4,488,092	6,026,165
	4,175,381	4,240,135	4,256,500
	4,226,289		
237,568	414,716	605,207	336,617
3,191,685	3,496,107	3,009,820	3,407,481
<u>146,631,277</u>	<u>202,833,978</u>	<u>194,196,409</u>	<u>195,823,817</u>
12,871,884	18,986,723	22,646,791	26,022,760
52,859,724	64,006,470	72,869,340	86,716,916
20,947,719	20,371,718	12,207,805	18,121,576
4,542,606	6,306,343	5,449,106	5,196,860
7,362,852	10,300,456	15,142,703	20,814,698
11,971,460	20,778,294	11,345,178	22,828,774
10,630,365	17,479,290	34,281,457	62,742,853
7,639,995	6,515,045	9,079,459	6,300,998
9,206,783	11,257,775	10,129,575	15,612,543
<u>138,033,388</u>	<u>176,002,114</u>	<u>193,151,414</u>	<u>264,357,978</u>
<u>8,597,889</u>	<u>26,831,864</u>	<u>1,044,995</u>	<u>(68,534,161)</u>
27,587,164	53,092,947	33,071,479	184,513,795
(34,410,933)	(54,131,970)	(31,800,296)	(185,857,975)
9,071,591	3,167,685	4,747,114	4,287,517
			(32,897,515)
17,356,100	124,111,809		172,962,622
	(113,877,017)		
<u>19,603,922</u>	<u>12,363,454</u>	<u>6,018,297</u>	<u>143,008,444</u>
<u>\$28,201,811</u>	<u>\$39,195,318</u>	<u>\$7,063,292</u>	<u>\$74,474,283</u>

15.2%

12.6%

13.5%

12.0%

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
ASSESSED VALUE ⁽¹⁾										
Land	\$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	\$4,514,200
Improvements	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	8,395,671
Total Real Property	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	12,909,871
Personal Property	375,648	453,809	491,488	496,737	522,772	558,698	563,253	538,693	572,948	333,505
TOTAL	\$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	\$13,243,376
EXEMPTIONS⁽²⁾										
Homeowners ^(a)	\$111,686	\$112,543	\$114,012	\$115,472	\$116,607	\$116,687	\$115,580	\$117,722	\$111,746	\$113,417
Other ^(b)	198,631	209,783	208,302	240,583	245,704	243,788	267,660	317,429	332,611	338,751
TOTAL	\$310,317	\$322,326	\$322,314	\$356,055	\$362,311	\$360,475	\$383,240	\$435,151	\$444,357	\$452,168
ASSESSED VALUE										
(Net of Exemptions)	\$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	\$12,791,208
Less:										
Redevelopment Tax										
Increments⁽³⁾	714,929	729,227	792,046	903,230	1,020,387	1,102,499	1,200,250	1,346,439	1,982,930	2,333,771
NET ASSESSED										
VALUE	\$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	\$10,457,437
NET INCREASE										
(DECREASE)	\$17,130	\$226,068	\$314,766	\$884,202	\$126,096	\$370,913	\$1,098,715	\$880,469	\$606,856	\$409,178
% OF INCREASE										
(DECREASE)	-3.54%	4.08%	5.46%	14.54%	1.81%	5.23%	14.72%	10.28%	6.43%	4.07%
Total Direct Tax Rate⁽⁴⁾	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

⁽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.

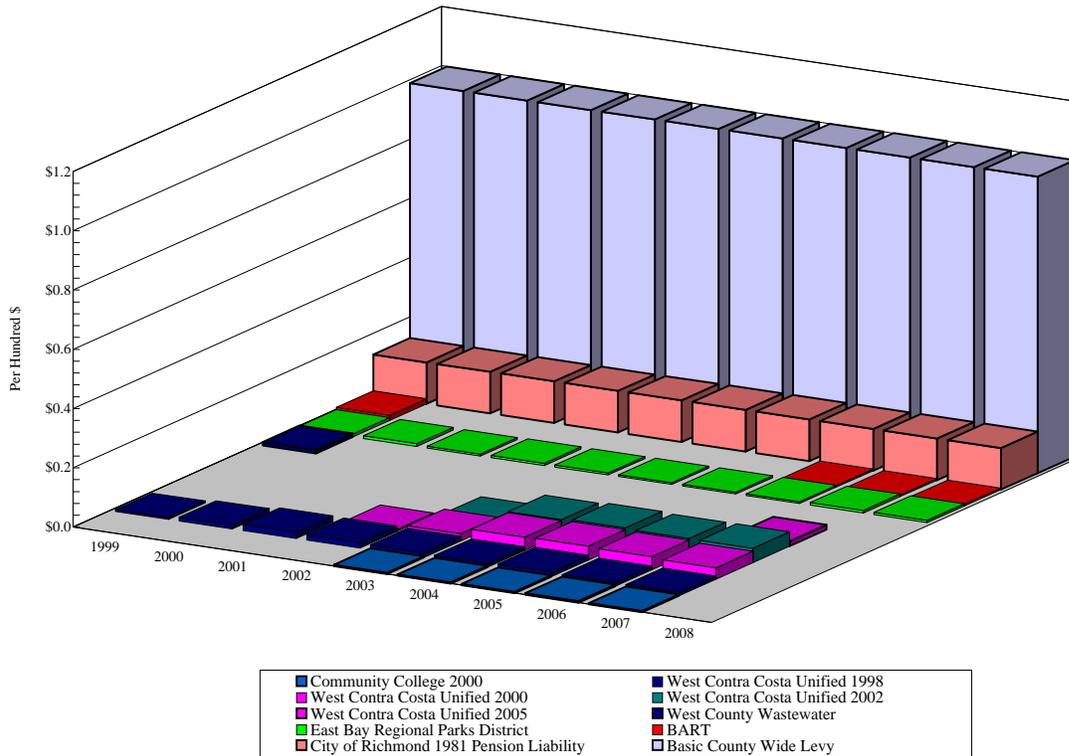
⁽²⁾ Exemptions are summarized as follows:
(a) Homeowners' exemption arises from Article XIII(25) which reimburses local governments for revenues lost through the homeowners' exemption in Article XIII(3)(k).
(b) Other exemptions are revenues lost to the City because of provisions of California Constitution, Article XIII(3).

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

⁽⁴⁾ California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

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)	BART	East Bay Regional Parks District	West County Wastewater	West Contra Costa Unified				Community College 2000	Total
						1998	2000	2002	2005		
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
2008	1.0000	0.1400	0.0053	0.0080		0.0090	0.0342	0.0442	0.0161	0.0038	1.2606

(1) Voter approved debt.

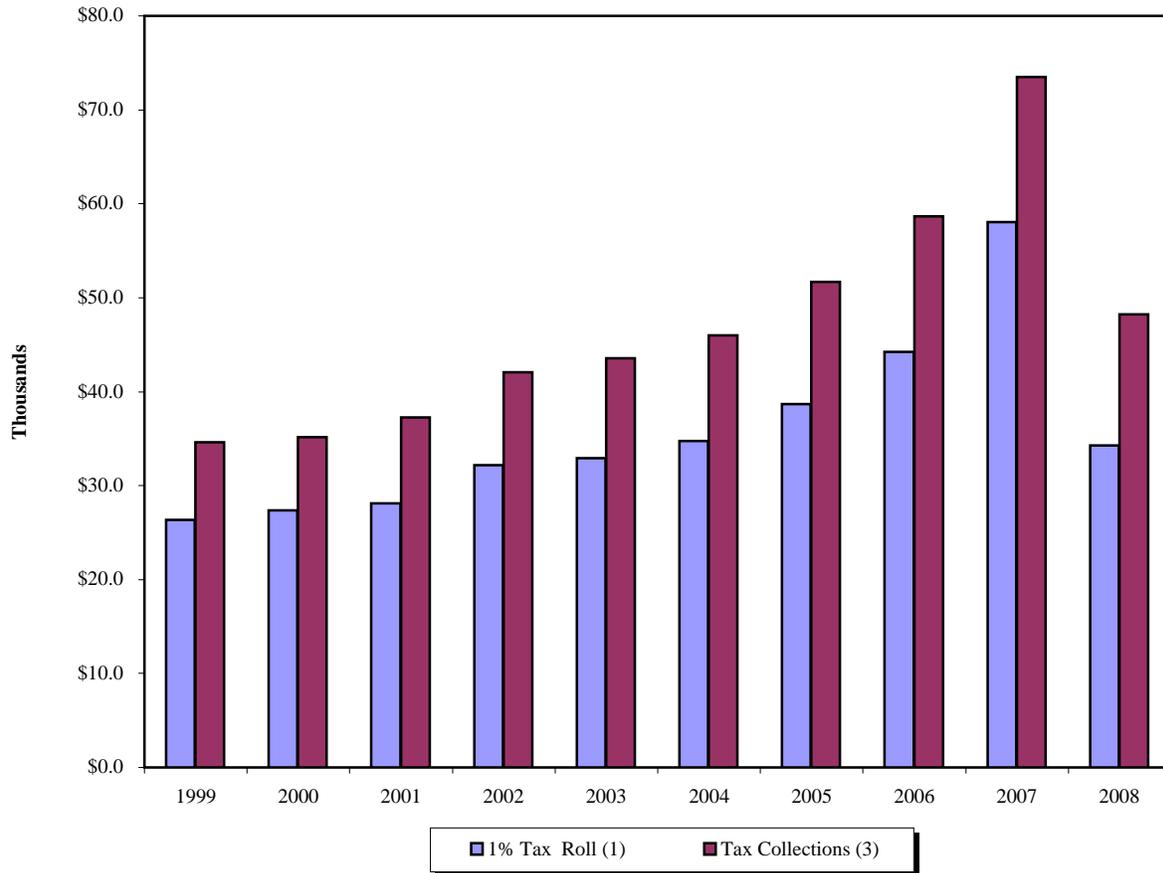
Source: County of Contra Costa, Office of the Auditor-Controller

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

Taxpayer	Type of Business	2007-08			1998-99		
		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	\$15,820,737	1	21.27%	\$7,807,533	1	24.57%
Lennar Emerald Marina Shores	Apartments	1,387,125	2	1.86%	N/A		N/A
Berlex Laboratories	Chemical Production	582,391	3	0.78%	534,928	2	1.68%
Dicon Fiberoptics	Semiconductors	471,928	4	0.63%	117,493		N/A
Richmond Parkway Associates	Property Management	435,383	5	0.59%	N/A		N/A
California Fats & Oils Inc.	Food Manufacturer	433,867	6	0.58%	337,832	6	1.06%
Foss Maritime	Marine Transportation	385,793	7	0.52%	N/A		N/A
Stephens & Stephens LLP	Rental Properties	376,483	8	0.51%	N/A		N/A
Kaiser Foundation Hospitals	Medical Center	363,102	9	0.49%	N/A		N/A
BP West Coast Products	Petroleum Products	317,946	10	0.43%	N/A		N/A
Chronicle Publishing Company	Media Company	N/A		N/A	433,965	3	1.37%
ICI Americas, Inc.	Chemical Manufacturer	N/A		N/A	367,833	5	1.16%
Security Capital Pacific Trust	Real Estate Investment Trust	N/A		N/A	430,698	4	1.36%
Safeway Stores	Retail warehouse	N/A		N/A	463,480	7	0.83%
Levin Metals Corporation	Metal Products	N/A		N/A	251,732	8	0.79%
Richmond Marina Shores	Marina	N/A		N/A	227,447	9	0.72%
Gillette, Rafanelli, & Nahas	Petroleum and Chemicals Storage and Distribution	N/A		N/A	227,329	10	0.72%
Subtotal		<u>\$20,574,755</u>		<u>27.66%</u>	<u>\$11,200,270</u>		<u>34.24%</u>
Total Net Assessed Valuation:							
Fiscal Year 2007-2008		\$13,674,612					
Fiscal Year 1998-1999		6,366,399					

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

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

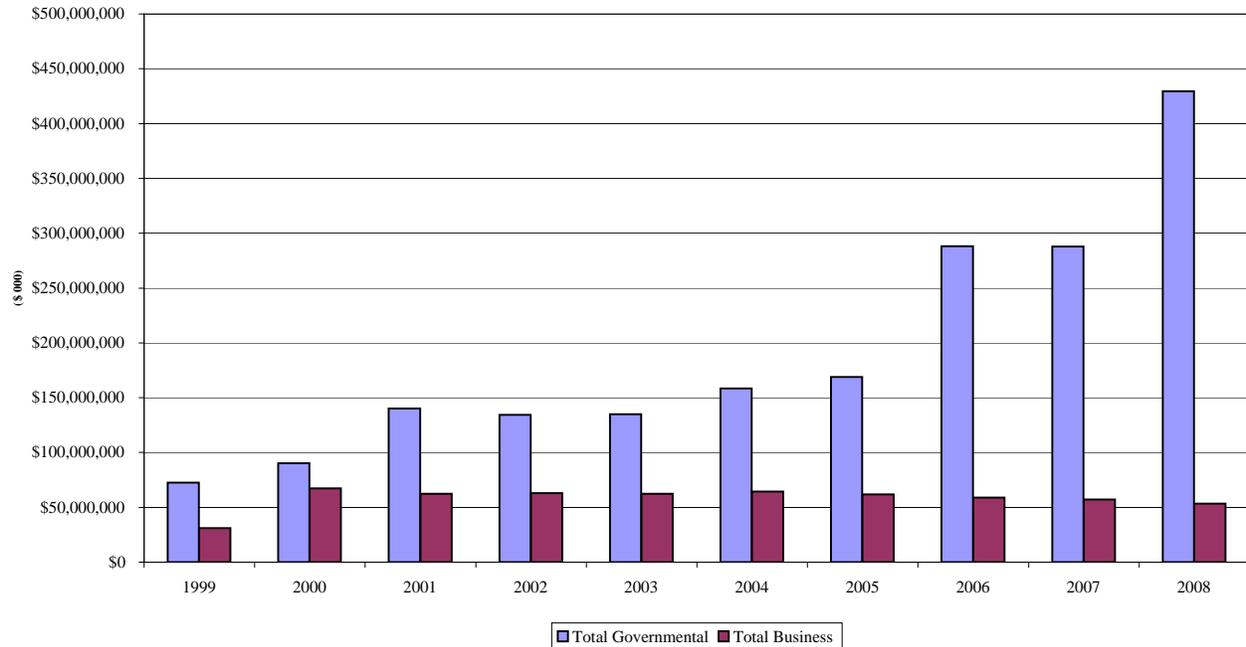


Fiscal Year	1% Tax Roll (1)	Voter Approve Debt Tax Rolls (2)	Total Tax Collections (3)	Percent of Total Tax Collections to Tax Levy
1999	\$26,379	\$8,202	\$34,581	100%
2000	27,341	7,782	35,123	100%
2001	28,125	9,129	37,254	100%
2002	32,193	9,867	42,060	100%
2003	32,890	10,656	43,546	100%
2004	34,721	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%
2008	34,269	13,983	48,252	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
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
2008	168,838,368	146,453,616	99,619,143	10,578,390	3,964,298		429,453,815

Business-Type Activities

Fiscal Year	Wastewater Revenue Bonds	Port Lease Revenue Bonds	Loans and Notes Payable	Total	Total Primary Government	Percentage of Personal Income (B)	Per Capita (B)
1999		\$17,008,000	\$13,902,000	\$30,910,000	\$103,592,000	2.67%	\$1,059
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)	3,334.12
2008	42,152,480	5,933,813	5,427,429	53,513,722	482,967,537	(A)	4,662.88

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

(A) Data not available.

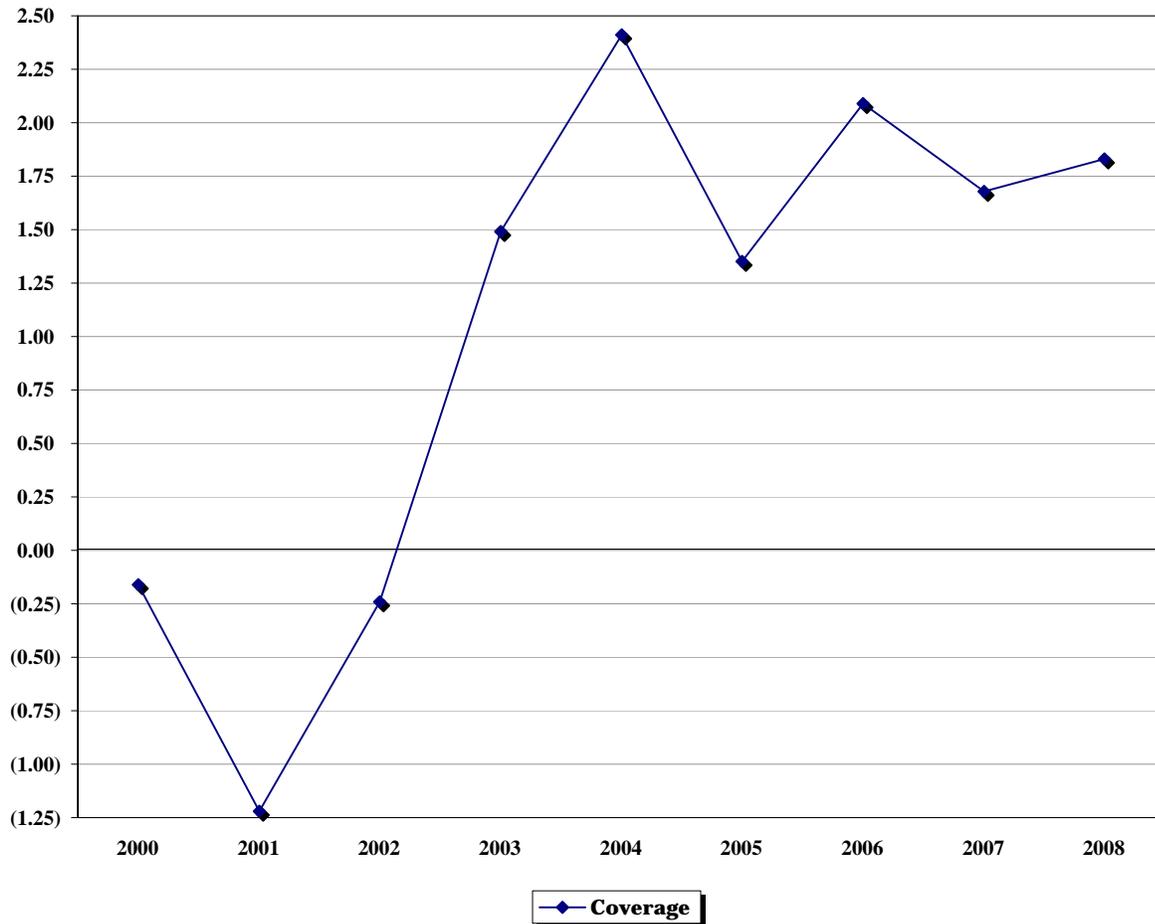
(B) See Demographic Statistics for personal income and population data.

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 NINE FISCAL YEARS**

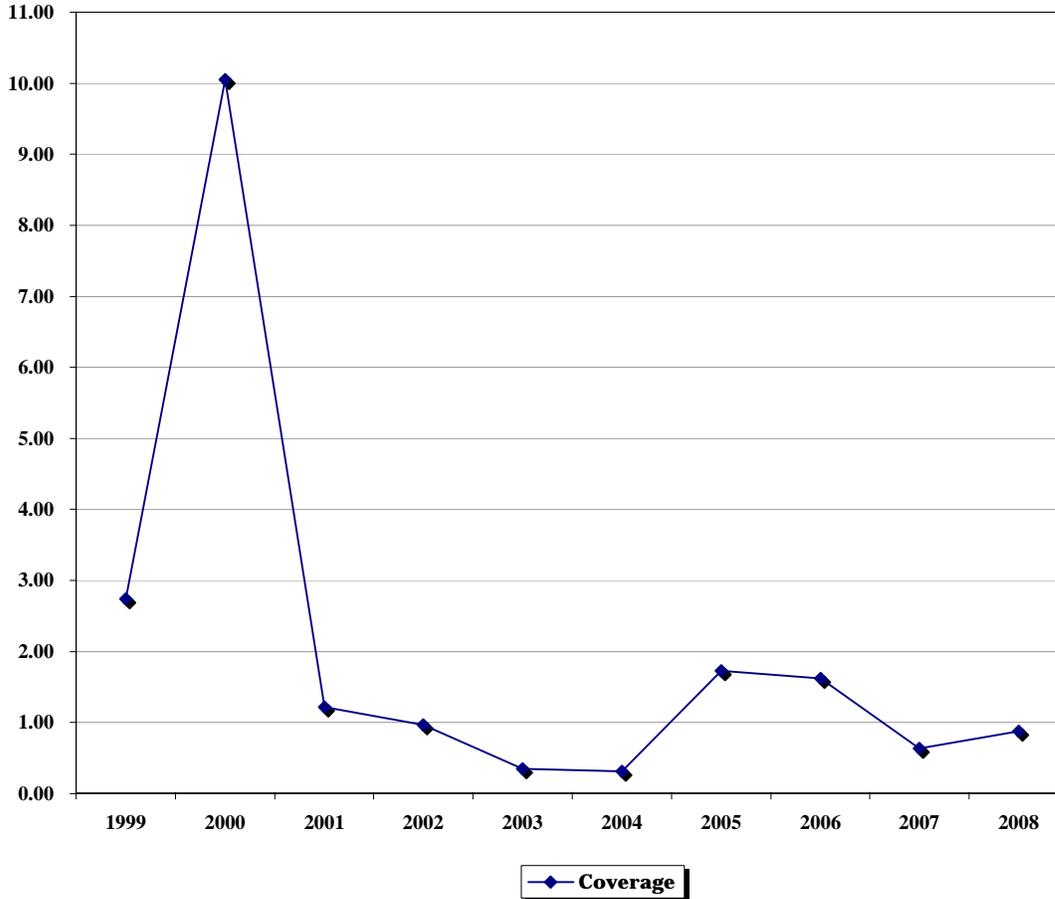


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$7,431,700	\$7,478,491	(\$46,791)		\$294,584	\$294,584	(0.16)
2001	7,765,103	9,665,875	(1,900,772)		1,559,561	1,559,561	(1.22)
2002	9,690,868	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
2008	14,421,345	9,991,039	4,430,306		2,414,409	2,414,409	1.83

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, 2004, AND 2007 PORT TERMINAL LEASE REVENUE BONDS AND NOTE
LAST TEN FISCAL YEARS**

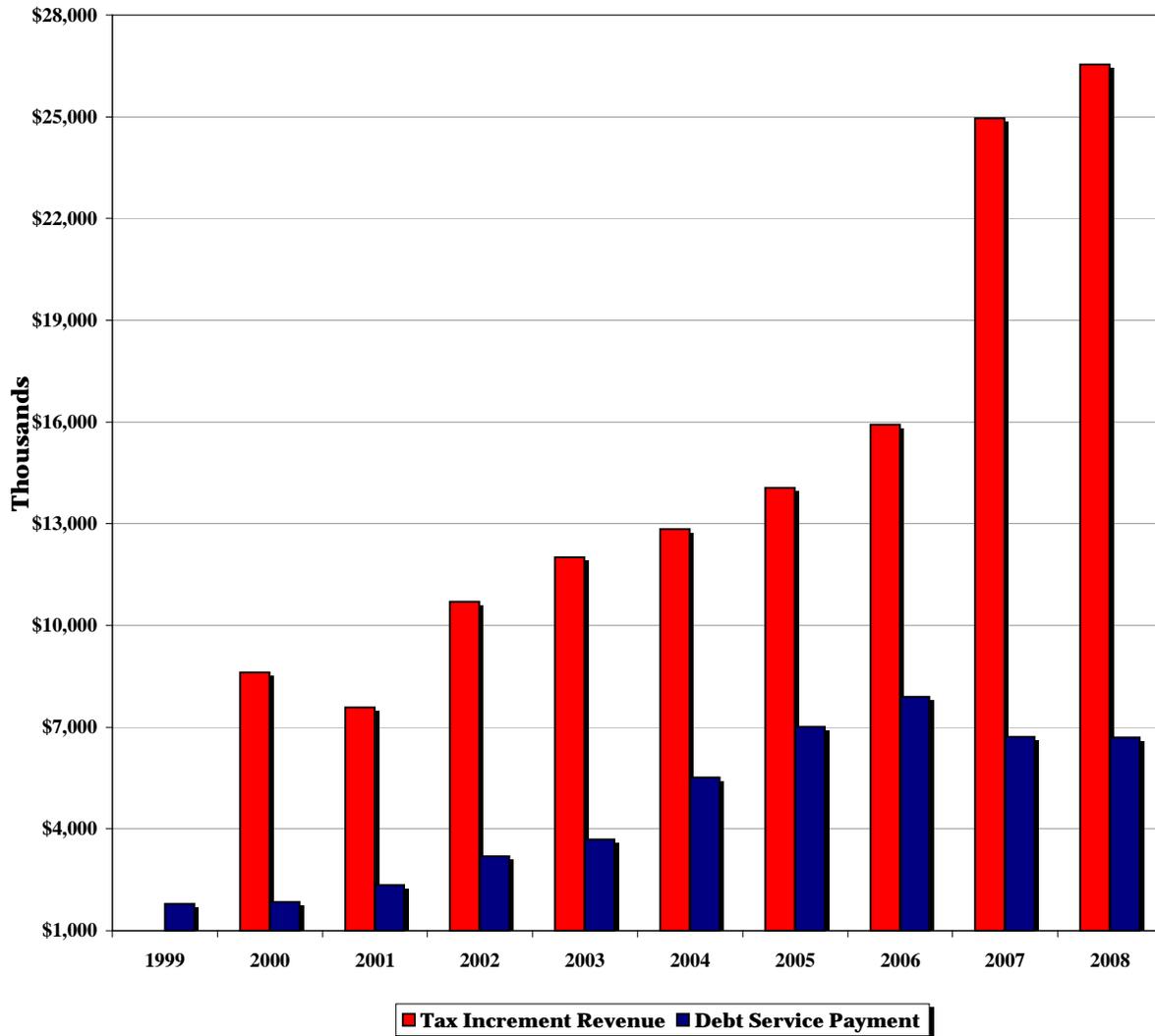


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1999	\$4,448,000	\$2,862,000	\$1,586,000	\$190,000	\$389,486	\$579,486	2.74
2000	12,401,285	1,630,356	10,770,929	200,000	871,211	1,071,211	10.05
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
2008	6,061,660	3,024,733	3,036,927	3,094,865	362,194	3,457,059	0.88

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

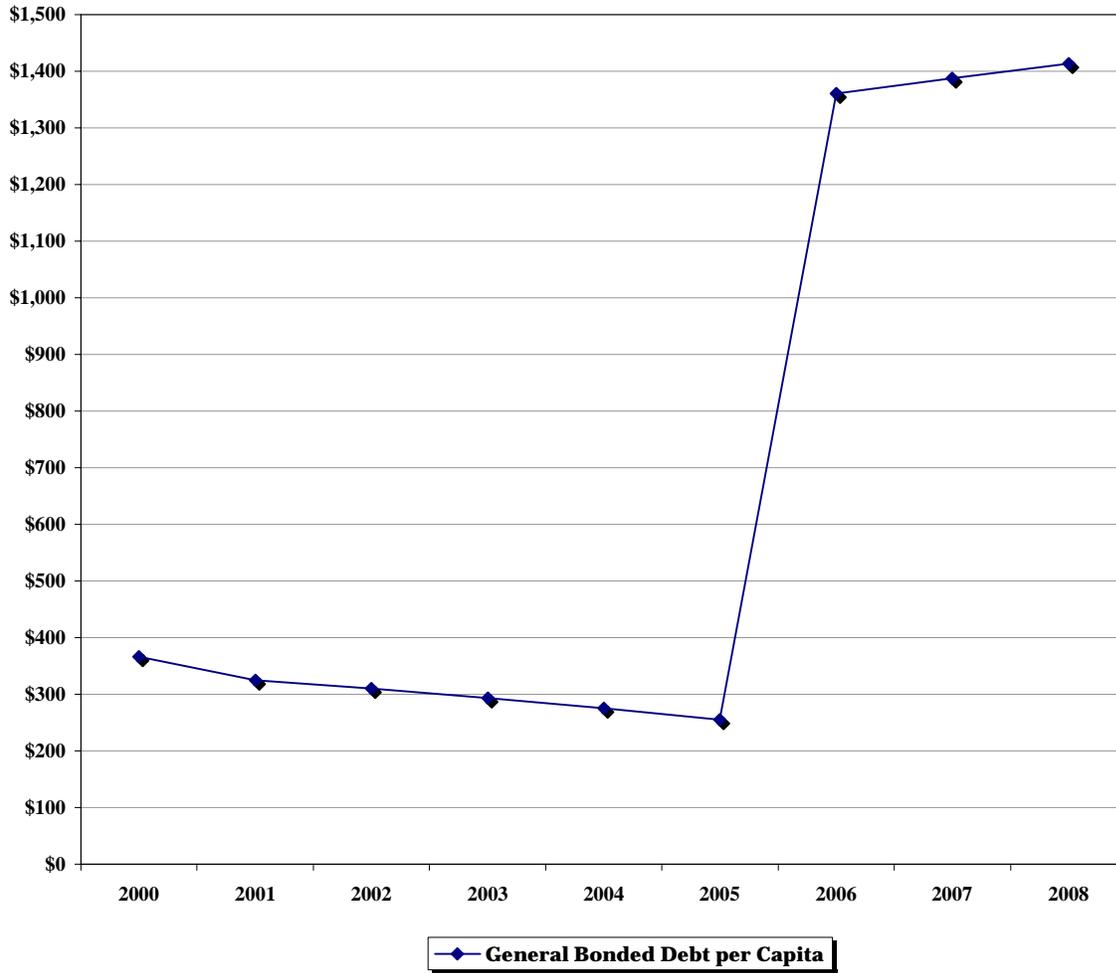


Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
1999	\$922,000	\$615,000	\$1,173,299	\$1,788,299	0.52
2000	8,616,916	605,000	1,251,512	1,856,512	4.64
2001	7,583,609	630,000	1,711,896	2,341,896	3.24
2002	10,699,505	346,000	2,850,068	3,196,068	3.35
2003	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
2008	26,535,184	2,345,000	4,359,236	6,704,236	3.96

Note: (1) Includes the 1991, 1998, 2000, 2003, 2004 and 2007 Bonds.

Source: City of Richmond Annual Financial Statements

**CITY OF RICHMOND
GENERAL BONDED DEBT
PENSION OBLIGATION BONDS (1)
LAST NINE 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%	1,388
2008	146,453,616	13,679,073,000	1.07%	1,414

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, 2008**

2007-2008 Assessed Valuation:
\$13,679,073,249

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt as of June 30, 2008</u>	
Bay Area Rapid Transit District	2.672%	\$12,486,790	
Contra Costa Community College District	8.224%	15,205,354	
West Contra Costa Unified School District 1998, 2000, 2002 and 2005	56.473%	297,621,989	
West Contra Costa Healthcare District Parcel Tax Obligations	52.200%	12,851,640	
East Bay Municipal Utility District	0.912%	293,345	
East Bay Regional Park District	3.881%	5,799,960	
City of Richmond Community Facilities District No. 1998-1	100.000%	3,875,000	
City of Richmond 1915 Act Bonds	100.000%	21,100,000	
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		369,234,078	
Less: East Bay Municipal Utility District (100% self-supporting)		293,345	
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		<u>369,527,423</u>	
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
City of Richmond Port Terminal Authority	100.000%	2,385,000	
City of Richmond General Fund Obligations	100.000%	101,420,000	
City of Richmond Pension Obligations	100.000%	133,280,133	
Contra Costa County General Fund Obligations	8.197%	29,666,992	
Contra Costa County Pension Obligations	8.197%	40,409,980	
Contra Costa County Board of Education COP	8.197%	38,526	
Alameda-Contra Costa Transit District COP	8.008%	1,081,080	
Contra Costa Community College District COP	8.224%	91,286	
West Contra Costa Unified School District COP	56.473%	13,979,891	
 TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>322,352,888</u>	
 GROSS COMBINED TOTAL DEBT		<u>\$691,586,966</u>	(1)
NET COMBINED TOTAL DEBT		<u>\$691,880,311</u>	

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

Ratios to 2007-08 Assessed Valuation:

Total Net Overlapping Tax and Assessment Debt 2.70%

Ratios to Adjusted Assessed Valuation:

Gross Combined Total Debt 5.06%

Net Combined Total Debt 5.06%

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

**CITY OF RICHMOND
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2008**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	<u>\$12,791,208,000</u>
---	-------------------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	<u>\$479,670,300</u>
---	----------------------

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	<u>0</u>
Amount of debt subject to limit	<u>0</u>

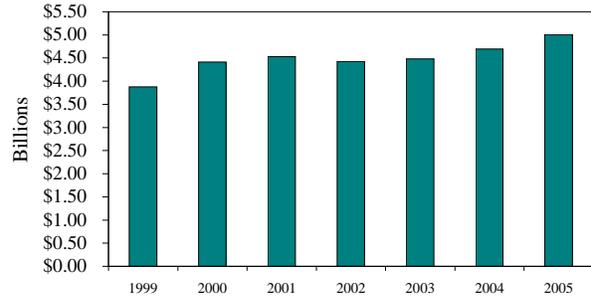
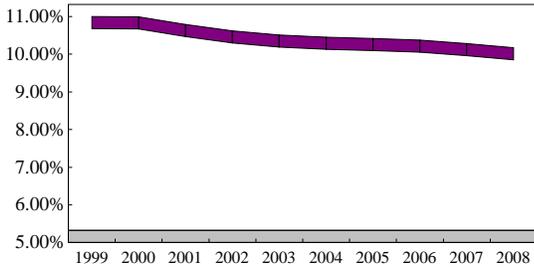
LEGAL BONDED DEBT MARGIN	<u><u>\$479,670,300</u></u>
--------------------------	-----------------------------

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
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%
2008	479,670,300	0	479,670,300	0.00%

NOTE:

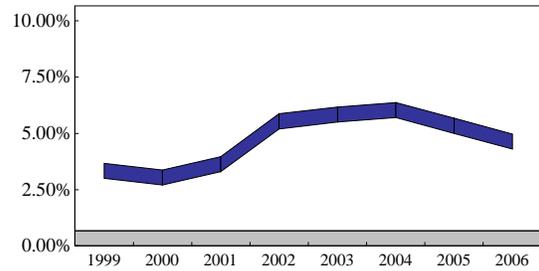
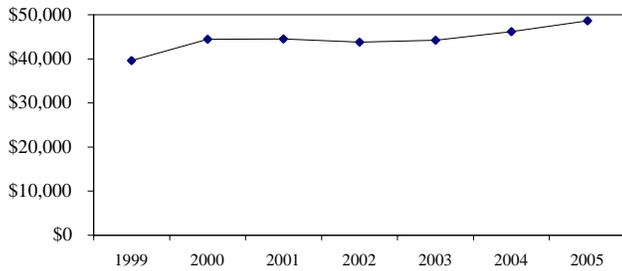
- (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of 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
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%
2008	103,577	(C)	(C)	(C)	1,051,674	9.85%

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

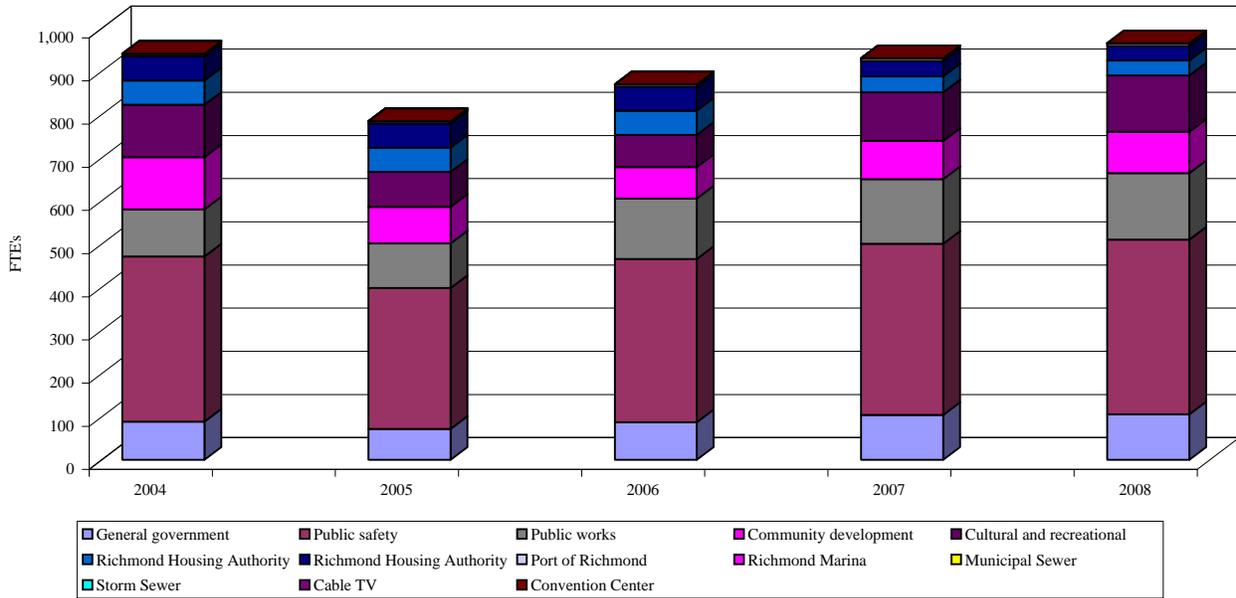
CITY OF RICHMOND
Principal Employers
Current Year

<u>Employer</u>	<u>2007-08</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 1998/99 is not available.
Employers exclude governmental employees.

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



Function	Adopted for Fiscal Year Ended June 30,				
	2004	2005	2006	2007	2008
General government	89.0	71.5	87.2	104.0	105.5
Public safety	382.0	327.0	378.5	396.5	405.0
Public works	109.0	103.0	139.5	150.0	154.0
Community development	120.9	84.9	73.0	88.0	96.0
Cultural and recreational	121.6	80.8	74.4	113.2	130.4
Housing and redevelopment	38.2	39.2	39.0	39.0	41.0
Richmond Housing Authority and RHA Properties	56.0	56.0	56.0	36.5	34.0
Port of Richmond	6.1	5.1	5.0	6.0	6.0
Richmond Marina	(1)	(1)	(1)	(1)	(1)
Municipal Sewer	(1)	(1)	(1)	(1)	(1)
Storm Sewer	(1)	(1)	(1)	(1)	(1)
Cable TV	(1)	(1)	(1)	(1)	(1)
Convention Center	(1)	(1)	(1)	(2)	(2)
Total	922.80	767.50	852.60	933.20	971.90

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

Function/Program	2006	2007	2008
Public safety:			
Fire:			
Fire calls for service	10,068	11,006	10,677
Primary fire inspections conducted	5,502	9,795	5,581
Number of firefighters	93	99	99
Number of firefighters and civilians per thousand population	0.9	1.0	1.0
Police:			
Number of police officers per thousand population	1.7	1.7	1.7
Number of sworn officers	179	179	187
Water			
Daily average consumption in gallons per family	250	250	250

Source: City of Richmond

Notes:

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

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

Source: City of Richmond

Note:

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.

This Page Left Intentionally Blank