

Comprehensive

Annual

Financial Report

Richmond, California

For

The Year Ended

June 30, 2009



CITY OF RICHMOND, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Prepared by
THE FINANCE DEPARTMENT

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CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2009

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FINANCE DEPARTMENT



450 Civic Center Plaza
RICHMOND, CA 94804
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December 21, 2009

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, 2009, 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, 2009. The Independent Auditors' Report is presented as the first component of the Financial Section of this report.

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

The Reporting Entity and Its Services

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

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Discretely presented component units, on the other hand, are reported in a separate column in the basic financial statements to emphasize their legal separateness from the City. Each blended component unit has a June 30 year-end. The City's sole discretely presented component unit is RHA Properties and also has a June 30 year-end. Please see note 1 for a detailed discussion of the financial reporting entity.

The City's component units and assessment districts are as follows: the Richmond Community Redevelopment Agency, the Richmond Housing Authority, the Richmond Joint Powers Financing Authority, and the Hilltop Redemption, Castro Street, Hilltop A-D, Seaport District 816, Point Richmond Parking, Hilltop E, San Pablo 854, Harbor Navigation, Country Club Vista, Cutting/Canal and Atlas Interchange Special Assessment Districts. The City also has two inactive component units, Richmond Parking Authority and Richmond Surplus Property Authority.

Profile of the Government

The City of Richmond was chartered as a city in 1909, and is located 16 miles northeast of San Francisco, directly across San Francisco Bay. Richmond is on a peninsula separating San Francisco Bay (on the south) and San Pablo Bay (to the north), spanning 32 total miles of shoreline. The City's total area is 56.1 square miles, 33.8 of which is land area and 22.3 water area. Richmond is situated near major metropolitan cities and major new growth areas. San Francisco is within 35 minutes from Richmond by freeway; Oakland is 20 minutes; San Jose is approximately one hour's drive to the south and Sacramento, the state capitol, is approximately 90 minutes to the east. Central Marin County is 15 minutes from Richmond

directly across the Richmond-San Rafael Bridge. Freeways provide direct access from Richmond to major new growth areas along Interstate 80 north and east to Vallejo, Fairfield and Sacramento; along Interstate 680 in central Contra Costa County; and south along Interstate 880 to the San Jose area.

Richmond's population is 103,828. The population within a 30-mile radius of Richmond is over 3.7 million, and within a 70-mile radius is approximately 7.8 million. Richmond is located on the western shore of Contra Costa County, and is the largest city in the "West County" region consisting of five cities: Richmond, El Cerrito, San Pablo, Hercules and Pinole.

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

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

The mission of the City of Richmond is:

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

Factors Affecting Financial Condition

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

Local economy

The economy of the City of Richmond includes heavy and light manufacturing, distribution facilities, service industry, high-tech, bio-tech and medical technologies, retail centers and a multi-terminal shipping port on San Francisco Bay. Richmond also serves as a government center for western Contra Costa County. The Richmond economy is experiencing growth in light industrial and high technology companies, as well as retail. At the same time, the Port of Richmond has 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, 2009 include the following:

Public Safety

- Increased the number of sworn personnel in the Police Department deployed through a community involved policing structure by eight.
- Installed additional cameras as part of the citywide surveillance camera system. This system is integrated into ongoing programs for law enforcement, blight abatement and Port security.
- Implemented ShotSpotter Gunshot Detection System that detects gunfire within four square miles.
- Worked 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.
- Initiated Crime Prevention through Environmental Design (CPTED) reviews at all Housing Authority developments.

Economic & Neighborhood Development

- Grand opening of the Ford Point Craneway building. The entire 40,000 square foot Craneway will handle 3,000 or more people, making it one of the East Bay's larger event venues.
- Remodeled and re-opened Macdonald Place Senior Center. This includes seventy to eighty affordable rental units and 100 for-sale units with up to 70 units affordable.
- Remodeled and re-opened Nevin Park which included rubberized ADA compliant surface and new play structures.
- Broke ground on expansion of Port facilities to accommodate the Honda Port of Entry project.
- Revitalized and enhanced key commercial areas, including the Macdonald Avenue corridor, 23rd Street improvements, the Civic Center and surrounding area. Improvements

included: curb and gutter upgrades, decorative sidewalks, landscaping, lighting, signage and public art.

- Provided 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.
- RichmondBUILD program recognized as a national “Best Practice.”

Recreation & Cultural Services

- Refurbished Book Mobile with fresh and innovative design.
- New fitness equipment added to several recreation facilities.
- Expanded recreation programs.
- Over 2,800 summer reading program participants.
- Over 675 adults receiving pre-GED and English literacy instruction.

Public Works

- Repaved Hilltop Mall Circle.
- Continued to invest in street repairs and resurfacing through both Public Works department efforts and the annual pavement management contracts, to increase the City’s Pavement Condition Index to 65 by 2010.
- Replaced outdated street lighting systems throughout the city to improve aesthetic appearance and public safety in these areas.
- Continued to repair and replace sewer pipes to reduce inflow and infiltration in the City’s wastewater system, and to further reduce sanitary sewer overflows.
- Hired a Code Enforcement Manager in the Police Department to improve abatement of blight and code infractions throughout the city.
- Implemented a “SWAT” approach to code enforcement to increase the number of abandoned vehicle and problem property abatements, which resulted in a noticeable reduction of blight in the community.
- Implemented a comprehensive graffiti eradication program, leveraged through the organized use of community volunteers.
- Developed a Facility Condition Needs Index for City facilities and established maintenance standards based on this index.
- Established and adhered to maintenance standards for parks and landscaped areas.
- Completed a City facilities solar suitability report.
- Increased the number of ultra-low emission vehicles in the City’s vehicle fleet.

Strategic Support

- New Enterprise Resource Planning (ERP) system fully implemented. The system complies with governmental accounting and human resources requirements, improves efficiency in business processes, and integrates new technology in planning and building functional systems.

- Grand Re-Opening of the Civic Center Plaza. This renovation included: interior renovation of the Auditorium and Art Center, restoration of the Civic Plaza (purchase of new furniture, fixtures, equipment and public art).
- Integrated new technology, including phone (voice over internet protocol) and office automation systems, into the renovated City Hall.
- Developed a Five-Year Strategic Business Plan for the City.
- Institutionalized the performance-based budgeting system into municipal operations by preparing, distributing, and analyzing quarterly progress reports on City performance measures.
- Continued to aggressively implement performance audit recommendations to improve customer service in the Planning and Building Services Department.
- Developed and implemented 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.
- Developed 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.
- Developed a Sustainable Procurement Strategy for the City.
- Digitized (scan) records and make them available on-line to reduce use of paper.
- Incorporated policies regarding sustainable land use into the City's updated General Plan.

Long-term Financial Planning

Adopted and adhered to a structurally balanced budget for 2008-09 that resulted in the continued designation of \$10 million for contingency reserves.

- Continued development of a Five-Year Strategic Business Plan.
- Utilization of Multi-Year Revenue and Expenditure forecasts.
- Restructure or refund debt as needed to achieve most efficient form of financing of City's capital needs and abate unacceptable risk factors.
- Continue to use one-time moneys for one-time uses, to ensure adequate revenues are available to finance the city's operations.

CASH MANAGEMENT POLICIES AND PRACTICES

Public funds held by the City Treasury were invested in accordance with established investment procedures and with the Investment Policy adopted by the City Council on July 22, 2003. An updated Investment Policy was adopted by the City Council on July 7, 2009. 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, 2009 was 3.64 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.

Up until April 17, 2009, the City self-insured the first \$1 million of its Workers' Compensation program and purchased excess commercial insurance coverage for claims up to \$25 million in excess of the annually determined self-insured retention (\$1 million). Effective April 18, 2009, the City became a member of the California State Associate of Counties – Excess Insurance Authority (CSAC-EIA) to participate in their excess workers' compensation risk pool. The City's self-insured retention was reduced to \$750,000 effective with this change. The excess workers' compensation coverage will now be renewed on a fiscal year basis on July 1st. 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 Manager works with the City Attorney, outside legal counsel and the City Council to review claims and establish claim management strategies. The Risk Manager also works continuously to identify and coordinate practical, operational and strategic best practices to reduce the frequency and severity of losses in order to protect the general public and City employees and to reduce the overall frequency and severity of losses. Please see note 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 Secured Pension Override and from related investment earnings. The City is required under its charter to contribute the remaining amounts necessary to fund the Plan using the entry age-normal actuarial method as specified by ordinance.

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

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, 2009, 512 retirees met those eligibility requirements. The City has funded these benefits on a pay-as-you-go basis. During fiscal year 2009, expenditures of \$2,372,448 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, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

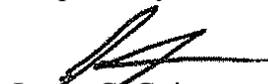
ACKNOWLEDGEMENTS

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

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

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

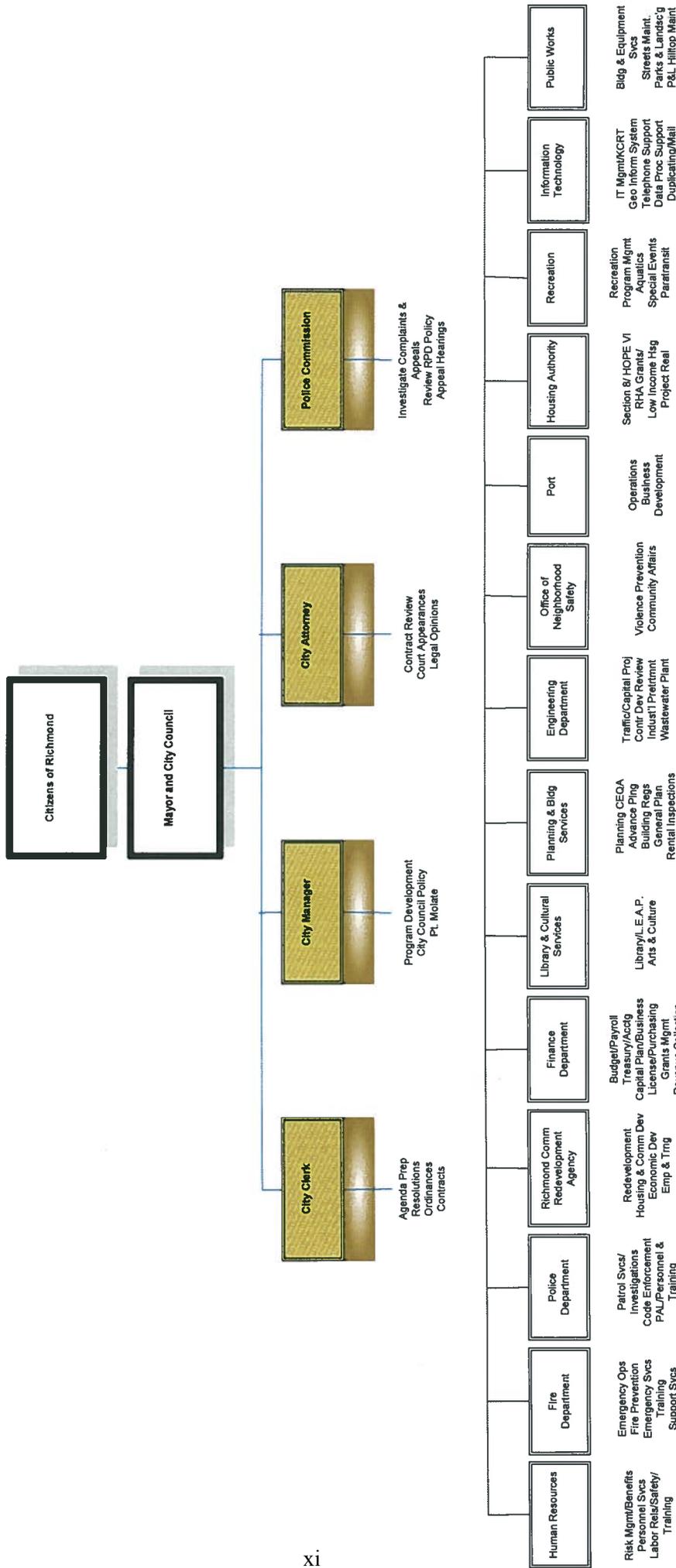
Respectfully submitted,



James C. Goins
Finance Director/Treasurer



City of Richmond
FY2009-10 Organizational Chart



CITY OF RICHMOND, CALIFORNIA

CITY OFFICIALS

CITY COUNCIL

Mayor Gayle McLaughlin
Vice-Mayor Ludmyrna Lopez
Councilmember Nathaniel Bates
Councilmember Tom Butt
Councilmember Jeff Ritterman
Councilmember Jim Rogers
Councilmember Maria Viramontes

ADMINISTRATION AND DEPARTMENT HEADS

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

CITY OF RICHMOND, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT For The Fiscal Year Ended June 30, 2009

Prepared by the City of Richmond Department of Finance
Accounting Division

PROJECT TEAM

James C. Goins
Finance Director/Treasurer

General Accounting
Tina Mckenney, *Chief Accountant*
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
Capital Projects/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, 2008

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.



President

Executive Director

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, 2009, 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof listed as part of the basic financial statements for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2009 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.

Mane & Associates

December 17, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2009

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, 2009. We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 25.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$356.4 million (net assets). Of this amount, \$136.4 million is restricted for specific purposes (restricted net assets), \$281.1 million is invested in capital assets, net of related debt, and \$61.2 million represents a deficit in unrestricted net assets.
- The City's total net assets increased by \$1.7 million during the fiscal year. Restricted net assets for governmental activities decreased \$53.1 million to \$135.8 million mainly due to expenses incurred in connection with the Civic Center renovation, while capital assets, net of related debt, increased \$13.1 million to \$201.6 million, again as the result of the Civic Center renovation. Unrestricted net assets decreased \$44.1 million to \$57.2 million deficit. Business-type activities net assets decreased \$2.4 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending balances of \$194 million, a decrease of \$61.5 million in comparison to prior year. This decrease of \$61.5 million includes a \$57.9 million decrease in total assets and a \$3.6 million increase in liabilities. Approximately 69 percent of the fund balance, \$134.3 million, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the fiscal year, the General Fund had fund balance of \$45.5 million, of which \$10 million was designated for contingencies. This reflects a \$900 thousand decrease over the prior year.
- The City's investment in its capital assets continues to increase. Total capital assets increased \$59.5 million over the prior year. Construction in progress increased \$65.9 million, 50 percent, from the prior year. Governmental activities total capital assets increased \$58.3 million primarily due to continued progress on the reconstruction of the City's Civic Center which is expected to be completed in fiscal year 2010.

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 25-27 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 23 governmental funds, of which eight 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 eight major funds are the General Fund, Redevelopment Agency Administration Special Revenue Fund, Redevelopment Agency Low and Moderate Income Housing, Redevelopment Agency Debt Service Fund, Redevelopment Agency Capital Projects Fund, Secured Pension Override Special Revenue Fund, Civic Center Project Fund and Community Development Block Grant Fund. The basic governmental fund financial statements can be found on pages 30 through 36 of the financial report. Data from the other fifteen governmental funds are combined into a single, aggregated presentation.

Proprietary Funds – Proprietary funds of the City are two types: (1) enterprise funds; and (2) internal service funds. The City maintains 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, Police Telecommunications and Facilities Maintenance.

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 121 of this report.

Required Supplementary Information:

In addition to the basic financial statements and accompanying notes, this report also includes certain required supplementary information providing budgetary comparison statements for the General Fund, the Redevelopment Agency Administration Special Revenue Fund and the Community Development Block Grant Special Revenue Fund. Required supplementary information can be found on pages 123 through 127 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 \$356.4 million at the close of the fiscal year ending June 30, 2009. The City’s net assets increased by \$1.7 million during the current fiscal year.

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 \$281.1 million, 79 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's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A \$136.4 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	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
Assets:						
Current assets	\$ 424,009	\$ 456,937	\$ 3,106	\$ 11,486	\$ 427,115	\$ 468,423
Capital assets	361,581	303,232	126,729	125,534	488,310	428,766
Total assets	<u>785,590</u>	<u>760,169</u>	<u>129,835</u>	<u>137,020</u>	<u>915,425</u>	<u>897,189</u>
Liabilities:						
Current liabilities	73,129	45,173	3,535	7,613	76,664	52,786
Long-term liabilities	432,289	438,873	50,110	50,841	482,399	489,714
Total liabilities	<u>505,418</u>	<u>484,046</u>	<u>53,645</u>	<u>58,454</u>	<u>559,063</u>	<u>542,500</u>
Net Assets:						
Invested in capital assets, net of related debt	201,607	188,468	79,541	77,559	281,148	266,027
Restricted	135,801	188,951	612	1,527	136,413	190,478
Unrestricted	(57,236)	(101,296)	(3,963)	(520)	(61,199)	(101,816)
Total net assets	<u>\$ 280,172</u>	<u>\$ 276,123</u>	<u>\$ 76,190</u>	<u>\$ 78,566</u>	<u>\$ 356,362</u>	<u>\$ 354,689</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, 2009						
(in thousands)						
	Governmental		Business-type		Totals	
	Activities	Activities	Activities	Activities	Activities	Activities
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
Revenues:						
Program revenues:						
Charges for services	\$ 14,187	\$ 19,137	\$ 25,766	\$ 24,637	\$ 39,953	\$ 43,774
Operating grants/contributions	8,403	9,642	18,683		27,086	9,642
Capital grants/contributions	6,998	4,067	50	24,676	7,048	28,743
General revenues:						
Property taxes-current collections	78,280	77,013		10	78,280	77,023
Sales taxes	27,923	29,006			27,923	29,006
Utility user taxes	48,953	29,553			48,953	29,553
Documentary transfer taxes	3,420	3,647			3,420	3,647
Other taxes	4,540	5,156			4,540	5,156
Use of money and property	6,851	9,990	390	920	7,241	10,910
Unrestricted Intergovernmental	2,197	4,331			2,197	4,331
Gain on sale of capital assets	5,000	4,008			5,000	4,008
Pension stabilization revenue	5,293	4,256			5,293	4,256
Developer revenue sharing	51	201			51	201
Other	9,221	3,102	8	314	9,229	3,416
Total revenues	<u>221,317</u>	<u>203,109</u>	<u>44,897</u>	<u>50,554</u>	<u>266,214</u>	<u>253,663</u>
Expenses:						
General government	18,746	26,826			18,746	26,826
Public safety	91,432	80,140			91,432	80,140
Public works	43,290	31,253			43,290	31,253
Community development	4,317	5,047			4,317	5,047
Cultural & recreation	16,619	19,625			16,619	19,625
Housing & redevelopment	19,209	17,472			19,209	17,472
Interest and fiscal charges	22,962	24,242			22,962	24,242
Richmond Housing Authority			23,336	24,324	23,336	24,324
Port of Richmond			4,739	4,590	4,739	4,590
Richmond Marina			235	240	235	240
Municipal Sewer			14,291	15,085	14,291	15,085
Storm Sewer			4,467	4,686	4,467	4,686
Cable TV			898	854	898	854
Total expenses	<u>216,575</u>	<u>204,605</u>	<u>47,966</u>	<u>49,779</u>	<u>264,541</u>	<u>254,384</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenses	4,742	(1,496)	(3,069)	775	1,673	(719)
Special item				(14,426)	-	(14,426)
Transfers	(693)	(1,707)	693	1,707	-	-
Changes in Net Assets	<u>4,049</u>	<u>(3,203)</u>	<u>(2,376)</u>	<u>(11,942)</u>	<u>1,673</u>	<u>(15,145)</u>
Net assets at beginning 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>
Net assets at end of year	<u>\$ 280,172</u>	<u>\$ 276,123</u>	<u>\$ 76,190</u>	<u>\$ 78,566</u>	<u>\$ 356,362</u>	<u>\$ 354,689</u>

Governmental Activities:

Governmental activities increased the City's net assets by \$4 million accounting for 242 percent of the City's total increase in net assets of \$1.7 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 Public Safety, Public Works and Housing and Redevelopment reflecting the increase in personnel and capital improvement costs.

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

Revenue Highlights:

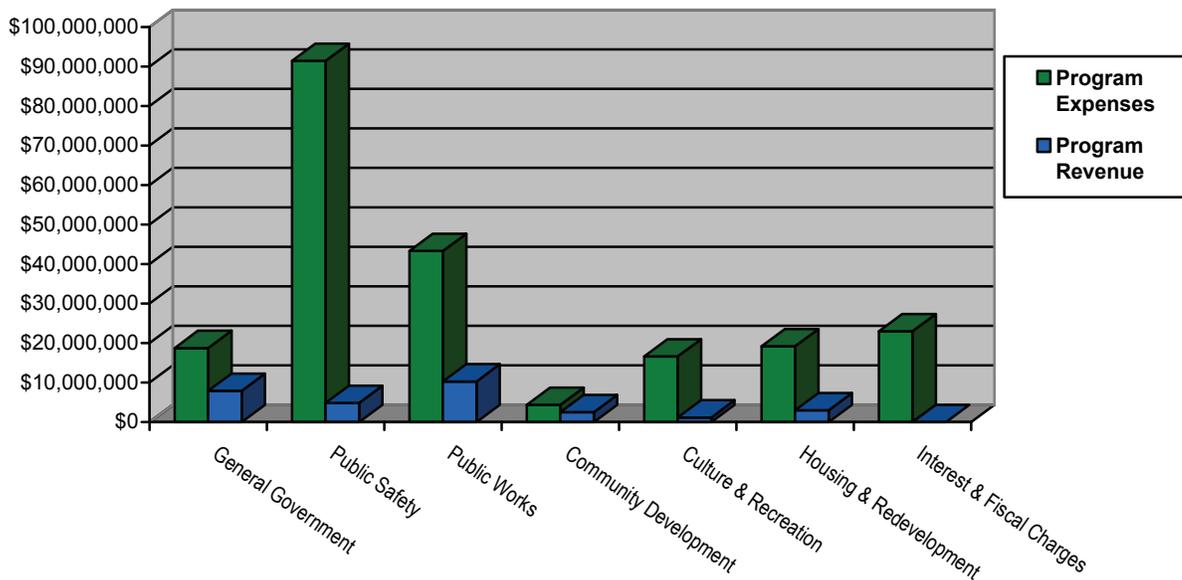
- Current year revenues of \$221.3 million reflect a \$18.2 million increase from the prior year.
- A majority of the \$18.2 million increase in revenue is attributable to Utility Users Tax. Utility Users Tax in the current year was \$49 million, an increase of \$19.4 million, or 66 percent. The majority of the \$19.4 million increase is due to the City's audit of a major manufacturer's UUT calculation which resulted in a settlement of \$13 million for prior year UUT and an increase of \$4.7 million in the amount paid in the current year.
- Property taxes (current collections) in the current year reached \$78.3 million, an increase of \$1.3 million, or approximately 2 percent.
- Current fiscal year receipts from sales tax of \$27.9 million reflect a \$1.1 million decrease over the prior year due to the downturn in the economy which would aptly reflect in less consumer spending.
- The significant decrease of \$3.1 million in use of money and property reflects the downturn in the economic environment and the decrease in City investments. The \$6.9 million realized in the current fiscal year is 31 percent less than the revenues in the prior fiscal year.
- The decline in other taxes of \$616 thousand is attributable to less franchise fee collections, Measure H and TOT taxes. The \$4.5 million realized is a 12 percent decrease over the prior year revenues.
- The \$15.4 million realized in operating and capital grants for the current fiscal year represents a \$1.7 million, or 12 percent, increase from prior year revenues due to two years of Measure C taxes being recognized in FY 08/09 due to the timing of allocations from the Contra Costa Transportation Authority.

Expense Highlights:

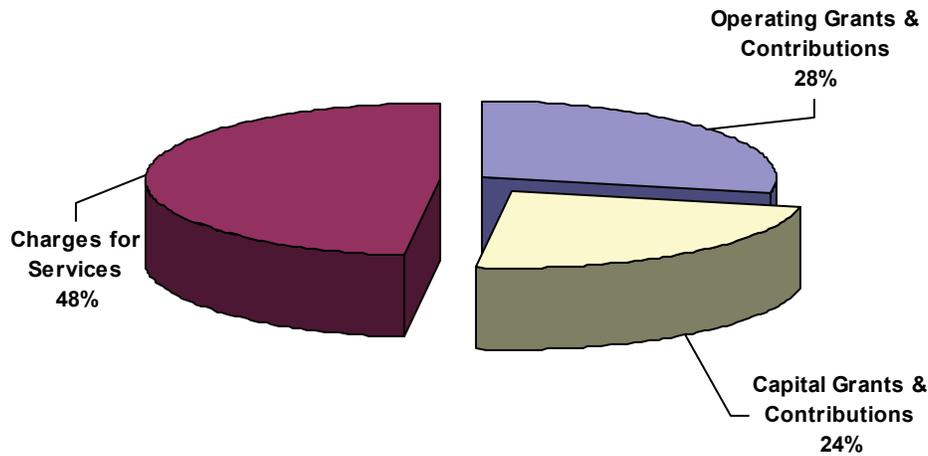
- Expenses of \$216.6 million reflect a \$12 million, or 6 percent, increase from prior year.
- Redevelopment expenses increased \$1.7 million to \$19.2 million. This increase is due to the increase in Redevelopment Agency Projects and Administration funds expenses.

- Current year interest and fiscal charges of \$23 million is a \$1.3 million, or 5 percent, decrease over the prior year. In FY2007-08, the 2007 Lease Revenue Bonds (Civic Center) and 2007 RDA Tax Allocation Bonds experienced unexpectedly high interest rate resets due to credit downgrades of bond insurers. In May 2008, the City restructured bonds into a fixed rate term, and indexed rate respectively. This resulted in a decrease of interest and fiscal charges over the prior year.
- Public Works expenses of \$43.3 million represent a \$12 million, or 39 percent, increase from prior year. The majority of the increase is attributed to Engineering and Public Works capital improvement projects.
- Public Safety expenses of \$91.4 million represent an \$11.3 million increase from prior year. The majority of this increase is due to salary increases in accordance with Employee Memorandum of Understanding since payroll comprises eighty percent of the department’s budget.
- General Government expenses of \$18.7 million represent an \$8.1 million, or 30 percent, decrease from prior year. Expense appropriations were reduced at mid-year to adjust for reduced revenue projections as a result of the declining housing market.
- Cultural and recreational expenses of \$16.6 million represent a \$3.0 million, or 15 percent, decrease from prior year. The decrease is attributable to a reduction in the expenditure budget due to a decrease in revenue.

Expenses and Program Revenues Governmental Activities



Program Revenue by Source Governmental Activities

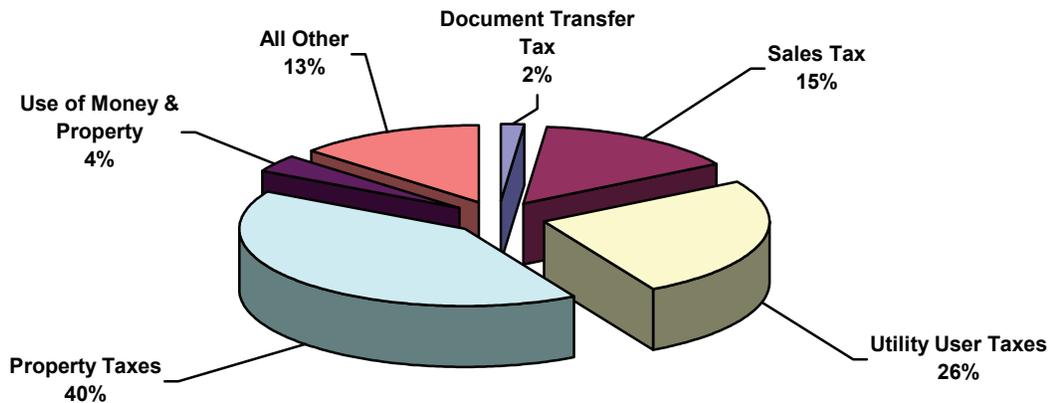


Total governmental activities expenses were \$216.6 million in fiscal year 2009. The largest expenses, in descending order, were for Public Safety, Public Works, Interest on Long Term Debt, Housing and Redevelopment, General Government, Cultural and Recreation and Community Development. These expenses do not include capital outlays, which are now reflected in the City's capital assets.

Total program revenues from governmental activities were \$29.6 million in fiscal year 2009. Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues. As reflected in the pie chart above, 48 percent of the governmental program revenues came from Charges for Services, which includes licenses and permits and fees, fines, forfeitures and penalties, and several other revenues. Program revenues under the Operating Grants and Contributions category include restricted revenues such as Gas Tax, Transportation and Sales Tax, and Federal/State Grants.

General revenues are all other revenues not categorized as program revenues such as property taxes, sales taxes, utility users' tax, gain on sale of capital assets, investment earnings, grants and contributions not related to specific programs and several miscellaneous general revenues. Total general revenues and transfers from governmental activities were \$191 million in fiscal year 2009. The three largest components of general revenues received during fiscal year 2009 for governmental activities were Property Taxes-current collections of \$78.3 million, Utility User Taxes of \$48.9 million and Sales Taxes of \$27.9 million. These three components represents approximately four-fifths of all general revenues.

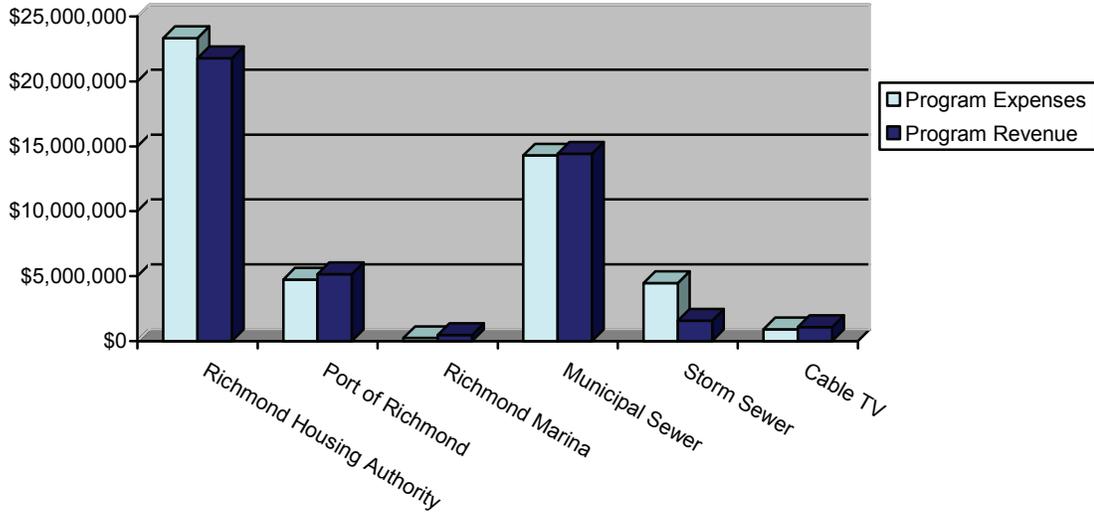
**General Revenues by Source
Governmental Activities**



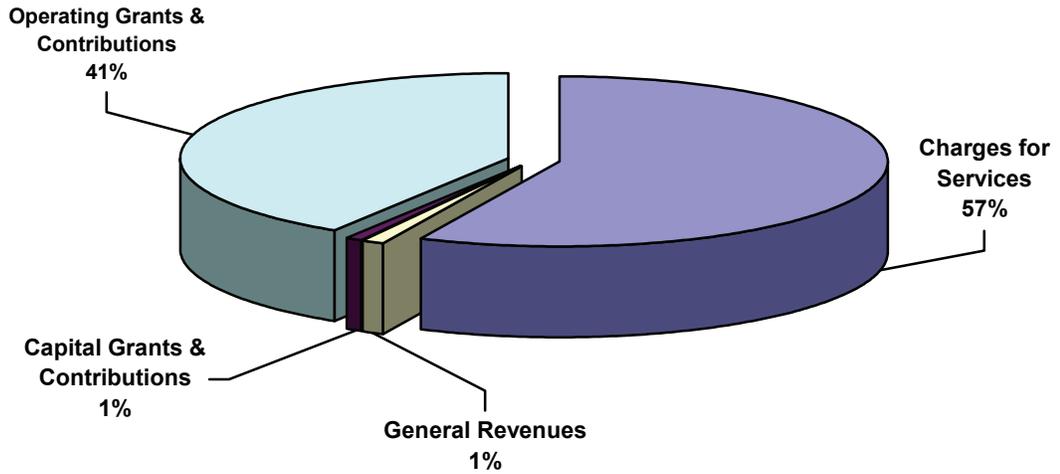
Business Type Activities: Business-type activities decreased the City’s net assets by \$2.4 million. Key factors in the decrease in business-type activities are as follows:

- Storm Sewer net assets decreased by \$2.2 million. The Storm Sewer Fund reported a \$2.9 million operating loss, operating expenses over operating revenues. The Storm Sewer fund revenue for the year was not sufficient to cover expenses incurred in connection with the Storm Sewer operation. The City is currently exploring additional revenue sources to help reduce this loss in the future.
- The Richmond Housing Authority net assets decreased by \$1.5 million. Total revenues of \$21.8 million represent a decrease of \$2.2 million from the previous year, operating expenses of \$23.3 million represents an decrease of \$989 thousand, or 4 percent, from the previous year.
- The Port of Richmond net assets increased \$545 thousand. The Port reported a \$718 thousand operating gain, operating revenues over operating expenses, but had a \$165 thousand non-operating loss caused, in part, by interest expenses incurred for debt service.
- The Municipal Sewer net assets increased by \$208 thousand in the current year. The Municipal Sewer reported operating income of \$2.8 million, up \$873 thousand, or 45 percent, from prior year which can be attributed to a \$569 thousand increase in operating revenues and \$305 thousand decrease in operating expenses.

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 \$194 million. Approximately \$134.3 million of this amount constitutes unreserved fund balance, which is available for spending at the government's discretion. Of the \$134.3 million, \$10.0 million has been designated for contingency reserve in compliance with Council's established policy. There is \$59.7 million of fund balance 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 \$10.9 million of a total fund balance that reached \$45.5 million. During the current year, the overall fund balance decreased by \$900 thousand primarily due to increases and decreases in revenues and transfers out to fund debt service on the Civic Center Bonds and various capital projects. The designation for contingencies remained at \$10 million. The unreserved, undesignated fund balance of \$10.9 million increased by \$1.5 million, or 16 percent, from prior year as a result of a combined decrease in the reserve for encumbrances and advances to other funds.

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 2009, the Administration Fund had an unreserved fund balance of \$3.6 million, a decrease of \$3.1 million, or 46 percent, from the prior year. This decrease is due to a decrease of in-lieu fees of \$1 million (in-lieu fees are fees paid by a developer when they do not build low

and moderate income housing) and a decrease in interest income of \$0.5 million coupled with an increase in administrative expenses of \$1.6 million.

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 2009, the unreserved fund balance was zero since all available funds are reserved for low and moderate income housing.

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 2009, the unreserved fund balance was \$5.8 million, a decrease of \$1.8 million, or 24 percent, from the prior year. This decrease is a combination of transfers in and transfers out with a net effect of a transfer that increased \$2.4 million from prior year. The transfers out were to cover increased expenses in the administrative and capital project funds.

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 2009, the unreserved fund balance was \$51.3 million, a decrease of \$2.3 million, or 4 percent, from the prior year. The majority of this decrease was due to interest and fiscal charges for the 2007 series bonds in the amount of \$2.1 million. The interest and fiscal charges did not occur in the fiscal year 2008 because this was the year the bonds were issued.

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. At the end of fiscal year 2009, the unreserved fund balance was \$1.0 million, a \$1.4 million decrease from the prior year. The majority of the decrease can be attributed to the \$2.9 million increase in the bond intercept from \$2.2 million in fiscal year 2008 to \$5.1 million in fiscal year 2009 which served to reduce the overall property tax revenues since the bond intercept is recorded directly in the corresponding debt service fund.

Civic Center Project Fund This fund was established to account for the activities of the new Civic Center project. At the end of fiscal year 2009, the unreserved fund balance was \$15.6 million, a \$38.5 million, or 71 percent, decrease from the prior year. The majority of the \$38.5 million decrease was due to the costs incurred as a result of the Civic Center renovation during fiscal year 2009.

Community Development Block Grant This fund was established to record the receipt and disbursement of grant monies used to provide new affordable housing, improve existing housing conditions, assist homeless and disabled with housing, and to expand economic opportunities in business, and employment within the City of Richmond. At the end of fiscal year 2009, the unreserved fund balance was \$490 thousand, a \$1.3 million, or 72 percent, decrease from prior year. Of the \$1.3 million decrease, \$824 thousand is a result of expenditures exceeding revenues in current operations partially

due to a decrease in grant receipts and an additional \$462 thousand represents the reservation for encumbrances.

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 \$51.7 million at June 30, 2009, \$1.5 million decrease from prior year. Of the \$51.7 million, \$44.8 million is invested in capital assets, net of related debt, \$194 thousand is restricted for debt service and \$6.7 million is unrestricted

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 \$3.8 million as of June 30, 2009, which is an increase of \$545 thousand from prior year. Although revenues decreased and expenses increased from the prior year, the Port was still able to show a positive change in net assets by continuing to control expenses and reduce the debt service expenses.

Municipal Sewer Fund This fund is used to account for a variety of sewer service-related revenues and expenses. At the end of fiscal year 2009, the total net assets for the sewer fund were \$11.6 million, which was a \$208 thousand increase from the prior fiscal year, primarily due to the decrease in interest expenses related to the Wastewater Revenue Bonds.

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 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, 2009 were \$21 million held in trust for employees' pension benefits. Net Assets decreased by \$3.6 million primarily due to a realized loss on investments in the Police and Firemen's Pension Trust Fund.

Agency Funds total assets at June 30, 2009 were \$29.5 million which is recorded on the City books as a liability to third parties.

GENERAL FUND BUDGETARY HIGHLIGHTS

The adopted budget, excluding transfers and proceeds from sale of property, reflected \$130.8 million in estimated revenues and \$136.8 million in appropriations resulting in an operating deficit of \$6.0 million.

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

The final amended budget included a \$2.4 million increase in estimated revenue and a \$3.1 million increase in appropriations. Actual revenues of \$132.7 million were \$0.5 million more than adjusted operating revenue projections, a variance of less than 1 percent. Key elements of the increases and decreases in revenues are discussed as follows:

The original budget for sales tax of \$31.8 million was followed with a mid-year adjustment downward to \$30.2 million. However, only \$27.9 million in sales tax was realized causing a \$2.2 million decrease in estimated revenues. Actual sales tax revenue decreased by \$1.1 million from prior year. Sales tax revenue declined due to the downturn in the economy and overall reduction in consumer spending. Moderate growth is expected as the economy slowly recovers and consumer spending returns. Additional increases are projected into 2009-10 as additional retail outlets open and business-to-business sales accelerate.

While projected property taxes were decreased \$1.7 million at mid-year to \$33.1 million, actual revenue received was \$220 thousand above the final projection and \$973 thousand less than prior year. Because property values have continued to decrease, the City of Richmond experienced a decline in property tax revenue even though Richmond's housing stock is fairly old with new developments making up a small percentage of the assessed valuation.

The utility user fees are based on a percentage of utility bills. Actual revenues increased \$19.4 million from prior year to \$49.0 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. The final budget of \$37.1 million reflects an increase of \$3.5 million over the adopted projection of \$33.6 million.

Other taxes original budget of \$9.8 million remained unchanged at mid-year. Actual other tax revenue of \$8.0 million is \$1.8 million less than projected, however, \$300 thousand above prior year actual revenue collected. This is due primarily to a decline in franchise taxes collected for gas utilities.

The use of money and property original budget was reduced \$1.5 million to \$500 thousand at mid-year; however, only \$183 thousand was realized. This was largely due to the reduction of interest rates to record low levels by the Federal Reserve Board to stimulate credit markets, and reduced amounts of City funds to invest.

Charges for services actual revenues were \$4.5 million less than the \$7.0 million final budget projection. This is due to a decline of \$345 thousand in booking fees, \$656 thousand decline in service reimbursements, and \$3.6 million indirect cost reimbursements originally budgeted as revenue recorded as contra expenditures.

Transfers in budget of \$8.7 million was \$1.1 million less than actual transfers of \$9.8 million. This is a result of an unbudgeted transfer in the amount of \$1.1 million to reimburse the general fund for swap receipts received by the Civic Center Debt Service Fund that had not been used to reduce debt service payments made by the General Fund.

The final adjusted appropriations were \$140.0 million, an increase of \$3.0 million over the adopted budget appropriation. Actual operating expenditures of \$129.0 million were \$11.3 million below appropriations approved at the Mid-Year Budget Review, and \$245 thousand less than prior year actual. General government actual expenditures were \$9.5 million less than budget; public safety actual exceeded budget by \$147 thousand; public works actual was \$1.2 million less than budget; and cultural and recreational actual was \$724 thousand less than budget. This is largely due to salary savings from vacant positions identified at mid-year, and difficulty some departments encountered in recruiting the newly authorized personnel provided in the adopted budget to restore services.

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, 2009, amounted to \$488.3 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 \$59.5 million or 14 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	
	2009	2008	2009	2008	2009	2008
Land	\$ 29,721,376	\$ 27,674,272	\$ 11,596,510	\$ 11,215,967	\$ 41,317,886	\$ 38,890,239
Construction in Progress	164,976,640	101,731,280	32,422,868	29,801,549	197,399,508	131,532,829
Building and improvements	18,770,352	19,993,179	44,904,232	44,944,841	63,674,584	64,938,020
Machinery and equipment	14,939,675	8,282,302	2,238,044	2,054,385	17,177,719	10,336,687
Infrastructure	133,173,071	145,550,538	35,567,867	37,516,906	168,740,938	183,067,444
Total Capital assets	\$ 361,581,114	\$ 303,231,571	\$ 126,729,521	\$ 125,533,648	\$ 488,310,635	\$ 428,765,219

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 70 and 72 in the financial statements.

Debt Administration:

Long Term Debt - At the end of the current fiscal year, the City had \$482.4 million in debt outstanding compared to the \$482.9 million the previous year; a decrease of \$500 thousand. The change is primarily a result of the payoff of the Port Terminal Lease Revenue Bonds, Series 1999, offset by the issuance of new capital leases.

Outstanding Debt

June 30

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Tax Allocation bonds	\$165,200,399	\$168,838,368			\$165,200,399	\$168,838,368
Revenue bonds	1,490,000	1,829,143	\$41,934,902	\$42,152,480	43,424,902	43,981,623
Lease revenue bonds	96,260,000	97,790,000	3,203,312	5,933,813	99,463,312	103,723,813
Pension obligation bonds	150,493,392	146,453,616			150,493,392	146,453,616
Total bonds payable	413,443,791	414,911,127	45,138,214	48,086,293	458,582,005	462,997,420
Loans payable	10,544,185	10,578,390	4,971,845	5,427,430	15,516,030	16,005,820
Capital leases	8,300,966	3,964,298			8,300,966	3,964,298
Total outstanding debt	\$432,288,942	\$429,453,815	\$50,110,059	\$53,513,723	\$482,399,001	\$482,967,538

The City does not have any general obligation bonds as of June 30, 2009.

The City maintains an Issuer Credit Rating of “A+” from Standard & Poor’s Ratings Services (“S&P”) and “A2” from Moody’s Investor Services (“Moody’s”). Other credit ratings include S&P’s assigned underlying rating (SPUR) of “A” for the RCRA, and “AA-“ for the Wastewater Enterprise Fund; raised from “A+” in October, 2008. For all ratings, specific credit strengths include strong financial controls, policies, and management practices.

The City has purchased municipal bond insurance policies on its bond issuances in the past, including 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. Since this restructuring, the bonds have traded at a level below the Securities Industry & Financial Market Association Index (“SIFMA”).

For more detailed information on the City’s long-term debt see Note 7 on pages 73-102.

Economic Factors, Next Year’s Budget and Inflation Rates

- The City currently faces a continuing weak economic environment. Although the City experienced strong growth in assessed valuation (“AV”) in past years, FY 2009-2010 AV decreased by 16.1% and consequently reduced the fiscal year 2010 budget by \$5.9 million.
- The City has formally adopted debt and investment policies to guide critical financing and investment decisions. The City is also one of the first cities to adopt a swap policy.
- The City has established a reserves policy and has funded a \$10 million contingency reserve within the General Fund, equating to over eight percent of the City’s current budget level.
- The City has adopted a structurally balanced budget policy requiring one-time revenues to be spent only on one-time expenditures, and on-going revenues to be spent on on-going expenditures.
- The City has funded the implementation of a new, integrated financial, human resources and payroll system that will be the hub of other new software, including

“best of breed” software in building permits, cash management, investments, debt management, equipment and many others.

- The 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 employee hired 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 resulted in State “borrowing” of municipal revenues and deferral of state allocations and reimbursements. The City participated in the California Communities’ Proposition 1A Securitization Program in 2010.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City’s finances for all of its citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Richmond, Finance Department, 450 Civic Center Plaza, Richmond, CA 94804. Alternatively, you may send your inquiries via e-mail to Finance@ci.richmond.ca.us.

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City of Richmond
June 30, 2009

**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.

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CITY OF RICHMOND
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	RHA Properties
ASSETS				
Cash and investments (Note 3)	\$105,206,555	\$11,782,497	\$116,989,052	\$1,023,137
Restricted cash and investments (Note 3)	125,229,752	3,533,794	128,763,546	2,527,605
Receivables:				
Accounts, net	14,749,388	1,708,264	16,457,652	18,917
Interest	53,020	3,946	56,966	
Grants	863,249	1,292,142	2,155,391	
Due from developer (Note 16)		8,628,540	8,628,540	
Loans, net of reserves (Note 5)	36,028,120	28,265	36,056,385	
Internal balances (Note 4)	25,380,756	(25,380,756)		
Prepays, supplies, and other assets	984,205	440,532	1,424,737	2,304
Bond issuance costs and other investments, net of amortization		1,068,625	1,068,625	1,027,784
Net pension asset (Notes 10 and 11)	110,908,323		110,908,323	
Net OPEB asset (Note 12)	4,605,272		4,605,272	
Capital assets (Note 6):				
Nondepreciable	194,698,016	44,019,378	238,717,394	10,431,153
Depreciable, net	166,883,098	82,710,143	249,593,241	18,865,983
Total Assets	<u>785,589,754</u>	<u>129,835,370</u>	<u>915,425,124</u>	<u>33,896,883</u>
LIABILITIES				
Accounts payable and accrued liabilities	32,398,427	1,481,996	33,880,423	1,100,611
Interest payable	4,732,829	990,726	5,723,555	
Refundable deposits	1,784,745	169,793	1,954,538	232,715
Unearned revenue (Note 8)	93,590		93,590	
Net pension obligation (Note 11)	174,242		174,242	
Compensated absences (Note 2):				
Due within one year	1,367,473	262,265	1,629,738	
Due in more than one year	10,176,381	630,692	10,807,073	
Claims liabilities (Note 14):				
Due within one year	9,918,000		9,918,000	
Due in more than one year	12,483,000		12,483,000	
Long-term debt (Note 7):				
Due within one year	15,468,725	1,695,113	17,163,838	690,000
Due in more than one year	416,820,217	48,414,946	465,235,163	32,228,540
Total Liabilities	<u>505,417,629</u>	<u>53,645,531</u>	<u>559,063,160</u>	<u>34,251,866</u>
NET ASSETS				
Invested in capital assets, net of related debt	201,607,368	79,540,643	281,148,011	(1,093,799)
Restricted for:				
Capital projects	86,546,929		86,546,929	
Debt service	36,494,737	612,613	37,107,350	
Housing and redevelopment	11,735,592		11,735,592	2,527,605
Pension benefits	1,023,921		1,023,921	
Total Restricted Net Assets	<u>135,801,179</u>	<u>612,613</u>	<u>136,413,792</u>	<u>2,527,605</u>
Unrestricted (Deficit)	<u>(57,236,422)</u>	<u>(3,963,417)</u>	<u>(61,199,839)</u>	<u>(1,788,789)</u>
Total Net Assets (Deficit)	<u>\$280,172,125</u>	<u>\$76,189,839</u>	<u>\$356,361,964</u>	<u>(\$354,983)</u>

See accompanying notes to financial statements

CITY OF RICHMOND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$18,745,594	\$7,813,724	\$83,701	
Public safety	91,432,506	3,931,893	872,537	
Public works	43,289,943	1,669,681	2,802,266	\$5,801,196
Community development	4,316,710	170,872	2,329,962	
Cultural and recreational	16,618,663	594,205	564,148	
Housing and redevelopment	19,209,243	7,000	1,750,022	1,196,470
Interest on long-term debt	22,961,838			
Total Governmental Activities	216,574,497	14,187,375	8,402,636	6,997,666
Business-type Activities:				
Richmond Housing Authority	23,335,623	3,096,831	18,683,329	
Port of Richmond	4,739,269	5,095,840		50,027
Richmond Marina	235,571	476,588		
Municipal Sewer	14,290,536	14,432,849		
Storm Sewer	4,466,645	1,579,698		
Cable TV	898,370	1,084,389		
Total Business-type Activities	47,966,014	25,766,195	18,683,329	50,027
Total Primary Government	\$264,540,511	\$39,953,570	\$27,085,965	\$7,047,693
Component Unit:				
RHA Properties	\$3,867,348	\$3,683,603		
General revenues:				
Taxes:				
Property taxes-current collections				
Sales taxes				
Utility user taxes				
Documentary transfer taxes				
Other taxes				
Use of money and property				
Unrestricted intergovernmental				
Gain on sale of capital assets				
Pension stabilization revenue				
Developer revenue sharing				
Other				
Transfers (Note 4)				
Total general revenues and transfers				
Change in Net Assets				
Net Assets (Deficit)-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
(\$10,848,169)		(\$10,848,169)	
(86,628,076)		(86,628,076)	
(33,016,800)		(33,016,800)	
(1,815,876)		(1,815,876)	
(15,460,310)		(15,460,310)	
(16,255,751)		(16,255,751)	
(22,961,838)		(22,961,838)	
<u>(186,986,820)</u>		<u>(186,986,820)</u>	
	(\$1,555,463)	(1,555,463)	
	406,598	406,598	
	241,017	241,017	
	142,313	142,313	
	(2,886,947)	(2,886,947)	
	186,019	186,019	
	<u>(3,466,463)</u>	<u>(3,466,463)</u>	
<u>(186,986,820)</u>	<u>(3,466,463)</u>	<u>(190,453,283)</u>	
			<u>(\$183,745)</u>
78,279,818		78,279,818	
27,922,698		27,922,698	
48,953,004		48,953,004	
3,419,724		3,419,724	
4,539,959		4,539,959	
6,851,266	390,189	7,241,455	6,083
2,197,148		2,197,148	
5,000,000		5,000,000	
5,292,746		5,292,746	
51,767		51,767	
9,220,595	7,701	9,228,296	183,825
(692,391)	692,391		
<u>191,036,334</u>	<u>1,090,281</u>	<u>192,126,615</u>	<u>189,908</u>
4,049,514	(2,376,182)	1,673,332	6,163
<u>276,122,611</u>	<u>78,566,021</u>	<u>354,688,632</u>	<u>(361,146)</u>
<u>\$280,172,125</u>	<u>\$76,189,839</u>	<u>\$356,361,964</u>	<u>(\$354,983)</u>

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City of Richmond
June 30, 2009

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 2009. 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.

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

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

CITY OF RICHMOND
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2009

	General	Redevelopment Agency Administration	Redevelopment Agency Low/Mod Income Housing	Redevelopment Agency Debt Service	Redevelopment Agency Projects	Secured Pension Override
ASSETS						
Cash and investments	\$30,855,630	\$2,918,983	\$2,822,007	\$6,990,229	\$6,634,959	\$1,022,463
Restricted cash and investments	5,154	1,426,352	9,426,337	9,052,908	58,023,221	
Receivables:						
Accounts, net	8,440,156	267,882	107,009		1,126,226	
Interest	7,190	1,240	1,210	8,173	769	1,458
Grants	3,840					
Loans	1,351,853	2,491,970	17,694,540		10,518,104	
Due from other funds	6,345,529	54,688	189,226			
Advances to other funds	22,660,371	2,174,067			99,685	
Prepays, supplies and other assets	496,888					
Total Assets	\$70,166,611	\$9,335,182	\$30,240,329	\$16,051,310	\$76,402,964	\$1,023,921
LIABILITIES						
Accounts payable and accrued liabilities	\$23,529,209	\$400,564	\$2,378		\$1,480,539	
Refundable deposits	178,849	168,155			65,453	
Due to other funds	25,570	164,367	977,262		4,636,430	
Advances from other funds	99,685				2,500,000	
Deferred revenue	795,620	2,666,037	17,525,097		11,644,330	
Total Liabilities	24,628,933	3,399,123	18,504,737		20,326,752	
FUND BALANCES						
Fund balance						
Reserved for:						
Encumbrances	875,407	346,180	3,231,998		4,662,979	
Prepays, supplies and other assets	496,888					
Debt service				\$10,274,763		
Advances to other funds	22,660,371	2,000,000			99,685	
Loans receivable	649,823		169,443			
Low and moderate income housing			8,334,151			
Unreserved, designated for:						
Contingencies	10,000,000					
Unreserved, Undesignated, Reported in:						
General Fund	10,855,189					
Special Revenue Funds		3,589,879				\$1,023,921
Debt Service Funds				5,776,547		
Capital Projects Funds					51,313,548	
Total Fund Balances	45,537,678	5,936,059	11,735,592	16,051,310	56,076,212	1,023,921
Total Liabilities and Fund Balances	\$70,166,611	\$9,335,182	\$30,240,329	\$16,051,310	\$76,402,964	\$1,023,921

See accompanying notes to financial statements

<u>Civic Center Project</u>	<u>Community Development Block Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$2,894,873		\$20,969,682	\$75,108,826
15,567,537	\$2,188,436	23,487,785	119,177,730
	4,242	4,594,207	14,539,722
1,699		9,439	31,178
		859,409	863,249
	7,081,686		39,138,153
	2,457		6,591,900
			24,934,123
		21,884	518,772
<u>\$18,464,109</u>	<u>\$9,276,821</u>	<u>\$49,942,406</u>	<u>\$280,903,653</u>
\$516,633	\$24,897	\$3,790,055	\$29,744,275
		1,372,288	1,784,745
	1,210,151	2,027,047	9,040,827
2,000,000		211,686	4,811,371
	7,088,970	1,868,397	41,588,451
<u>2,516,633</u>	<u>8,324,018</u>	<u>9,269,473</u>	<u>86,969,669</u>
323,784	462,344	5,054,981	14,957,673
		21,884	518,772
			10,274,763
			24,760,056
			819,266
			8,334,151
			10,000,000
			10,855,189
	490,459	5,023,767	10,128,026
		20,443,427	26,219,974
15,623,692		10,128,874	77,066,114
<u>15,947,476</u>	<u>952,803</u>	<u>40,672,933</u>	<u>193,933,984</u>
<u>\$18,464,109</u>	<u>\$9,276,821</u>	<u>\$49,942,406</u>	<u>\$280,903,653</u>

CITY OF RICHMOND
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET ASSETS
 JUNE 30, 2009

Total fund balances reported on the governmental funds balance sheet \$193,933,984

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. 361,581,114

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	30,097,729
Restricted cash and investments	6,052,022
Accounts receivable	209,666
Interest receivable	21,842
Due from other funds	3,448,589
Advances to other funds	4,258,342
Prepays and supplies	465,433
Accounts payable, accrued liabilities and interest payable	(2,654,152)
Compensated absences	(947,133)
Claims payable	(22,401,000)

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. 38,384,828

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	(4,732,829)
Long-term debt	(432,288,942)
Net pension obligation	(174,242)
Net pension asset	110,908,323
Net OPEB asset	4,605,272
Governmental activities portion of compensated absences	(10,596,721)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$280,172,125

See accompanying notes to financial statements

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CITY OF RICHMOND
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	General	Redevelopment Agency Administration	Redevelopment Agency Low/Mod Income Housing	Redevelopment Agency Debt Service	Redevelopment Agency Projects	Secured Pension Override
REVENUES						
Property taxes	\$33,296,446			\$28,012,195		\$11,855,505
Sales taxes	27,922,698					
Utility user taxes	48,953,004					
Other taxes	7,959,683					
Licenses, permits and fees	2,191,711	\$7,000				
Developer revenue sharing					\$51,767	
Fines, forfeitures and penalties	332,524					
Use of money and property	183,318	216,820	\$80,482	350,850	420,999	140,911
Intergovernmental	747,134	3,670			1,192,802	
Charges for services	2,566,597					
Pension stabilization revenue						
Other	8,240,818	176,344	15,627		2,558,792	
Rent	295,064				17,032	
Total Revenues	132,688,997	403,834	96,109	28,363,045	4,241,392	11,996,416
EXPENDITURES						
Current:						
General government	10,169,478					
Public safety	87,578,216					4,948,186
Public works	14,411,773					
Community development						
Cultural and recreational	15,188,002					
Housing and redevelopment		8,007,602	4,165,396		7,175,903	
Capital outlay	776,014	16,231	502,578		16,103,131	
Debt service:						
Principal	520,439	780,000	465,000	2,460,000	1,125,000	
Interest and fiscal charges	26,552	1,502,012	456	2,760,999	2,124,024	
Total Expenditures	128,670,474	10,305,845	5,133,430	5,220,999	26,528,058	4,948,186
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,018,523	(9,902,011)	(5,037,321)	23,142,046	(22,286,666)	7,048,230
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of property	40,000					
Transfers in	9,752,825	7,640,223	6,030,960	2,167,778	16,878,850	
Transfers (out)	(14,710,298)	(687,600)	(1,029,704)	(28,373,923)	(1,138,074)	(8,405,329)
Total Other Financing Sources (Uses)	(4,917,473)	6,952,623	5,001,256	(26,206,145)	15,740,776	(8,405,329)
NET CHANGE IN FUND BALANCES	(898,950)	(2,949,388)	(36,065)	(3,064,099)	(6,545,890)	(1,357,099)
BEGINNING FUND BALANCES	46,436,628	8,885,447	11,771,657	19,115,409	62,622,102	2,381,020
ENDING FUND BALANCES	\$45,537,678	\$5,936,059	\$11,735,592	\$16,051,310	\$56,076,212	\$1,023,921

See accompanying notes to financial statements

<u>Civic Center Project</u>	<u>Community Development Block Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		\$5,882,904	\$79,047,050
			27,922,698
			48,953,004
			7,959,683
		4,217,185	6,415,896
			51,767
		27,346	359,870
\$2,555,360	\$12,423	1,317,442	5,278,605
	1,750,022	12,060,056	15,753,684
		3,018,786	5,585,383
		5,292,746	5,292,746
	116,941	576,648	11,685,170
			312,096
<u>2,555,360</u>	<u>1,879,386</u>	<u>32,393,113</u>	<u>214,617,652</u>
		8,874,826	19,044,304
		981,224	93,507,626
376,922		5,724,678	20,513,373
		4,334,599	4,334,599
		1,608,526	16,796,528
	2,700,975		22,049,876
47,112,332		15,955,865	80,466,151
		4,334,143	9,684,582
		7,624,222	14,038,265
<u>47,489,254</u>	<u>2,700,975</u>	<u>49,438,083</u>	<u>280,435,304</u>
<u>(44,933,894)</u>	<u>(821,589)</u>	<u>(17,044,970)</u>	<u>(65,817,652)</u>
		5,000,000	5,040,000
6,562,962		30,381,133	79,414,731
	(2,857)	(25,800,403)	(80,148,188)
<u>6,562,962</u>	<u>(2,857)</u>	<u>9,580,730</u>	<u>4,306,543</u>
(38,370,932)	(824,446)	(7,464,240)	(61,511,109)
<u>54,318,408</u>	<u>1,777,249</u>	<u>48,137,173</u>	<u>255,445,093</u>
<u>\$15,947,476</u>	<u>\$952,803</u>	<u>\$40,672,933</u>	<u>\$193,933,984</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, 2009

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 (\$61,511,109)

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 67,654,920

Depreciation expense is deducted from the fund balance

(Depreciation expense is net of internal service fund depreciation of \$1,574,168 which has already been allocated to serviced funds) (14,342,287)

Retirements of capital assets are deducted from the fund balance (145,380)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.

Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance 9,684,582

Capital appreciation bonds accretion is deducted from fund balance (7,696,807)

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 (1,151,766)

Deferred revenue 3,294,560

Compensated absences (1,343,183)

Net pension asset (obligation) (6,126)

Net OPEB asset 2,408,396

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 7,278,714

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$4,049,514

See accompanying notes to financial statements

City of Richmond
June 30, 2009

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 2009.

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, 2009

	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	\$2,403,992	\$544,062	\$3,930,671	\$4,903,772	\$11,782,497	\$30,097,729
Restricted cash and investments	194,058	418,555	2,921,181		3,533,794	6,052,022
Receivables:						
Accounts, net	996,169	247,720	97,809	366,566	1,708,264	209,666
Interest		(136)	2,197	1,885	3,946	21,842
Grants	1,280,930	11,212			1,292,142	
Notes				28,265	28,265	
Prepays and other assets	440,532				440,532	465,433
Due from other funds						3,448,589
Due from developer	8,628,540				8,628,540	
Total current assets	13,944,221	1,221,413	6,951,858	5,300,488	27,417,980	40,295,281
Noncurrent assets:						
Capital assets:						
Nondepreciable	8,445,570	8,596,768	26,977,040		44,019,378	1,239,708
Depreciable, net	36,386,019	14,603,743	21,533,071	10,187,310	82,710,143	10,797,632
Advances to other funds						4,258,342
Bond issuance costs net of amortization			1,068,625		1,068,625	
Total noncurrent assets	44,831,589	23,200,511	49,578,736	10,187,310	127,798,146	16,295,682
Total Assets	58,775,810	24,421,924	56,530,594	15,487,798	155,216,126	56,590,963
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	716,911	88,325	444,874	231,886	1,481,996	2,649,709
Interest payable		55,805	800,288	134,633	990,726	4,443
Due to other funds				999,662	999,662	
Refundable deposits	152,893	16,900			169,793	
Compensated absences - due within one year	182,064			80,201	262,265	
Claims payable						9,918,000
Current portion of long-term debt		360,000	1,275,170	59,943	1,695,113	1,334,284
Total current liabilities	1,051,868	521,030	2,520,332	1,506,325	5,599,555	13,906,436
Noncurrent liabilities:						
Advances from other funds	5,582,897	17,039,855		1,758,342	24,381,094	
Compensated absences	456,111	165,589	8,992		630,692	947,133
Claims payable						12,483,000
Long-term debt, net		2,843,312	42,367,757	3,203,877	48,414,946	5,078,014
Total noncurrent liabilities	6,039,008	20,048,756	42,376,749	4,962,219	73,426,732	18,508,147
Total Liabilities	7,090,876	20,569,786	44,897,081	6,468,544	79,026,287	32,414,583
NET ASSETS						
Invested in capital assets, net of related debt	44,831,589	19,997,199	7,788,365	6,923,490	79,540,643	4,926,961
Restricted for debt service	194,058	418,555			612,613	
Unrestricted	6,659,287	(16,563,616)	3,845,148	2,095,764	(3,963,417)	19,249,419
Total Net Assets	\$51,684,934	\$3,852,138	\$11,633,513	\$9,019,254	\$76,189,839	\$24,176,380

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, 2009

	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	\$1,624,633				\$1,624,633	
Marina berth rentals						
Service charges		\$4,031,381	\$13,953,314	\$2,449,711	20,434,406	\$44,248,929
Lease income		862,349		479,288	1,341,637	
Other	1,472,198	202,110	479,535	211,676	2,365,519	
Total Operating Revenues	3,096,831	5,095,840	14,432,849	3,140,675	25,766,195	44,248,929
OPERATING EXPENSES						
Salaries and benefits	4,421,162	1,008,522	606,396	1,738,072	7,774,152	12,347,769
General and administrative	1,085,412	2,284,256	10,229,132	2,658,236	16,257,036	10,746,916
Maintenance	1,040,260	187,023	41,467		1,268,750	5,028,588
Depreciation	396,046	886,392	660,833	1,055,683	2,998,954	1,574,168
Housing assistance	16,392,743				16,392,743	
Claims losses						7,801,892
Other		11,312	81,572	1,508	94,392	856,100
Total Operating Expenses	23,335,623	4,377,505	11,619,400	5,453,499	44,786,027	38,355,433
Operating Income (Loss)	(20,238,792)	718,335	2,813,449	(2,312,824)	(19,019,832)	5,893,496
NONOPERATING REVENUES (EXPENSES)						
Gain from sale of capital assets						83,870
Interest income	21,405	146,422	65,863	156,499	390,189	1,572,661
Grants	18,683,329	50,027			18,733,356	
Other income	7,701				7,701	
Interest (expense)		(361,764)	(2,671,136)	(147,087)	(3,179,987)	(312,379)
Total Nonoperating Revenues (Expenses)	18,712,435	(165,315)	(2,605,273)	9,412	15,951,259	1,344,152
Income (Loss) Before Transfers	(1,526,357)	553,020	208,176	(2,303,412)	(3,068,573)	7,237,648
TRANSFERS						
Transfers in				700,000	700,000	190,595
Transfers (out)		(7,609)			(7,609)	(149,529)
Net transfers		(7,609)		700,000	692,391	41,066
Change in net assets	(1,526,357)	545,411	208,176	(1,603,412)	(2,376,182)	7,278,714
BEGINNING NET ASSETS (DEFICIT)	53,211,291	3,306,727	11,425,337	10,622,666	78,566,021	16,897,666
ENDING NET ASSETS	\$51,684,934	\$3,852,138	\$11,633,513	\$9,019,254	\$76,189,839	\$24,176,380

See accompanying notes to financial statements

CITY OF RICHMOND
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2009

	Business-type Activities-Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$3,015,357	\$5,312,404	\$14,701,041	\$3,066,134	\$26,094,936	\$44,126,735
Payments to suppliers	(18,362,320)	(3,888,279)	(10,464,694)	(2,552,274)	(35,267,567)	(5,884,688)
Payments to employees	(4,314,208)	(911,225)	(610,847)	(1,755,763)	(7,592,043)	(23,195,596)
Other income	7,701				7,701	
Insurance premiums and claims paid						(5,774,867)
Cash Flows from Operating Activities	(19,653,470)	512,900	3,625,500	(1,241,903)	(16,756,973)	9,271,584
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund receipts	65,059			999,662	1,064,721	
Interfund payments						(7,706,931)
Receipts from other governments	18,404,225	38,814			18,443,039	
Transfers in				700,000	700,000	190,595
Transfers (out)		(7,609)			(7,609)	(149,529)
Cash Flows from Noncapital Financing Activities	18,469,284	31,205		1,699,662	20,200,151	(7,665,865)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets, net of retirements	(1,281,251)	(5,617)	(2,849,272)	(58,687)	(4,194,827)	(6,756,458)
Proceeds from sale of capital assets						83,870
Proceeds from issuance of debt			33,015,000		33,015,000	6,027,631
Cost of issuance			(771,601)		(771,601)	
Principal payments on capital debt		(2,745,000)	(32,658,224)	(57,362)	(35,460,586)	(1,279,729)
Interest paid		(292,367)	(2,690,437)	(149,453)	(3,132,257)	(310,967)
Cash Flows from Capital and Related Financing Activities	(1,281,251)	(3,042,984)	(5,954,534)	(265,502)	(10,544,271)	(2,235,653)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	21,405	150,227	70,862	160,423	402,917	1,617,486
Cash Flows from Investing Activities	21,405	150,227	70,862	160,423	402,917	1,617,486
Net Cash Flows	(2,444,032)	(2,348,652)	(2,258,172)	352,680	(6,698,176)	987,552
Cash and investments at beginning of period	5,042,082	3,311,269	9,110,024	4,551,092	22,014,467	35,162,199
Cash and investments at end of period	<u>\$2,598,050</u>	<u>\$962,617</u>	<u>\$6,851,852</u>	<u>\$4,903,772</u>	<u>\$15,316,291</u>	<u>\$36,149,751</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:						
Operating income (loss)	(\$20,238,792)	\$718,335	\$2,813,449	(\$2,312,824)	(\$19,019,832)	\$5,893,496
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation	396,046	886,392	660,833	1,055,683	2,998,954	1,574,168
Other income	7,701				7,701	
Change in assets and liabilities:						
Receivables, net	(94,611)	231,564	268,192	(74,541)	330,604	(122,194)
Prepays and other assets	(1,545)				(1,545)	(109,975)
Accounts payable and accrued liabilities and other accrued expenses	157,640	(1,405,688)	(112,523)	107,470	(1,253,101)	(330,838)
Refundable deposits	13,137	(15,000)			(1,863)	
Compensated absences payable	106,954	97,297	(4,451)	(17,691)	182,109	229,927
Claims payable						2,137,000
Cash Flows from Operating Activities	(19,653,470)	\$512,900	\$3,625,500	(1,241,903)	(16,756,973)	\$9,271,584
Non cash transactions:						
Amortization of bond issuance costs			(\$532,883)			

See accompanying notes to financial statements

City of Richmond
June 30, 2009

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, 2009

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and investments (Note 3)		\$6,826,063
Restricted cash and investments (Note 3)		5,039,919
Investment in reassessment bonds (Note 3)		17,335,000
Pension plan cash and investments (Note 11):		
City of Richmond Investment Pool	\$4,578,634	
Local Agency Investment Fund	187,348	
Mutual Fund Investments	16,193,194	
Accounts receivable		286,349
Interest receivable	2,054	3,567
Due from City		16,296
Total Assets	<u>20,961,230</u>	<u>\$29,507,194</u>
LIABILITIES		
Accounts payable and accrued liabilities	4,242	\$750,264
Refundable deposits payable		908,392
Due to assessment district bondholders		27,848,538
Total Liabilities	<u>4,242</u>	<u>\$29,507,194</u>
NET ASSETS		
Held in trust for employees' pension benefits	<u>\$20,956,988</u>	

See accompanying notes to financial statements

CITY OF RICHMOND
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2009

	Pension Trust Funds
ADDITIONS	
Net investment income:	
Net increase (decrease) in the fair value of investments	(\$3,933,928)
Interest income	859,599
Investment management fees	(78,747)
Contribution from the City	380,432
Contribution from Pension Reserve	4,800,000
Total Additions	2,027,356
DEDUCTIONS	
Pension benefits	5,636,557
Total Deductions	5,636,557
Net Increase (Decrease)	(3,609,201)
NET ASSETS, BEGINNING OF YEAR	24,566,189
NET ASSETS, END OF YEAR	\$20,956,988

See accompanying notes to financial statements

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City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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, 450 Civic Center Plaza, Richmond, California 94804.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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, 450 Civic Center Plaza, 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, 2009

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, 2009

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, 2009

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.

Community Development Block Grant Fund - The 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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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.

Trust Funds. These Funds account for assets held by the City as an Agent for various functions. The General Pension, Police and Fireman's and Garfield Pension Funds account for the accumulation of resources to be used for retiree pension payments at appropriate amounts and times in the future. The financial activities of the Trust Funds are excluded from the Government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

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

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Prepays and Supplies

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

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

Capital Assets

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

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

Infrastructure includes streets systems, parks and recreation lands and improvement systems, storm water collection systems, and buildings combined with site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system is divided into subsystems. For example, the street system includes pavement, curbs and gutters, sidewalks, medians, streetlights, traffic control devices such as signs, signals and pavement markings, landscaping and land. 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, 2009

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 that have matured, 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:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Beginning Balance	\$9,970,744	\$710,848	\$10,681,592
Additions	8,651,795	324,336	8,976,131
Payments	<u>(7,078,685)</u>	<u>(142,227)</u>	<u>(7,220,912)</u>
Ending Balance	<u>\$11,543,854</u>	<u>\$892,957</u>	<u>\$12,436,811</u>
Current Portion	<u>\$1,367,473</u>	<u>\$262,265</u>	<u>\$1,629,738</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:

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.”

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures in Excess of Appropriations

The following funds incurred departmental expenditures in excess of appropriations. The funds had sufficient fund balances or revenues to finance these expenditures.

Fund	Excess of Expenditures Over Appropriations
General Fund:	
Public Safety	\$147,163
General Purpose Special Revenue Fund:	
Public Safety	21,761
Public Works	363,090
Cultural and Recreational	25,411
Special Programs Special Revenue Fund	
General Government	167,191
Public Safety Special Revenue Fund:	
Public Safety	73,466
Cost Recovery Special Revenue Fund:	
General Government	488,792
Developer Impact Fees Special Revenue Fund:	
Public Safety	3,507
Public Works	47,873

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 3 - CASH AND INVESTMENTS (Continued)

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name. The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

Classification

Cash and investments are classified in the financial statements as shown below at June 30, 2009:

Cash and investments	\$116,989,052
Restricted cash and investments	128,763,546
Total Primary Government cash and investments	245,752,598
Cash and investments	1,023,137
Restricted cash and investments	2,527,605
Total Component Unit cash and investments	3,550,742
Cash and investments in Fiduciary Funds (Separate Statement)	
Cash and investments	6,826,063
Restricted cash and investments	5,039,919
Investments in reassessment bonds	17,335,000
Total cash and investments	\$278,504,322

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 3 - CASH AND INVESTMENTS (Continued)

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	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, 2009

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, 2009, 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			\$68,547,600		\$68,547,600
Money Market Mutual Funds (U.S. Securities)	\$58,188				58,188
California Local Agency Investment Fund	6,887,889				6,887,889
CalTrust Short Term Fund	295,500				295,500
Certificates of Deposit	252,073				252,073
Held by Bond Trustee:					
Federal Agency Securities	425,834		4,972,400		5,398,234
Money Market Mutual Funds (U.S. Securities)	114,601,188				114,601,188
California Local Agency Investment Fund	90,278				90,278
Investment Agreements				\$1,039,778	1,039,778
Guaranteed Investment Contracts	224,420			4,580,948	4,805,368
Repurchase Agreement	1,146,500				1,146,500
Reassessment Bonds	815,000	\$812,500	2,562,500	13,145,000	17,335,000
RHA Properties:					
Money Market Mutual Funds (U.S. Securities)	2,527,605				2,527,605
Total Investments	<u>\$127,324,475</u>	<u>\$812,500</u>	<u>\$76,082,500</u>	<u>\$18,765,726</u>	<u>222,985,201</u>
Cash in Banks and on hand - <i>Primary Government</i>					54,495,984
Cash in banks - <i>RHA Properties</i>					1,023,137
Total Cash and Investments					<u><u>\$278,504,322</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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, 2009, these investments matured in an average of 235 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, 2009, these investments matured in an average of 1 day.

Money market funds and mutual funds are available for withdrawal on demand and as of June 30, 2009 have an average maturity from 1 to 52 days.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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, 2009 for each investment type:

Investment Type	AAA/AAAm	AAf/S1+	Total
Federal Agency Securities	\$73,945,834		\$73,945,834
Money Market Mutual Funds (U.S. Securities)	117,186,981		117,186,981
CalTrust Short Term Fund		\$295,500	295,500
Totals	<u>\$191,132,815</u>	<u>\$295,500</u>	<u>191,428,315</u>
<i>Not rated:</i>			
California Local Agency Investment Fund			6,978,167
Investment Agreements			1,039,778
Guaranteed Investment Contracts			4,805,368
Certificates of Deposit			252,073
Repurchase Agreement			1,146,500
Reassessment Bonds			<u>17,335,000</u>
Total Investments			222,985,201
Cash in Banks and on hand			<u>55,519,121</u>
Total Cash and Investments			<u><u>\$278,504,322</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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, 2009:

Issuer	Type of Investments	Amount
Federal Home Loan Bank	Federal Agency Securities	\$21,806,400
Federal National Mortgage Association	Federal Agency Securities	20,896,834
Federal Farm Credit Banks	Federal Agency Securities	18,976,700
Federal Home Loan Mortgage Corporation	Federal Agency Securities	12,265,900

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, 2009 were as follows:

Fund	Issuer	Type of Investments	Amount
Redevelopment Agency Administration Fund	MBIA Inc	Guaranteed Investment Contract	\$1,429,000
Redevelopment Agency Low/Mod Income Housing Fund	Federal Home Loan Mortgage Corporation	Federal Agency Securities	795,584
Redevelopment Agency Debt Service Fund	FGIC Capital Market Services	Guaranteed Investment Contract	2,226,948
Redevelopment Agency Debt Service Fund	Bayerische Landesbank Girozentrale	Investment Repurchase Agreement	1,146,500
Redevelopment Agency Debt Service Fund	Morgan Guaranty Trust of NY	Investment Agreement	1,039,778
Redevelopment Agency Projects Fund	Federal Home Loan Bank	Federal Agency Securities	4,176,816

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, in Agency Funds at June 30, 2009 were as follows:

Agency Fund	Issuer	Type of Investment	Amount
JPFA Reassessment District	City of Richmond	Municipal Bonds	\$7,022,500
2006A&B Reassessment District	City of Richmond	Municipal Bonds	10,312,500

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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, 2009 were as follows:

Due From Other Funds	Due To Other Funds	Amount
General Fund	Redevelopment Agency Administration Fund	\$161,910
	Redevelopment Agency Low/Mod Income Housing Fund	977,262
	Redevelopment Agency Projects Fund	4,636,430
	Community Development Block Grant	569,927
Redevelopment Agency Administration Fund	General Fund	25,570
	Community Development Block Grant	29,118
Redevelopment Agency Low/Mod Income Housing Fund	Community Development Block Grant	189,226
Community Development Block Grant	Redevelopment Agency Administration Fund	2,457
Internal Service Fund	Community Development Block Grant	421,880
	Non Major Governmental Funds	2,027,047
	Non Major Enterprise Fund	999,662
		<u>\$10,040,489</u>

B. Long-Term Interfund Advances

At June 30, 2009 the funds below had made advances which were not expected to be repaid within the next year.

Fund Receiving Advance	Fund Making Advance	Amount of Advance
General Fund	Redevelopment Agency Projects Fund	\$99,685
Redevelopment Agency Projects Fund	Internal Service Fund	2,500,000
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	5,408,830
	Redevelopment Agency Administration Fund	174,067
Port of Richmond Enterprise Fund	General Fund	17,039,855
Non Major Enterprise Fund	Internal Service Fund	1,758,342
Total		<u>\$29,192,465</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%.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

In fiscal 2007, 2008 and 2009 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, 2009 is \$5,408,830.

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. The Port did not make the scheduled payment in fiscal year 2009 and the City is in the process of establishing new repayment terms.

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.

In fiscal 2009 the Insurance Reserves Internal Service Fund advanced \$2,500,000 to the Redevelopment Agency to assist with funding the loan for the renovation of the East Bay Center of Performing Arts Winters Building. The advance bears interest at a rate of 3% and payments begin July 15, 2009 with a maturity date of June 30, 2012.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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, 2009 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Funds	Secured Pension Override Fund	\$5,266,577
	Redevelopment Agency Administration Fund	50,000
	Non-Major Governmental Funds	4,427,300
	Internal Service Funds	8,948
Redevelopment Agency Administration Fund	General Fund	1,545,653
	Redevelopment Agency Debt Service Fund	6,091,713
	Community Development Block Grant	2,857
Redevelopment Agency Low/Mod Income Housing	Redevelopment Agency Debt Service Fund	6,030,960
Redevelopment Agency Debt Service Fund	Redevelopment Agency Low/Mod Income Housing	1,029,704
	Redevelopment Agency Projects Fund	1,138,074
Redevelopment Projects Fund	Redevelopment Agency Administration Fund	627,600
	Redevelopment Agency Debt Service Fund	16,251,250
Civic Center Project Fund	Non-Major Governmental Funds	6,562,962
Non-Major Governmental Funds	General Fund	12,274,050
	Secured Pension Override Fund	3,138,752
	Redevelopment Agency Administration Fund	10,000
	Non-Major Governmental Funds	14,810,141
	Port of Richmond Enterprise Fund	7,609
Non-Major Enterprise Funds	Internal Service Funds	140,581
	General Fund	700,000
Internal Service Funds	General Fund	190,595
Total Interfund Transfers		\$80,305,326

None of these transfers were unusual or non-recurring in nature.

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, 2009

NOTE 5 - NOTES AND LOANS RECEIVABLE

At June 30, 2009, notes and loans receivable consisted of the following:

	Amount
City's Loans:	
CalTrans Loan	\$801,715
Police Activities League Loan	426,000
Police Chief Loan	124,138
Watershed Nursery Loan	28,265
Community Development Block Grant and Home Investment Partnership Program Loans:	
Mechanics Bank Loans	41,096
Deferred Loans	3,541,774
Home Improvement Program Loans	730,341
Rental Rehab Loans	310,419
Arbors Loan	1,605,056
Wood Development Loan	853,000
Subtotal - CDBG and HOME Loans	7,081,686
Redevelopment Agency Loans:	
EDA Loans	600,602
Olson Urban Housing, LLC.	4,951,143
Harbour Capital Projects Loan	2,040,359
MacDonald Housing	3,411,328
Arbors Loan	1,594,057
Wood Development Loan	800,000
Rental Rehab Loans	30,700
Atchison Village Annex Apartments	417,309
Heritage Park Development	350,797
Silent Second Mortgage Loans	2,074,661
Chesley Avenue Development	4,741,492
Ford Point Building Loan	3,000,000
CALHome Program	910,206
Easter Hill Project	2,281,960
East Bay Center for the Performing Arts	2,500,000
The Carquinez Project	1,000,000
Subtotal- Redevelopment Agency Loans	30,704,614
Total Notes and Loans Receivable	39,166,418
Less Reserve For Conditional Grant	(3,110,033)
Net Notes and Loans Receivable	\$36,056,385

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

CalTrans Loan

The total of \$801,715 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.

Watershed Nursery Loan

On October 28, 2008, the City approved a loan of \$35,601 to the Watershed Nursery to help fund set-up costs for the Nursery. The loan does not bear interest and is payable in equal monthly payments in the amount of \$1,048. The final payment on the loan is due September 1, 2011.

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, 2009

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. During fiscal year 2009 the loan was amended to extend the repayment date and all unpaid principal and interest on the loan is due on June 30, 2011.

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, 2009

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. During fiscal year 2009, the developer paid \$2.4 million of the loan by a cash payment.

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.

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 of principal and interest are 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 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, 2009

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 7. 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, 2009, the Agency had issued loans of \$910,206.

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.

East Bay Center for the Performing Arts

On June 12, 2009 the Redevelopment Agency entered into an agreement to loan \$2,500,000 to the East Bay Center for the Performing Arts to fund renovations to the Winters Building. The East Bay Center for the Performing Arts is a California nonprofit public benefit corporation that offers programs and training in theater, music and dance. The Loan bears an interest rate of 3% per year and repayments of accrued interest that shall be made in quarterly installments. All unpaid principal and accrued interest is due on June 30, 2012.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

The Carquinez Project

Under a loan agreement dated November 14, 2008, the Redevelopment Agency loaned Carquinez Associates, L.P., \$1,000,000 to fund rehabilitation of a five story building, with 36 apartments housing low-income seniors. Repayments on the loan are to be made from residual receipts as defined in the agreement. The loan does not bear interest and the unpaid principal balance is due in November 2043.

Conditional Grant

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

NOTE 6 - CAPITAL ASSETS

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

	Balance at June 30, 2008	Additions	Retirements	Transfers	Balance at June 30, 2009
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land	\$27,674,272	\$2,047,104			\$29,721,376
Construction in progress	101,731,280	64,152,041	(\$63,619)	(\$843,062)	164,976,640
Total capital assets not being depreciated	<u>129,405,552</u>	<u>66,199,145</u>	<u>(63,619)</u>	<u>(843,062)</u>	<u>194,698,016</u>
Capital assets being depreciated:					
Buildings and improvements	33,732,481				33,732,481
Machinery and equipment	36,144,888	8,212,233	(890,968)	843,062	44,309,215
Land improvements and infrastructure	408,750,036				408,750,036
Total capital assets being depreciated	<u>478,627,405</u>	<u>8,212,233</u>	<u>(890,968)</u>	<u>843,062</u>	<u>486,791,732</u>
Less accumulated depreciation for:					
Buildings and improvements	(13,739,302)	(1,222,827)			(14,962,129)
Machinery and equipment	(27,862,586)	(2,316,161)	809,207		(29,369,540)
Land improvements and infrastructure	(263,199,498)	(12,377,467)			(275,576,965)
Total accumulated depreciation	<u>(304,801,386)</u>	<u>(15,916,455)</u>	<u>809,207</u>		<u>(319,908,634)</u>
Capital asset being depreciated, net	<u>173,826,019</u>	<u>(7,704,222)</u>	<u>(81,761)</u>		<u>166,883,098</u>
Governmental activity capital assets, net	<u>\$303,231,571</u>	<u>\$58,494,923</u>	<u>(\$145,380)</u>		<u>\$361,581,114</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 6 - CAPITAL ASSETS (Continued)

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, 2009 were as follows:

Governmental Activities	
General Government	\$189,521
Public Safety	590,409
Public Works	12,769,653
Community Development	11,012
Cultural and Recreational	669,101
Housing and Redevelopment	112,591
Internal Service Funds	1,574,168
Total Governmental Activities	\$15,916,455

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

	Balance at June 30, 2008	Additions	Retirements	Transfers	Balance at June 30, 2009
<i>Business-type activities</i>					
Capital assets not being depreciated:					
Land	\$11,215,967	\$381,051	(\$508)		\$11,596,510
Construction in progress	29,801,549	3,656,324		(\$1,035,005)	32,422,868
Total capital assets not being depreciated	41,017,516	4,037,375	(508)	(1,035,005)	44,019,378
Capital assets being depreciated:					
Buildings and improvements	86,782,297			744,384	87,526,681
Machinery and equipment	12,481,469	60,901	(45,720)	290,621	12,787,271
Infrastructure	104,552,246				104,552,246
Total capital assets being depreciated	203,816,012	60,901	(45,720)	1,035,005	204,866,198
Less accumulated depreciation for:					
Buildings and improvements	(41,837,456)	(882,051)	97,058		(42,622,449)
Machinery and equipment	(10,427,084)	(133,121)	10,978		(10,549,227)
Infrastructure	(67,035,340)	(1,983,782)	34,743		(68,984,379)
Total accumulated depreciation	(119,299,880)	(2,998,954)	142,779		(122,156,055)
Capital asset being depreciated, net	84,516,132	(2,938,053)	97,059	1,035,005	82,710,143
Business-type activity capital assets, net	\$125,533,648	\$1,099,322	\$96,551		\$126,729,521

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 6 - CAPITAL ASSETS (Continued)

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

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Balance at June 30, 2009</u>
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	\$17,838	23,934,981
Machinery and equipment	49,600	7,672	57,272
Total capital assets being depreciated	<u>23,966,743</u>	<u>25,510</u>	<u>23,992,253</u>
Less accumulated depreciation for:			
Buildings and improvements	(4,205,214)	(871,200)	(5,076,414)
Machinery and equipment	(49,246)	(610)	(49,856)
Total accumulated depreciation	<u>(4,254,460)</u>	<u>(871,810)</u>	<u>(5,126,270)</u>
Capital asset being depreciated, net	<u>19,712,283</u>	<u>(846,300)</u>	<u>18,865,983</u>
Business-type activity capital assets, net	<u>\$30,143,436</u>	<u>(\$846,300)</u>	<u>\$29,297,136</u>

Business activities depreciation expenses for capital assets allocated to each program for the year ended June 30, 2009 were as follows:

Business-Type Activities

Richmond Housing Authority	\$396,046
Port of Richmond	886,392
Municipal Sewer	660,833
Richmond Marina	88,484
Storm Sewer	915,849
Cable TV	51,350
Total Business-Type Activities	<u><u>\$2,998,954</u></u>

Component Unit

RHA Properties	<u><u>\$871,810</u></u>
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City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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, 2009:

	Balance July 01, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year	Due in More than One Year
Bonds payable	\$414,911,127	\$7,696,807	(\$9,164,143)	\$413,443,791	\$13,545,000	\$399,898,791
Loans payable	10,578,390	75,000	(109,205)	10,544,185	158,972	10,385,213
Capital leases	3,964,298	6,027,631	(1,690,963)	8,300,966	1,764,753	6,536,213
Total	<u>\$429,453,815</u>	<u>\$13,799,438</u>	<u>(\$10,964,311)</u>	<u>\$432,288,942</u>	<u>\$15,468,725</u>	<u>\$416,820,217</u>

Bonds Payable

Bonds payable at June 30, 2009 consisted of the following:

	Net
JPFA Revenue Refunding Bonds - 1995 Series A	\$1,490,000
Harbour Tax Allocation Refunding Bonds - 1991	35,000
Harbour Tax Allocation Refunding Bonds - 1998 Series A	24,406,799
Pension Obligation Bonds - 1999 Series A	19,545,000
JPFA Tax Allocation Revenue Bonds - 2000 Series A	18,330,000
JPFA Tax Allocation Revenue Bonds - 2000 Series B	4,050,000
JPFA Tax Allocation Revenue Bonds - 2003 Series A	15,655,000
JPFA Tax Allocation Revenue Bonds - 2003 Series B	12,145,000
JPFA Tax Allocation Revenue Bonds - 2004 Series A	14,285,000
JPFA Tax Allocation Revenue Bonds - 2004 Series B	1,725,000
Pension Funding Bond Series 2005	130,948,392
Subordinate Tax Allocation Bonds - 2007 Series A	64,275,000
Subordinate Tax Allocation Bonds - 2007 Series B	10,293,600
JPFA Lease Revenue Bonds - 2007	96,260,000
Total	<u>\$413,443,791</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

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

The total principal and interest remaining to be paid on the bonds is \$1,691,075. Principal and interest paid for the current fiscal year and total Gas Tax Revenues were \$420,288 and \$1,695,634, respectively.

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

For the Years Ending June 30,	Principal	Interest	Total
2010	\$340,000	\$78,225	\$418,225
2011	365,000	60,375	425,375
2012	380,000	41,213	421,213
2013	405,000	21,262	426,262
Total	\$1,490,000	\$201,075	\$1,691,075

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 Year Ending June 30,	Principal	Interest	Total
2010	\$35,000	\$1,225	\$36,225

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

The bonds were issued by the Agency to refinance a portion of the 1991 Harbour Redevelopment Project Tax Allocation Refunding Bonds, refinance certain loans from the City to the Agency, which amount will be used by the City to finance certain publicly owned capital projects, finance certain redevelopment activities within the Harbour Redevelopment Project Area, fund a reserve account and pay certain costs of issuance of the 1998 bonds. The bonds mature annually through 2023, in amounts ranging from \$50,000 to \$1,130,000. Interest rates vary from 3.5% to a maximum of 5.2% and are payable semiannually on January 1 and July 1. The bonds are secured by a pledge of tax revenues derived from taxable property within the Harbour Project Area.

At June 30, 2009, the Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Current interest bonds	\$12,305,000			\$12,305,000
Capital appreciation bonds	16,935,000	\$582,897	(\$5,416,098)	12,101,799
	<u>\$29,240,000</u>	<u>\$582,897</u>	<u>(\$5,416,098)</u>	<u>\$24,406,799</u>

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

For the Years Ending June 30,	Principal	Interest	Total
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	1,830,000	484,863	2,314,863
2015-2019	9,765,000	1,802,127	11,567,127
2020-2024	10,915,000	635,908	11,550,908
Total	<u>\$29,240,000</u>	<u>\$5,164,333</u>	<u>\$34,404,333</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

The bonds were issued to fund a portion of the unfunded accrued actuarial liability in the Pension Fund together with the prepayment of certain pension benefit costs of the Beneficiaries and to pay the costs of issuance associated with the issuance of the bonds. The bonds consist of serial bonds in the amount of \$23,885,000 that mature annually on through 2013, in amounts ranging from \$1,280,000 to \$3,240,000. Interest rates vary from 6.37% to a maximum of 7.39% and are payable semiannually on February 1, and August 1. The term bonds consist of \$8,960,000 due August 1, 2020 with an interest rate of 7.57% and \$3,435,000 due August 1, 2029 with an interest rate of 7.62%. The bonds are payable from certain pension tax override revenues received by the City from a special tax pursuant to City Council Ordinance 9-99 adopted by the City Council on March 30, 1999. The total principal and interest remaining to be paid on the bonds is \$30,306,010. Principal and interest paid for the current fiscal year and total pension tax override revenues were \$3,138,726 and \$11,855,505 respectively.

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

For the Years Ending June 30,	Principal	Interest	Total
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	1,280,000	987,315	2,267,315
2015-2019	7,280,000	3,342,417	10,622,417
2020-2024	3,550,000	1,205,810	4,755,810
2025-2029	1,490,000	253,367	1,743,367
2030	75,000	2,859	77,859
Total	\$19,545,000	\$10,761,010	\$30,306,010

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

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

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

The Series B Bonds consist of Serial Bonds in the amount of \$1,245,000 and term bonds in the amount of \$4,550,000. The Serial Bonds mature annually through 2006 in amounts ranging from \$170,000 to \$260,000. Interest rate is 7% and payments are due semiannually on March 1 and September 1. The Term Bonds mature as follows: \$1,075,000 in 2010 at an interest rate of 7.35%, \$3,365,000 in 2018 at an interest rate of 7.7% and \$110,000 in 2029 at an interest rate of 8.0%. The Bonds are secured by a pledge of certain tax increment revenues derived from taxable property within the Pre-2004 Limit Area and the Post-2004 Limit Area.

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

For the Years Ending June 30,	Principal	Interest	Total
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	1,715,000	595,510	2,310,510
2015-2019	9,960,000	1,539,663	11,499,663
2020-2024	315,000	83,344	398,344
2025-2029	160,000	30,975	190,975
2030	35,000	919	35,919
Total	\$18,330,000	\$5,380,241	\$23,710,241

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

For the Years Ending June 30,	Principal	Interest	Total
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	370,000	202,455	572,455
2015-2019	2,330,000	518,706	2,848,706
2020-2024	70,000	26,400	96,400
2025-2029	30,000	10,800	40,800
2030	10,000	400	10,400
Total	\$4,050,000	\$1,823,320	\$5,873,320

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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
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	955,000	1,319,253	2,274,253
2015-2019	5,530,000	5,804,578	11,334,578
2020-2024	9,725,000	3,737,333	13,462,333
2025-2026	8,155,000	465,223	8,620,223
Total	\$27,800,000	\$17,006,204	\$44,806,204

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, 2009

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
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	270,000	776,801	1,046,801
2015-2019	1,535,000	3,683,660	5,218,660
2020-2024	6,160,000	2,484,175	8,644,175
2025-2027	7,070,000	817,951	7,887,951
Total	\$16,010,000	\$10,974,761	\$26,984,761

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, 2009, the City's net pension asset amounted to \$104,181,919. 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, 2009

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.

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, 2009 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, 2009, 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	\$22,805,000			\$22,805,000
Capital appreciation bonds	203,186,000	\$6,504,776	(\$101,547,384)	108,143,392
	<u>\$225,991,000</u>	<u>\$6,504,776</u>	<u>(\$101,547,384)</u>	<u>\$130,948,392</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
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	4,205,000	2,003,131	6,208,131
2015-2019	29,193,000	15,578,625	44,771,625
2020-2024	46,025,000	8,853,075	54,878,075
2025-2029	39,975,000	27,451,175	67,426,175
2030-2034	70,635,000	14,291,275	84,926,275
2035	17,358,000	433,950	17,791,950
Total	\$225,991,000	\$71,935,722	\$297,926,722

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 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 5.722% at June 30, 2009.

At June 30, 2009, the Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Current interest bonds	\$64,275,000			\$64,275,000
Capital appreciation bonds	23,995,000	\$609,134	(\$14,310,534)	10,293,600
	\$88,270,000	\$609,134	(\$14,310,534)	\$74,568,600

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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
2010	\$1,525,000	\$3,795,336	\$5,320,336
2011	1,600,000	3,701,792	5,301,792
2012	1,675,000	3,603,763	5,278,763
2013	1,750,000	3,501,251	5,251,251
2014	1,825,000	3,394,253	5,219,253
2015-2019	10,475,000	15,187,315	25,662,315
2020-2024	13,575,000	11,585,919	25,160,919
2025-2029	15,450,000	7,437,046	22,887,046
2030-2034	9,600,000	3,501,126	13,101,126
2035-2037	6,800,000	609,897	7,409,897
Total	\$64,275,000	\$56,317,698	\$120,592,698

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
2010	\$535,000
2011	580,000
2012	625,000
2013	675,000
2014	725,000
2015-2019	1,925,000
2020-2024	5,715,000
2025-2029	6,540,000
2030-2034	4,170,000
2035-2037	2,505,000
Total	\$23,995,000

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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 \$280,402,782 remaining debt service on the Tax Allocation Bonds which is scheduled to occur in 2037. For fiscal year 2009, 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, 2009		
			Debt Service	Tax Increment	Coverage
<i>Senior Non-Housing Obligations:</i>					
1991 Harbour Tax Allocation Refunding Bonds	Harbour Project Area	\$36,225	\$64,550		
1998 Harbour Tax Allocation Refunding Bonds	Harbour Project Area	34,404,333	1,174,903		
Subtotal		<u>34,440,558</u>	<u>\$1,239,453</u>	<u>\$10,948,146</u>	<u>883%</u>
<i>Senior Non-Housing Obligations:</i>					
2000 A JPFA Tax Allocation Revenue Bonds	All project areas except Harbour and Pilot	23,710,241	\$2,317,441	\$11,343,028	489%
<i>Senior Non-Housing Obligations:</i>					
2003 A & B JPFA Tax Allocation Revenue Bonds	All project areas except Pilot	44,806,204	\$2,282,012		
<i>Subordinate Non-Housing Obligations:</i>					
2004 A JPFA Tax Allocation Revenue Bonds (Two-thirds)	All project areas except Pilot	16,331,781	605,039		
2007 A Subordinate Tax Allocation Bonds	All project areas except Pilot	120,592,698	4,967,926		
Subtotal		<u>181,730,683</u>	<u>\$7,854,977</u>	<u>\$22,291,174</u>	<u>284%</u>
<i>Senior Housing Obligations:</i>					
2000 B JPFA Tax Allocation Revenue Bonds	Low and Moderate Income Housing Setaside Revenues	5,873,320	\$579,723		
<i>Subordinate Housing Obligations:</i>					
2004 B & One-third of 2004 A JPFA Tax Allocation Revenue Bonds	Low and Moderate Income Housing Setaside Revenues	10,652,980	547,728		
2007 B Subordinate Tax Allocation Bonds	Low and Moderate Income Housing Setaside Revenues	23,995,000	465,456		
Subtotal		<u>40,521,300</u>	<u>\$1,592,907</u>	<u>\$6,030,980</u>	<u>379%</u>
Total Outstanding Obligations		<u>\$280,402,782</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 and the remaining principal amount of the 2001A Joint Powers Financing Authority Lease Revenue Bonds. The 2007 Bonds were also used to refund the remaining 1996 Port Terminal Lease Revenue Bonds, which is discussed in Note 7B below. Net proceeds from the Series 2007 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 1995 A and 2001 A Bonds. The 1995 A Bonds were called in November 2007. The outstanding balance of the defeased 2001 A Bonds was \$24,880,000 at June 30, 2009. 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, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

The 2007 Lease Revenue Bonds were originally issued as variable rate Bonds, however, on May 28, 2008 the Authority entered into an Interest Rate Conversion Agreement, adjusting from a weekly interest rate period to a Long-Term Interest Rate Period. The Long-Term Interest Rate Period fixes the interest rate on the bonds to 4.125% until November 25, 2009. With the original issuance, the Authority entered into a 31 year interest rate swap agreement for the entire amount of the 2007 Lease Revenue Bonds. In connection with the Interest Rate Conversion Agreement the City entered into a second interest rate swap agreement for the entire amount of the 2007 Lease Revenue Bonds to offset the economic effect of the original swap agreement during the long term interest rate period that is effective until November 25, 2009. The combination of the fixed rate Bonds and two interest rate swaps creates synthetic variable-rate debt. The synthetic variable rate for the Bonds was 5.732% at June 30, 2009.

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

For the Years Ending June 30,	Principal	Interest	Total
2010	\$1,430,000	\$5,613,084	\$7,043,084
2011	1,660,000	5,516,560	7,176,560
2012	1,720,000	5,415,094	7,135,094
2013	1,785,000	5,309,295	7,094,295
2014	1,850,000	5,199,917	7,049,917
2015-2019	11,335,000	24,162,811	35,497,811
2020-2024	15,250,000	20,125,730	35,375,730
2025-2029	18,340,000	15,105,661	33,445,661
2030-2034	22,060,000	9,066,966	31,126,966
2035-2038	20,830,000	2,091,262	22,921,262
Total	\$96,260,000	\$97,606,380	\$193,866,380

Interest Rate Swap Agreements

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 or a synthetic variable rate on the Bonds, protecting it against increases and decreases 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, 2009, 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, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Pay-Fixed, Receive-Variable Swap Agreements:

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

Pay-Fixed, Receive-Variable

Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's/Fitch)	Fixed Rate Paid	Variable Rate Received	Fair Value at June 30, 2009	Termination Date
2005B-1 Taxable Pension Funding Bonds							
\$75,230,476	8/1/2013	JPMorgan Chase Co.	A+/-Aa3/AA-	5.712%	100% of USD-3 Month LIBOR	(\$3,570,442)	8/1/2023
2005B-2 Taxable Pension Funding Bonds							
\$127,990,254	8/1/2023	JPMorgan Chase Co.	A+/-Aa3/AA-	5.730%	100% of USD-3 Month LIBOR	(\$5,151,250)	8/1/2034
2007A Subordinate Tax Allocation Bonds							
\$64,875,000	7/12/2007	Royal Bank of Canada	AA-/Aaa/AA	3.990%	68% of USD-1 Month LIBOR	(\$9,238,547)	9/1/2036

Offsetting Swap Agreements:

The City entered into a Pay-Variable, Receive-Fixed swap agreement related to the 2007 Lease Revenue Bonds under which, the City owes interest calculated at a variable rate to the counterparty of the swap and in return, the counterparty owes the City interest based on a fixed rate to offset the economic effect of the Pay-Fixed Receive-Variable swap agreement on the Bonds during the long term interest rate period that fixed the interest rate on the bonds. Debt principal is not exchanged; it is only the basis on which the swap receipts and payments are calculated.

Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's/Fitch)	Fixed Rate Paid	Variable Rate Received	Fair Value at June 30, 2009	Termination Date
Pay-Fixed, Receive-Variable							
2007 Lease Revenue Bonds							
\$99,530,000	9/11/2007	Royal Bank of Canada	AA-/Aaa/AA	3.657%	68% of USD-1 Month LIBOR	(\$11,855,487)	8/1/2037
Pay-Variable, Receive-Fixed							
2007 Lease Revenue Bonds							
\$99,530,000	5/28/2008	Royal Bank of Canada	AA-/Aaa/AA	100% of SIFMA Municipal Swap Index	2.1825%	\$821,240	11/25/2009

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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, 2009, the fair value for the each of the outstanding Pay-Fixed, Receive-Variable swaps was in favor of the respective counterparties, and the fair value for the Pay-Variable, Receive-Fixed swap was in favor of the City.

Credit risk. The fair values of the swaps represent the City's credit exposure to the counterparties. As of June 30, 2009, the City was not exposed to credit risk on the outstanding Pay-Fixed, Receive-Variable swaps because the swaps had negative fair values. However, if *interest* rates change and the fair value of the swaps were to become positive, the City would be exposed to credit risk. The City was exposed to credit risk on the outstanding Pay-Variable, Receive-Fixed swap because the swap had a positive fair value. This amount may increase if interest rates change in the future.

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

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

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

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Swap payments and associated debt. Using rates as of June 30, 2009, debt service requirements of the City's outstanding variable-rate 2007 Subordinate Tax Allocation Bonds and fixed rate 2007 Lease Revenue 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	Total
	Principal	Interest	Swap, Net	
2010	\$1,525,000	\$1,418,567	\$2,376,769	\$5,320,336
2011	1,600,000	1,384,910	2,316,882	5,301,792
2012	1,675,000	1,349,597	2,254,166	5,278,763
2013	1,750,000	1,312,630	2,188,621	5,251,251
2014	1,825,000	1,274,007	2,120,246	5,219,253
2015-2019	10,475,000	5,727,236	9,460,079	25,662,315
2020-2024	13,575,000	4,433,920	7,151,999	25,160,919
2025-2029	15,450,000	2,924,313	4,512,733	22,887,046
2030-2034	9,600,000	1,403,672	2,097,454	13,101,126
2035-2037	6,800,000	304,019	305,878	7,409,897
Total	\$64,275,000	\$21,532,871	\$34,784,827	\$120,592,698

2007 Lease Revenue Bonds

For the Years Ending June 30,	Fixed-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	
2010	\$1,790,000	\$4,227,277	\$1,572,981	\$7,590,258
2011	2,030,000	4,141,569	1,540,682	7,712,251
2012	2,105,000	4,051,656	1,506,958	7,663,614
2013	2,185,000	3,957,788	1,471,954	7,614,742
2014	2,265,000	3,860,742	1,435,665	7,561,407
2015-2019	12,675,000	17,715,326	6,584,212	36,974,538
2020-2024	15,250,000	14,677,602	5,448,128	35,375,730
2025-2029	18,340,000	11,023,840	4,081,821	33,445,661
2030-2034	22,060,000	6,628,764	2,438,202	31,126,966
2035-2038	20,830,000	1,545,786	545,476	22,921,262
Total	\$99,530,000	\$71,830,350	\$26,626,079	\$197,986,429

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Loans Payable

Loans payable at June 30, 2009 consisted of the following:

Wells Fargo Loan	\$500,000
CalTrans Home Loans	702,030
CHFA Help Loans	2,842,155
HUD Section 108 Loans	6,500,000
Total	\$10,544,185

Wells Fargo Loan – Original Amount \$500,000

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

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

For the Years Ending June 30,	Principal	Interest	Total
2010		\$7,500	\$7,500
2011		7,500	7,500
2012		7,500	7,500
2013		7,500	7,500
2014		7,500	7,500
2015-2017	\$500,000	22,500	522,500
Total	\$500,000	\$60,000	\$560,000

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

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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 2009 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 2026.

For the Years Ending June 30,	Principal	Interest	Total
2010	\$143,000	\$132,955	\$275,955
2011	147,000	128,797	275,797
2012	150,000	123,931	273,931
2013	154,000	118,409	272,409
2014	158,000	112,308	270,308
2015-2019	854,000	455,118	1,309,118
2020-2024	970,000	238,246	1,208,246
2025-2026	424,000	22,578	446,578
Total	\$3,000,000	\$1,332,342	\$4,332,342

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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
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	180,000	77,142	257,142
2015-2019	1,050,000	307,020	1,357,020
2020-2024	1,300,000	152,220	1,452,220
2025-2026	640,000	8,772	648,772
Total	\$3,500,000	\$897,840	\$4,397,840

Capital Leases

Capital leases payable at June 30, 2009 consisted of the following:

Municipal Finance Corporation - Viron	\$1,888,668
Sun Trust Leasing Corporation	6,412,298
Total	\$8,300,966

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

For the Years Ending June 30,	Principal	Interest	Total
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	\$1,888,668	\$185,699	\$2,074,367

SunTrust 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
2010	\$554,486	\$43,540	\$598,026
2011	578,883	19,045	597,928
Total	\$1,133,369	\$62,585	\$1,195,954

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

On July 2, 2008 the City entered into three new capital leases for with SunTrust Leasing Corporation to finance the acquisition of street sweeping vehicles and trucks, fire vehicles and related equipment and various other vehicles. The leases bear interest rates that range from 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 through 2018.

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

For the Years Ending June 30,	Principal	Interest	Total
2010	\$779,798	\$212,869	\$992,667
2011	812,189	180,478	992,667
2012	845,929	146,738	992,667
2013	881,074	111,593	992,667
2014	535,403	78,678	614,081
2015-2018	1,424,536	112,920	1,537,456
Total	\$5,278,929	\$843,276	\$6,122,205

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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, 2009:

	Balance July 01, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year	Due in More than One Year
Bonds payable	\$48,086,293	\$33,015,000	(\$35,963,079)	\$45,138,214	\$1,225,000	\$43,913,214
Loans and leases payable	5,427,430		(455,585)	4,971,845	470,113	4,501,732
Total	<u>\$53,513,723</u>	<u>\$33,015,000</u>	<u>(\$36,418,664)</u>	<u>\$50,110,059</u>	<u>\$1,695,113</u>	<u>\$48,414,946</u>

Bonds payable at June 30, 2009 consisted of the following:

Wastewater Revenue Bonds Series 2006A	\$14,825,306
2007 Lease Revenue Bonds - Port Portion	3,203,312
Wastewater Refunding Revenue Bonds 2008A	<u>27,109,596</u>
Total	<u>\$45,138,214</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 bonds were fully repaid during fiscal year 2009.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

On October 17, 2006 the City issued \$16,570,000 of Wastewater Revenue Bonds, Series 2006A and \$32,260,000 of Wastewater Revenue Bonds, Series 2006B to refund the remaining \$38,516,264 principal amount of the Wastewater Revenue Bonds, Series 1999 and to fund certain capital costs of the City's Wastewater Enterprise. Net proceeds were used to purchase U.S. government securities placed in an irrevocable trust to provide all the future debt service payments for the 1999 Wastewater Bonds. The outstanding balance of the defeased bonds as of June 30, 2009 was \$36,081,354. During the fiscal year ended June 30, 2009, the City issued \$33,015,000 of Wastewater Revenue Refunding Bonds, Series 2008A to refund the 2006B Bonds.

2006A Bonds outstanding are carried net of the unamortized loss on refunding, as follows:

Bonds outstanding:	
Series 2006 A	\$16,570,000
Unamortized deferred amount on refunding	(2,262,667)
Unamortized premium	517,973
Net	<u><u>\$14,825,306</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
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	1,040,000	544,875	1,584,875
2015-2019	6,020,000	1,895,925	7,915,925
2020-2023	5,805,000	514,413	6,319,413
Total	<u><u>\$16,570,000</u></u>	<u><u>\$5,598,827</u></u>	<u><u>\$22,168,827</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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 7A 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 7A above, and \$3,630,000 has been recorded as debt in the Port of Richmond Enterprise Fund. Net proceeds from the Series 2007 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 1996 Bonds were called in March 2008. 2007 Bonds outstanding are carried net of the unamortized loss on refunding as follows:

Bonds outstanding:	
2007 Port Portion	\$3,270,000
Unamortized deferred amount on refunding	(66,688)
Net	<u><u>\$3,203,312</u></u>

The 2007 Lease Revenue Bonds were originally issued as variable rate Bonds, however, on May 28, 2008 the Authority entered into an Interest Rate Conversion Agreement, adjusting from a weekly interest rate period to a Long-Term Interest Rate Period. The Long-Term Interest Rate Period fixes the interest rate on the bonds at 4.125% until November 25, 2009. With the original issuance, the Authority entered into a 31-year interest rate swap agreement for the entire amount of the 2007 Lease Revenue Bonds. In connection with the Interest Rate Conversion Agreement the City entered into a second interest rate swap agreement for the entire amount of the 2007 Lease Revenue Bonds to offset the economic effect of the original swap agreement during the long term interest rate period that is effective until November 25, 2009. The combination of the fixed rate Bonds and two interest rate swaps creates synthetic variable-rate debt. 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
2010	\$360,000	\$187,174	\$547,174
2011	370,000	165,691	535,691
2012	385,000	143,520	528,520
2013	400,000	120,447	520,447
2014	415,000	96,490	511,490
2015-2017	1,340,000	136,727	1,476,727
Total	<u><u>\$3,270,000</u></u>	<u><u>\$850,049</u></u>	<u><u>\$4,120,049</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Richmond Variable Rate Wastewater Revenue Refunding Bonds, Series 2008 A

On October 17, 2008 the City issued Series 2008A Wastewater Revenue Refunding Bonds in the amount of \$33,015,000. The proceeds from the Bonds were used to refund the City's 2006B Wastewater Revenue Bonds. The 2008A Bonds were issued as variable rate Bonds. The rate fluctuates according to the market conditions, but is capped at 12%. Along with the issuance, the City entered into an irrevocable, direct-pay letter of credit issued by Union Bank of California in order to remarket the bonds at lower interest rates. The Union Bank letter of credit is valid through October 13, 2013. The City originally entered into a 31-year interest rate swap agreement for the entire amount of the 2006B Bonds, and the City continued this interest rate swap agreement after the redemption of the 2006B Bonds, and the 2008A Bonds are associated with the interest rate swap agreement, but the notional amount of the swap is based on the 2006B Bonds. The combination of the variable rate bonds and a floating rate swap creates a synthetic fixed-rate debt for the City. The synthetic fixed rate for the Bonds was 3.468% at June 30, 2009.

Bonds outstanding	\$33,015,000
Unamortized discount	(209,775)
Unamortized deferred amount on refunding	(5,695,629)
Net	<u><u>\$27,109,596</u></u>

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

For the Years Ending June 30,	Principal	Interest	Total
2010		\$1,129,019	\$1,129,019
2011	\$15,000	1,392,306	1,407,306
2012	15,000	1,392,147	1,407,147
2013	15,000	1,392,688	1,407,688
2014	15,000	1,391,786	1,406,786
2015-2019	100,000	6,956,875	7,056,875
2020-2024	1,725,000	6,896,669	8,621,669
2025-2029	9,220,000	5,540,776	14,760,776
2030-2034	11,200,000	3,355,578	14,555,578
2035-2039	10,710,000	799,060	11,509,060
Total	<u><u>\$33,015,000</u></u>	<u><u>\$30,246,904</u></u>	<u><u>\$63,261,904</u></u>

Pledge of Wastewater Revenues

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay the 2006A and 2008A Bonds through 2039. The Municipal Sewer Enterprise Fund's total principal and interest remaining to be paid on the bonds is \$85,430,731. The Municipal Sewer Enterprise Fund's principal and interest paid for the current year (excluding the current refunding of the 2006B Bonds of \$32,260,000) and total customer net revenues were \$2,671,136 and \$3,092,341 respectively.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Interest Rate Swap Agreement

The City originally entered into an interest swap agreement in connection with the 2006B Wastewater Revenue Bonds, this agreement is being continued in association with the 2008A Wastewater Revenue Refunding Bonds. Therefore, the notional amount of the swap is based on the 2006B 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, 2009, 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	Long-Term Credit Rating (S&P/Moody's/Fitch)	Fixed Rate Paid	Variable Rate Received	Fair Value at June 30, 2009	Termination Date
\$32,260,000	10/17/2006	JPMorgan Chase Co.	A+/-Aa3/AA-	3.661%	63.42% of USD- LIBOR-BBA	(\$4,528,978)	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, 2009, the fair value of the swap was in favor of the counterparty.

Credit risk. As of June 30, 2009, 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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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 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, 2009, 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		
2010		\$84,422	\$1,044,597	\$1,129,019
2011	\$15,000	347,709	1,044,597	1,407,306
2012	15,000	347,550	1,044,597	1,407,147
2013	15,000	348,091	1,044,597	1,407,688
2014	15,000	347,189	1,044,597	1,406,786
2015-2019	100,000	1,733,890	5,222,985	7,056,875
2020-2024	1,725,000	1,725,979	5,170,690	8,621,669
2025-2029	9,220,000	1,439,130	4,101,646	14,760,776
2030-2034	11,200,000	909,550	2,446,028	14,555,578
2035-2039	10,710,000	271,580	527,480	11,509,060
Total	\$33,015,000	\$7,555,090	\$22,691,814	\$63,261,904

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Loans and Leases Payable

Loans and leases payable at June 30, 2009, consisted of the following:

State Revolving Fund Loan Contract	\$1,708,026
California Department of Boating and Waterways	<u>3,263,820</u>
Total	<u><u>\$4,971,846</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
2010	\$410,170	\$51,241	\$461,411
2011	422,475	38,936	461,411
2012	435,221	26,190	461,411
2013	440,160	13,205	453,365
Total	<u><u>\$1,708,026</u></u>	<u><u>\$129,572</u></u>	<u><u>\$1,837,598</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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, 2009 was \$3,263,820.

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

For the Years Ending June 30,	Principal	Interest	Total
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	71,483	135,332	206,815
2015-2019	408,662	625,414	1,034,076
2020-2024	509,267	524,808	1,034,075
2025-2029	634,639	399,436	1,034,075
2030-2034	704,945	245,091	950,036
2035-2039	550,706	101,394	652,100
2040-2043	127,670	6,801	134,471
Total	\$3,263,820	\$2,609,088	\$5,872,908

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, 2009:

	Balance July 01, 2008	Deletions	Balance June 30, 2009	Due Within One Year	Due in More than One Year
Bonds payable	\$33,331,188	(\$412,648)	\$32,918,540	\$690,000	\$32,228,540

Bonds payable at June 30, 2009 consisted of the following:

RHA Properties Affordable Housing Agency Bonds Series 2003 A	\$21,160,000
JPFA Subordinate Multifamily Housing Revenue Bonds Series 2007	11,758,540
	<u>\$32,918,540</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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 (1.80% at June 30, 2009) with interest payments due monthly commencing September 15, 2003.

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

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
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	500,000	836,169	1,336,169
2015-2019	3,000,000	3,817,691	6,817,691
2020-2024	4,100,000	3,054,682	7,154,682
2025-2029	5,600,000	2,013,751	7,613,751
2030-2034	6,260,000	618,021	6,878,021
Total	\$21,160,000	\$13,884,194	\$35,044,194

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

JPFA Subordinate Multifamily Housing Revenue Bonds, Series 2007

On April 12, 2007, the Richmond Joint Powers Financing Authority issued \$12,540,000 of Subordinate Multifamily Housing Revenue Bonds (Westridge at Hilltop Apartments), Series 2007 to advance refund and defease \$11,345,000 of the Subordinate Multifamily Housing Revenue Bonds, 2003 Series A-S (Subordinated Bonds). The **2007 Series Subordinate Bonds** bear interest from 3.850% to 5% per annum, payable semi-annually commencing June 15, 2007. Net proceeds 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. The Series 2003 A-S Bonds were called on December 15, 2008.

Bonds outstanding are carried net of the deferred amount of refunding, as follows:

Bonds outstanding	\$12,535,000
Deferred amount on refunding	<u>(776,460)</u>
Net	<u><u>\$11,758,540</u></u>

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
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	340,000	546,310	886,310
2015-2019	1,930,000	2,498,260	4,428,260
2020-2024	2,420,000	1,999,838	4,419,838
2025-2029	3,100,000	1,321,875	4,421,875
2030-2034	3,520,000	454,125	3,974,125
Total	<u><u>\$12,535,000</u></u>	<u><u>\$9,136,293</u></u>	<u><u>\$21,671,293</u></u>

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 \$56,715,487. The RHA properties principal and interest paid for the current fiscal year and total rental revenues were \$1,973,202 and \$3,683,603, respectively.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Special Assessment Debt Without City Commitment

Special assessment districts have been established in various parts of the City to provide improvements to properties located in those districts. Properties in these districts are assessed for the cost of improvements; these assessments are payable solely by property owners over the term of the debt issued to finance these improvements. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties in these special assessment districts, nor is it obligated to advance City funds to repay these debts in the event of default by any of these districts. At June 30, 2009, 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	\$1,140,000
Richmond JPFA Reassessment Revenue Bonds, 2003 Series A, secured solely by revenues from Reassessment District 2003-1 (Atlas Interchange/Atlas Road West)	7,480,000
Harbor Navigation Improvement District	1,280,000
Community Facilities District No. 1998-1	3,770,000
San Pablo Avenue Street Lighting District No. 854	30,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2006A (including Series 2006AT)	9,605,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2006B	1,895,000

Conduit Debt

The City has assisted private-sector entities by sponsoring their issuance of debt for purposes the City deems to be in the public interest. These debt issues are secured solely by the property financed by the debt. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties secured by these debts, nor is it obligated to advance City funds to repay these debts in the event of default by any of these issuers. At June 30, 2009, the balance of these issuers' outstanding debts was as follows:

Bridge Housing Acquisitions, Inc.	\$13,105,000
YMCA of the East Bay, 1996 Revenue Bonds	3,135,000
Baycliff Apartment Project, 2004 Revenue Bonds	32,000,000
Crescent Park Apartment Project, 2007 Series A & Series A-T Revenue Bonds	67,000,000

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 8 - DEFERRED REVENUE AND UNEARNED REVENUE

Fund Financial Statements

At June 30, 2009, 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	Community Development Block Grant	Non- Major Governmental Funds	Total
Loans Receivable	\$702,030	\$2,666,037	\$17,525,097	\$10,522,866	\$7,088,970		\$38,505,000
Grants Receivable				1,121,464		\$1,868,397	2,989,861
Park & recreation receivable - unearned rents	93,590						93,590
Total	<u>\$795,620</u>	<u>\$2,666,037</u>	<u>\$17,525,097</u>	<u>\$11,644,330</u>	<u>\$7,088,970</u>	<u>\$1,868,397</u>	<u>\$41,588,451</u>

NOTE 9 - DEFICIT FUND BALANCES AND ACCUMULATED DEFICITS

Deficit fund balance of \$561,219 and \$416,107 in the Paratransit Operations and Cost Recovery Special Revenue Funds will be eliminated by future service revenues.

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 11.201% and 16.807% of annual covered payroll for miscellaneous and safety employees, respectively. Total employer contributions based on the actuarially determined rates amounted to \$9,419,549 for the year ended June 30, 2009.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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

Annual Pension Cost and Net Pension Asset

For 2008-2009, the City's annual pension cost of \$11,948,149 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, 2009, were 32 years for both the miscellaneous and the safety employees plans for prior and current service unfunded liability.

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

Safety Plan:

<u>Fiscal Year</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
6/30/2007	\$5,506,687	75%	\$63,785,279
6/30/2008	6,086,347	76%	62,354,249
6/30/2009	6,464,293	77%	60,876,710

Miscellaneous Plan:

<u>Fiscal Year</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
6/30/2007	\$4,830,259	80%	\$45,374,247
6/30/2008	5,690,141	82%	44,356,270
6/30/2009	5,483,856	81%	43,305,209

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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

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 \$104,181,919 at June 30, 2009. During fiscal 2009, the amortization of the prepayment increased the actuarially required contributions by \$2,528,600 to arrive at Annual Pension Costs of \$11,948,149, as shown below for each Plan:

	<u>Safety</u>	<u>Miscellaneous</u>	<u>Total</u>
Annual required contribution	\$4,986,754	\$4,432,795	\$9,419,549
Interest on net pension obligation	(4,832,454)	(3,437,611)	(8,270,065)
Adjustment to annual required contribution	6,309,993	4,488,672	10,798,665
Annual pension cost	6,464,293	5,483,856	11,948,149
Contributions made	<u>(4,986,754)</u>	<u>(4,432,795)</u>	<u>(9,419,549)</u>
(Decrease) increase in net pension obligations	1,477,539	1,051,061	2,528,600
Net pension obligation (asset) June 30, 2008	<u>(62,354,249)</u>	<u>(44,356,270)</u>	<u>(106,710,519)</u>
Net pension obligation (asset) June 30, 2009	<u><u>(\$60,876,710)</u></u>	<u><u>(\$43,305,209)</u></u>	<u><u>(\$104,181,919)</u></u>

Safety Plan:

Actuarial						
Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
06/30/06	\$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%
06/30/08	382,363,901	374,325,089	8,038,812	97.9%	27,344,889	29.4%

Miscellaneous Plan:

Actuarial						
Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
06/30/06	\$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%)
06/30/08	308,163,049	308,983,271	(820,222)	100.3%	37,795,755	(2.2%)

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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.

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, 2009 the pension plans’ reported assets available for benefits of \$20,959,176. The composition of these assets at June 30, 2009 is shown below. For actuarial purposes, the value of the Plans’ assets was determined to be fair value.

Pooled cash and investments	\$ 4,578,634
Local Agency Investment Fund	187,348
Wellington Trust Company Fund	<u>16,193,194</u>
Assets available for benefits at June 30, 2009	<u><u>\$ 20,959,176</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

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, 2009 was \$4,800,000. Pension benefits for the 2008/2009 fiscal year were \$4,828,836. 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.

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			Annual		
	Required Contribution	Amount Contributed	Percent Contributed	Required Contribution	Amount Contributed	Percent Contributed
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%
2008/09	307,948	307,948	100%	2,199,459	4,800,000	218%

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

Fiscal Year	Garfield Pension Plan		
	Annual	Amount	Percent
	Required Contribution	Contributed	Contributed
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%
2008/09	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. Administrative costs for all plans, except the investment management fees of the Police and Fireman’s Pension Plan, are paid by the City’s General Fund. The investment management fees are financed through investment earnings. Assets are valued at fair value based on available market information obtained from independent sources.

Net Pension Obligation (Asset)

The net pension liability (asset) was determined in accordance with the provisions of GASB Statement No. 27 and represents contributions in excess of actuarially required contributions (net pension asset), or actuarially required contributions in excess of actual contributions (net pension obligation or liability). At June 30, 2009, the Police and Firemen’s Pension Plan and the General Pension Plan had net pension assets of \$5,049,165 and \$1,677,239, respectively. At June 30, 2009, the Garfield Pension Plan had a net pension liability of \$174,242. 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, 2009, 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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

The Plans' annual pension cost and net pension obligation for Fiscal 2008-2009 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	(39,600)	195,503	(26,172)
Annual pension cost	2,184,062	418,265	55,631
Contributions made	(4,800,000)	(307,948)	(72,484)
(Decrease) increase in net pension obligations	(2,615,938)	110,317	(16,853)
Net pension obligation (asset) June 30, 2008	(2,433,227)	(1,787,556)	191,095
Net pension obligation (asset) June 30, 2009	<u><u>(\$5,049,165)</u></u>	<u><u>(\$1,677,239)</u></u>	<u><u>\$174,242</u></u>

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, 2007	\$2,056,237	302%	\$382,711
June 30, 2008	2,184,062	229%	(2,433,227)
June 30, 2009	2,184,062	229%	(5,049,165)
General Pension Plan			
June 30, 2007	335,200	71%	(1,897,873)
June 30, 2008	418,265	74%	(1,787,556)
June 30, 2009	418,265	74%	(1,677,239)
Garfield Pension Plan			
June 30, 2007	56,882	130%	207,948
June 30, 2008	55,631	130%	191,095
June 30, 2009	55,631	130%	174,242

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

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, 2009

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

Plan Financial Statements

The Statement of Net Assets for the Plans at June 30, 2009 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	\$1,769,411	\$2,661,048	\$148,175
Local Agency Investment Fund			187,348
Mutual Fund Investments		16,193,194	
Interest receivable	<u>799</u>	<u>504</u>	<u>751</u>
Total Assets	<u>1,770,210</u>	<u>18,854,746</u>	<u>336,274</u>
LIABILITIES			
Accounts payable		<u>4,242</u>	
NET ASSETS			
Held in trust for employees' pension benefits	<u>\$1,770,210</u>	<u>\$18,850,504</u>	<u>\$336,274</u>

The Statement of Changes in Plan Net Assets for the year ended June 30, 2009 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	\$2,268	(\$3,936,344)	
Interest income	74,462	777,024	\$8,113
Investment management fees		(78,747)	148
Contribution from the City	307,948		72,484
Contribution from Pension Reserve		<u>4,800,000</u>	
Total Additions	<u>384,678</u>	<u>1,561,933</u>	<u>80,745</u>
DEDUCTIONS			
Pension benefits	<u>728,794</u>	<u>4,828,836</u>	<u>78,927</u>
Total Deductions	<u>728,794</u>	<u>4,828,836</u>	<u>78,927</u>
Net Increase (Decrease)	(344,116)	(3,266,903)	1,818
NET ASSETS			
Beginning of year	<u>2,114,326</u>	<u>22,117,407</u>	<u>334,456</u>
End of year	<u>\$1,770,210</u>	<u>\$18,850,504</u>	<u>\$336,274</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

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 1021	Service Retirement: 50/20, 51/18, 52/16, 53/14, 54/12, 55/10 Disability Retirement: any age/10	Retiree only or surviving spouse: \$414/\$414 Retiree +1 or more: \$540/\$540
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
Richmond Police Officer Association (RPOA)	10 years of service	Percentage of premium for retiree/dependents/surviving spouse but no more than \$714 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, 2009

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Provisions for Current Retirees		
Classification	Subgroup	Monthly Premium Reimbursement Before/After Medicare Eligibility
SEIU Local 1021	Retired July 1, 2007 or later	Retiree only or surviving spouse: \$414/\$414 Retiree +1 or more: \$540/\$540
	Retired prior to July 1, 2007	Retiree only or surviving spouse: \$244/\$202 Retiree +1 or more: \$364/\$304
IFPTE, Miscellaneous Executive Management	Retired July 1, 2007 or later	Same as SEIU
	Retired November 5, 1999 to June 30, 2007	Retiree only or surviving spouse: \$244/\$202 Retiree +1 or more: \$364/\$304
	Retired before November 5, 1999	Retiree only or surviving spouse: \$144/\$102 Retiree +1 or more: \$264/\$204
Fire Local 188 and Fire Management		Percentage of premium for retiree/dependents/surviving spouse up to 2nd highest premium plan. Percentage is 90%, increased to 100% after 27 years of service
Richmond Police Officer Association (RPOA)		Percentage of premium for retiree/dependents/surviving spouse but no more than \$714 per month, including dental and vision. Percentage is 50%, increased to 90% after 15 years of service, and 100% after 25 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. During the year ended 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, 2009

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, 2009, the City contributed \$6,096,304 to the Plan, including \$2,372,449 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 9.1% of the \$67.1 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
Interest on net OPEB obligation	170,258
Adjustment to annual required contribution	<u>(215,508)</u>
Annual OPEB cost	3,664,053
Contributions made	<u>(6,072,449)</u>
Change in net OPEB asset	(2,408,396)
Net OPEB Obligation (Asset) at June 30, 2008	<u>(2,196,876)</u>
Net OPEB Obligation (Asset) at June 30, 2009	<u><u>(\$4,605,272)</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, during fiscal year 2009, the City transferred additional contributions to PARS which along with investment income to date totaled \$6,813,311 at June 30, 2009 and reduced the unfunded actuarial accrued liability to \$40,233,304.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2008	\$3,709,303	\$5,906,179	159%	(\$2,196,876)
6/30/2009	3,664,053	6,072,449	166%	(4,605,272)

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, 2009

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. In April 2009 the City joined the California State Association of Counties Excess Insurance Authority (CSAC EIA) for worker's compensation insurance. The City has chosen to establish a risk financing internal service fund where assets are accumulated for claim settlements and expenses associated with the above risks of loss up to certain limits.

Excess coverage for the risk categories excluding inverse condemnation is provided by policies with various commercial insurance carriers. Self-insurance and insurance company limits are as follows:

Type of Coverage	Self-Insurance / Deductible	Coverage Limit	Insurance Carrier
Difference in Conditions	10% pre-1970, minimum \$100,000, 5% post-1970 of total insured value of each building	\$50,000,000 in excess of SIR	Lloyd's of London
Crime/Employee Dishonesty	\$10,000 per claim	\$1,000,000 in excess of deductible	AIG Executive Liability

MPA

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 (\$10,000)	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. The City paid premiums of \$3,028,052 for the year ended June 30, 2009. 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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 14 - RISK MANAGEMENT (Continued)

Audited financial statements for the MPA are available from MPA, 1911 San Miguel Drive, Suite 100 Walnut Creek, California, 94596.

CSAC EIA

CSAC EIA is a public entity risk pool of cities and counties within Northern California. The CSAC EIA provides workers' compensation coverage up to the statutory limit and the City retains a self insured retention of \$750,000. Loss contingency reserves established by the CSAC EIA are funded by contributions from member agencies. The City pays an annual contribution to the CSAC EIA, which includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the risk pool. The City paid premiums of \$40,429 for the year ended June 30, 2009. CSAC EIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained. CSAC EIA has never made an additional assessment and is currently fully funded. No provision has been made on these financial statements for liabilities related to possible additional assessments.

Audited financial statements for CSAC EIA are available from CSAC EIA, 3017 Gold Canal Drive, Rancho Cordova, CA 95670.

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, 2009, the estimated claims payable of \$22,401,000, 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 \$21,716,000, at June 30, 2009. Changes in the claims liabilities for the years ended June 30, 2009 and 2008 were as follows:

	2009	2008
Claims liabilities, beginning of year	\$20,264,000	\$23,000,000
Current year claims	3,328,035	5,772,840
Change in prior year claims	7,172,531	2,796,575
Claim payments	(4,850,265)	(6,754,543)
Legal, administrative and other expenses	(3,513,301)	(4,550,872)
Claims liabilities, end of year	\$22,401,000	\$20,264,000
Claims liabilities, due in one year	\$9,918,000	\$9,619,000

For the years ended June 30, 2009, 2008 and 2007 the amount of settlements did not exceed insurance coverage.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

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 2009 condensed financial information for the Richmond Marina Enterprise Fund is as follows:

Condensed Statement of Net Assets

Assets:	
Current assets	\$4,015,325
Capital assets	2,213,936
Total assets	<u>6,229,261</u>
Liabilities:	
Current liabilities	194,576
Long-term liabilities	3,203,877
Total liabilities	<u>3,398,453</u>
Net assets:	
Invested in capital assets, net of debt	(1,049,884)
Unrestricted	3,880,692
Total net assets	<u><u>\$2,830,808</u></u>

**Condensed Statement of Revenues, Expenses and
Changes in Net Assets**

Operating revenues:	
Lease income	\$476,588
Depreciation expense	(88,484)
Operating income	<u>388,104</u>
Nonoperating revenues (expenses):	
Interest income	164,485
Interest expense	(147,087)
Change in net assets	405,502
Beginning net assets	<u>2,425,306</u>
Ending net assets	<u><u>\$2,830,808</u></u>

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$480,250
Capital and related financing activities	(206,815)
Investing activities	169,463
Net increase	442,898
Beginning cash and investments	<u>3,510,455</u>
Ending cash and investments	<u><u>\$3,953,353</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 16 - 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 \$12,988,600 at June 30, 2009 for various 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 had been recorded in the accompanying financial statements as due from developer.

In 2002, the Authority chose the development team of McCormack Baron Salazar, Inc. and Em Johnson Interest, Inc. to develop the site. Em Johnson Interest has developed the 82 homeownership units affordable to low, moderate and market rate buyers. McCormack Baron was charged with the development of 300 rental units, affordable to households 60% or below the area median income for Contra Costa County.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 16 - COMMITMENTS AND CONTINGENCIES (Continued)

Thus far, all new construction rental units at the former Easter Hill site have been developed. Thirty-six rehab rental units at the site are underway. The remaining 202 rental units at the site have been leased up. Similarly, all 82 homeownership units at the former Easter Hill and Cortez sites have been constructed. With the exception of one unit at the Cortez site, all homeownership units have been sold

Other

As of June 30, 2009, a major property taxpayer filed an appeal with the County challenging the assessed valuation of their property, however as of December 16, 2009, the Contra Costa Assessment Review Board tentatively ruled that the County Assessor over-valued the property by \$1.2 billion from 2004 to 2006, however the final ruling has not been completed and the impacts, if any, on City property tax revenues could not be determined.

As of June 30, 2009 a major business license taxpayer filed a complaint challenging the legality of Measure T, a voter initiative that took effect on January 1, 2009. Measure T amended the City's business license tax calculation for manufacturers. Although the City believes Measure T to be lawful, the court ruled on December 17, 2009 that the tax was unconstitutional. The City is currently considering whether to appeal the court ruling. Nevertheless, the City has recorded the entire amount of Measure T revenues collected during the fiscal year as an accrued liability to reflect the potential refund.

NOTE 17 - SUBSEQUENT EVENTS

Supplemental Educational Revenue Augmentation Fund

The State of California adopted AB26 4X in July 2009 which directs that a portion of the incremental property taxes received by redevelopment agencies based on the property taxes received in fiscal year 2006-07 be paid instead to the County supplemental educational revenue augmentation fund (SERAF) in fiscal years 2009-10 and 2010-11. The State Department of Finance will determine each agency's SERAF payment by November 15 of each year, and payments are due by May 10 of the applicable year. Based on the calculations in AB26 4X, the Agency's SERAF is \$10,118,826 in fiscal year 2009-10 and is estimated to be \$2,081,255 in fiscal year 2010-11. The Agency can use any legally available funds to make the SERAF payments. The payment due in fiscal year 2009-10 represents 52% of the Agency's cash and investments available for operations at June 30, 2009. The obligation to make the SERAF payment is subordinate to obligations to repay bonds, however if the Agency fails to make the full SERAF payment the Agency may not encumber or expend funds other than to pay pre-existing indebtedness, contractual obligations and 75% of the amount expended on Agency administration for the preceding fiscal year until the SERAF is paid in full.

Richmond Joint Powers Financing Authority Point Potrero Lease Revenue Bonds, Series 2009A and 2009B

On July 13, 2009, the Authority issued Series 2009A and Series 2009B Point Potrero Lease Revenue Bonds in the amounts of \$26,830,000 and \$20,820,000, respectively. The proceeds from the Bonds will be used for the construction of an automobile warehousing and distribution facility, including rail improvements, to be located at the Point Potrero Terminal at the Port of Richmond. The Bonds bear interest rates that range from 6.25% to 8.50%. Principal payments are due annually on July 1 and semi-annual interest payments are due July 1 and January 1 commencing on January 1, 2010 through 2024 for the Series 2009A and through 2019 for the Series 2009B Bonds.

City of Richmond
Notes to Basic Financial Statements
June 30, 2009

NOTE 17 - SUBSEQUENT EVENTS (Continued)

California Communities Tax and Revenue Anticipation Note Program Note Participations, Series 2009 A-8

On October 27, 2009, the City issued Series 2009A-8 California Communities Tax and Revenue Anticipation Note Program Note Participations in the amount of \$17,800,000. The proceeds from the Note will be used to provide funds to meet the City's anticipated cash flow needs for its fiscal year ending on June 30, 2010. The Note bears an interest rate of 2.00%. Principal and accrued interest on the Note is payable when the Note matures on November 4, 2010.

Richmond Joint Powers Financing Authority Lease Revenue Refunding Bonds, Series 2009

On November 10, 2009, the Authority issued Series 2009 Lease Revenue Refunding Bonds in the amount of \$89,795,000. The proceeds from the Bonds will be used to refund all of the Authority's outstanding principal amount of its 2007 Lease Revenue Bonds for the Civic Center Project. The Bonds bear interest rates that range from 3.50% to 5.875%. Principal payments are due annually on August 1 and semi-annual interest payments are due August 1 and February 1 commencing on February 1, 2010.

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

Wastewater Revenue Bond Swap Agreement

On November 19, 2009, the City terminated the swap agreement associated with the 2006B Wastewater Revenue Refunding Bonds discussed in Note 7B by using the proceeds from a swap agreement that is based on the \$32,260,000 notional amount of the 2006B Bonds. The swap agreement requires the City to make fixed payments at a rate of 3.897% and to receive variable rate payments at 63.42% of 1 month LIBOR plus .22%. In connection with the new swap agreement, the City received an up-front payment in the amount of \$4,431,618 that was used to make the termination payment on the prior swap agreement. The fixed rate payments to the counterparty will be due semi-annually on August 1 and February 1, commencing February 1, 2010. The variable payments from the counterparty will be due on a monthly basis on the last business day of each month commencing December 31, 2009.

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CITY OF RICHMOND
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property tax-current collections	\$34,797,258	\$33,076,490	\$33,296,446	\$219,956
Sales tax	31,835,560	30,167,142	27,922,698	(2,244,444)
Utility user fees	33,634,196	37,085,105	48,953,004	11,867,899
Other taxes	9,770,782	9,770,782	7,959,683	(1,811,099)
Licenses, permits and fees	3,871,424	3,809,925	2,191,711	(1,618,214)
Fines, forfeitures and penalties	294,780	294,780	332,524	37,744
Use of money and property	2,000,000	500,000	183,318	(316,682)
Intergovernmental	1,890,090	6,048,761	747,134	(5,301,627)
Charges for services	9,610,158	7,044,472	2,566,597	(4,477,875)
Rent	900,000	554,705	295,064	(259,641)
Other	2,204,983	4,847,692	8,240,818	3,393,126
	<u>130,809,231</u>	<u>133,199,854</u>	<u>132,688,997</u>	<u>(510,857)</u>
EXPENDITURES:				
Current				
General government	19,118,646	19,679,939	10,169,478	9,510,461
Public safety	86,188,140	87,431,053	87,578,216	(147,163)
Public works	15,418,176	15,624,334	14,411,773	1,212,561
Community development				
Cultural and recreational	15,578,708	15,912,269	15,188,002	724,267
Capital outlay	14,000	816,275	776,014	40,261
Debt Service:				
Principal	508,008	508,008	520,439	(12,431)
Interest and fiscal charges			26,552	(26,552)
	<u>136,825,678</u>	<u>139,971,878</u>	<u>128,670,474</u>	<u>11,301,404</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(6,016,447)</u>	<u>(6,772,024)</u>	<u>4,018,523</u>	<u>10,790,547</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	5,025,294	5,065,294	40,000	(5,025,294)
Transfers in	8,681,000	8,681,000	9,752,825	1,071,825
Transfers (out)	(3,857,914)	(8,715,126)	(14,710,298)	(5,995,172)
	<u>9,848,380</u>	<u>5,031,168</u>	<u>(4,917,473)</u>	<u>(9,948,641)</u>
NET CHANGE IN FUND BALANCE				
	3,831,933	(1,740,856)	(898,950)	841,906
Fund balance, July 1	<u>46,436,628</u>	<u>46,436,628</u>	<u>46,436,628</u>	<u></u>
Fund balance, June 30	<u>\$50,268,561</u>	<u>\$44,695,772</u>	<u>\$45,537,678</u>	<u>\$841,906</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses, permits and fees			\$7,000	\$7,000
Use of money and property			216,820	216,820
Intergovernmental			3,670	3,670
Other			176,344	176,344
			<u>403,834</u>	<u>403,834</u>
Total Revenues			<u>403,834</u>	<u>403,834</u>
EXPENDITURES				
Current:				
Housing and redevelopment	\$8,848,476	\$9,047,653	8,007,602	1,040,051
Capital outlay			16,231	(16,231)
Debt service:				
Principal	780,000	780,000	780,000	
Interest and fiscal charges	1,502,011	1,502,011	1,502,012	(1)
			<u>10,305,845</u>	<u>1,023,819</u>
Total Expenditures	<u>11,130,487</u>	<u>11,329,664</u>	<u>10,305,845</u>	<u>1,023,819</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(11,130,487)</u>	<u>(11,329,664)</u>	<u>(9,902,011)</u>	<u>1,427,653</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	8,848,476	8,848,476	7,640,223	(1,208,253)
Transfers (out)	(300,000)	(300,000)	(687,600)	(387,600)
			<u>6,952,623</u>	<u>(1,595,853)</u>
Total other financing sources (uses)	<u>8,548,476</u>	<u>8,548,476</u>	<u>6,952,623</u>	<u>(1,595,853)</u>
NET CHANGE IN FUND BALANCE	<u>(2,582,011)</u>	<u>(2,781,188)</u>	<u>(2,949,388)</u>	<u>(168,200)</u>
Fund balance, July 1	<u>8,885,447</u>	<u>8,885,447</u>	<u>8,885,447</u>	
Fund balance, June 30	<u>\$6,303,436</u>	<u>\$6,104,259</u>	<u>\$5,936,059</u>	<u>(\$168,200)</u>

CITY OF RICHMOND
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property			\$12,423	\$12,423
Intergovernmental			1,750,022	1,750,022
Other			116,941	116,941
Total Revenues			<u>1,879,386</u>	<u>1,879,386</u>
EXPENDITURES				
Current:				
Housing and redevelopment	\$7,787,909	\$7,787,909	2,700,975	5,086,934
Total Expenditures	<u>7,787,909</u>	<u>7,787,909</u>	<u>2,700,975</u>	<u>5,086,934</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,787,909)</u>	<u>(7,787,909)</u>	<u>(821,589)</u>	<u>6,966,320</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)			(2,857)	(2,857)
Total other financing sources (uses)			<u>(2,857)</u>	<u>(2,857)</u>
NET CHANGE IN FUND BALANCE	(7,787,909)	(7,787,909)	(824,446)	6,963,463
Fund balance, July 1	<u>1,777,249</u>	<u>1,777,249</u>	<u>1,777,249</u>	
Fund balance, June 30	<u>(\$6,010,660)</u>	<u>(\$6,010,660)</u>	<u>\$952,803</u>	<u>\$6,963,463</u>

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City of Richmond
Required Supplementary Information
June 30, 2009

NOTES TO BUDGETARY COMPARISON SCHEDULES

Budgets and Budgetary Accounting

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

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

An operating budget is adopted each fiscal year on a basis consistent with Generally Accepted Accounting Principles (GAAP) for the General Fund, certain Special Revenue Funds (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, General Debt Service and Civic Center Debt Service). Public hearings are conducted on the proposed budgets to review all appropriations and sources of financing. Capital projects funds are budgeted by the Mayor and City Council over the term of the individual projects. Since capital projects are not budgeted on an annual basis, they are not included in the budgetary data.

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

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**City of Richmond
Supplementary Information
June 30, 2009**

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, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$24,696,000	\$28,012,195	\$3,316,195
Use of money and property		350,850	350,850
Total Revenues	24,696,000	28,363,045	3,667,045
EXPENDITURES			
Debt service:			
Principal	2,460,000	2,460,000	
Interest and fiscal charges	2,775,951	2,760,999	14,952
Total Expenditures	5,235,951	5,220,999	14,952
EXCESS OF REVENUES OVER EXPENDITURES	19,460,049	23,142,046	3,681,997
OTHER FINANCING SOURCES (USES)			
Transfers in	2,329,635	2,167,778	(161,857)
Transfers (out)	(21,192,815)	(28,373,923)	(7,181,108)
Total Other Financing Sources (Uses)	(18,863,180)	(26,206,145)	(7,342,965)
NET CHANGE IN FUND BALANCE	596,869	(3,064,099)	(3,660,968)
Fund Balance, July 1	19,115,409	19,115,409	
Fund Balance June 30	\$19,712,278	\$16,051,310	(\$3,660,968)

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.

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.

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.

General Debt Service Fund accounts for monies received in connection with the 1995A and the 1999 Series A Pension Obligation Bonds and the related payments on such debt. The 1995 Series A bonds were to refinance the cost of capital improvements, and the 1999 Series A bonds were issued to find a portion of the unfunded accrued actuarial liability in the Pension Fund.

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.

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CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2009

	SPECIAL REVENUE FUNDS				
	State Gas Tax	General Purpose	Paratransit Operations	Special Programs	Employment and Training
ASSETS					
Cash and investments	\$4,909,724	\$1,671,560		\$761,436	\$1,476,802
Restricted cash and investments					
Receivables:					
Accounts, net	210,614		\$67,282	177,776	479,197
Interest	2,765	2,970	(447)	257	
Grants					578,900
Prepays and other assets			21,884		
Total Assets	\$5,123,103	\$1,674,530	\$88,719	\$939,469	\$2,534,899
LIABILITIES					
Accounts payable and accrued liabilities	\$1,147,791	\$84,383	\$26,952	\$57,205	\$511,831
Refundable deposits					
Due to other funds			622,986		
Advance from other funds					
Deferred revenue					736,477
Total Liabilities	1,147,791	84,383	649,938	57,205	1,248,308
FUND EQUITY					
Fund balances (deficits)					
Reserved for encumbrances	438,341	23,540	8,480	51,231	334,791
Reserved for prepaids and other assets			21,884		
Unreserved, undesignated	3,536,971	1,566,607	(591,583)	831,033	951,800
Total Fund Balances (Deficits)	3,975,312	1,590,147	(561,219)	882,264	1,286,591
Total Liabilities and Fund Balances	\$5,123,103	\$1,674,530	\$88,719	\$939,469	\$2,534,899

SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS		
Public Safety	Cost Recovery	Hilltop LMD	Developer Impact Fees	2005 Pension Obligation Bonds	General Debt Service	Civic Center Debt Service
\$282,504	\$2,515,893	\$440,667	\$689,701	\$9,916,755	\$107,047 635,786	\$9,801,462
34,718	1,141,715					
129	(1,454)	178	364			
35,009	245,500					
<u>\$352,360</u>	<u>\$3,901,654</u>	<u>\$440,845</u>	<u>\$690,065</u>	<u>\$9,916,755</u>	<u>\$742,833</u>	<u>\$9,801,462</u>
\$16,244	\$409,492 1,372,288 1,404,061	\$24,808	\$335,749			\$17,623
	211,686					
	1,131,920					
<u>16,244</u>	<u>4,317,761</u>	<u>24,808</u>	<u>547,435</u>			<u>17,623</u>
57,243	1,249,667	14,135	428,692			
278,873	(1,665,774)	401,902	(286,062)	\$9,916,755	\$742,833	\$9,783,839
336,116	(416,107)	416,037	142,630	9,916,755	742,833	9,783,839
<u>\$352,360</u>	<u>\$3,901,654</u>	<u>\$440,845</u>	<u>\$690,065</u>	<u>\$9,916,755</u>	<u>\$742,833</u>	<u>\$9,801,462</u>

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CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2009

	<u>CAPITAL PROJECTS FUNDS</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>General Capital Improvement</u>	<u>Measure C</u>	<u>Harbor Navigation</u>	
ASSETS				
Cash and investments	\$6,900,923	\$519,061	\$694,364	\$20,969,682
Restricted cash and investments	2,787,036		346,746	23,487,785
Receivables:				
Accounts, net	189,000	2,293,905		4,594,207
Interest	3,916	362	399	9,439
Grants				859,409
Prepays and other assets				21,884
Total Assets	<u>\$9,880,875</u>	<u>\$2,813,328</u>	<u>\$1,041,509</u>	<u>\$49,942,406</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$419,530	\$738,447		\$3,790,055
Refundable deposits				1,372,288
Due to other funds				2,027,047
Advance from other funds				211,686
Deferred revenue				1,868,397
Total Liabilities	<u>419,530</u>	<u>738,447</u>		<u>9,269,473</u>
FUND EQUITY				
Fund balances (deficits)				
Reserved for encumbrances	2,183,442	265,419		5,054,981
Reserved for prepaids and other assets				21,884
Unreserved, undesignated	7,277,903	1,809,462	\$1,041,509	35,596,068
Total Fund Balances (Deficits)	<u>9,461,345</u>	<u>2,074,881</u>	<u>1,041,509</u>	<u>40,672,933</u>
Total Liabilities and Fund Balances	<u>\$9,880,875</u>	<u>\$2,813,328</u>	<u>\$1,041,509</u>	<u>\$49,942,406</u>

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CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUNDS				
	State Gas Tax	General Purpose	Paratransit Operations	Special Programs	Employment and Training
REVENUES					
Property taxes					
Licenses, permits and fees		\$13,026			\$56,244
Fines, forfeitures and penalties		25,424			
Use of money and property	\$214,674	302,789	(\$19,358)	\$14,757	
Intergovernmental	2,573,908	2,036,221	445,887	447,392	2,329,961
Charges for services			45,278		(61,781)
Pension stabilization revenue					
Other		10,900	6,114		299,330
Total Revenues	2,788,582	2,388,360	477,921	462,149	2,623,754
EXPENDITURES					
Current:					
General government		451,462		167,191	
Public safety		21,761		167,391	
Public works		1,024,232		42,000	
Community development					4,220,235
Cultural and recreational		143,406	1,150,674		
Capital outlay	2,228,353	1,765,196			
Debt Service:					
Principal					
Interest and fiscal charges					
Total Expenditures	2,228,353	3,406,057	1,150,674	376,582	4,220,235
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	560,229	(1,017,697)	(672,753)	85,567	(1,596,481)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets		5,000,000			
Transfers in			574,999	85,935	1,445,829
Transfers (out)	(876,316)	(8,903,624)		(404,131)	
Total Other Financing Sources (Uses)	(876,316)	(3,903,624)	574,999	(318,196)	1,445,829
NET CHANGE IN FUND BALANCE	(316,087)	(4,921,321)	(97,754)	(232,629)	(150,652)
BEGINNING FUND BALANCES (DEFICITS)	4,291,399	6,511,468	(463,465)	1,114,893	1,437,243
ENDING FUND BALANCES (DEFICITS)	\$3,975,312	\$1,590,147	(\$561,219)	\$882,264	\$1,286,591

SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS		
Public Safety	Cost Recovery	Hilltop LMD	Developer Impact Fees	2005 Pension Obligation Bonds	General Debt Service	Civic Center Debt Service
		\$767,232		\$5,115,672		
	\$4,031,942		\$115,973			
	1,922					
\$20,493	(102,827)	10,715	70,703	139,465	\$24,742	\$339,228
310,958	1,257,824					
	3,027,151		8,138			
				5,292,746		
137,413	44,006		68,017			
468,864	8,260,018	777,947	262,831	10,547,883	24,742	339,228
	8,053,430					
231,983	(3,000)		3,507			
	2,732,091	935,678	575,194			
			265,321			
351,246	716,460	9,339	1,465,355			
				845,000	1,959,143	1,530,000
				1,365,616	1,610,946	4,641,424
583,229	11,498,981	945,017	2,309,377	2,210,616	3,570,089	6,171,424
(114,365)	(3,238,963)	(167,070)	(2,046,546)	8,337,267	(3,545,347)	(5,832,196)
	5,701,353	135,658	398,188		3,557,069	7,346,002
(119,070)	(100,000)			(8,711,848)	(305,109)	(1,344,499)
(119,070)	5,601,353	135,658	398,188	(8,711,848)	3,251,960	6,001,503
(233,435)	2,362,390	(31,412)	(1,648,358)	(374,581)	(293,387)	169,307
569,551	(2,778,497)	447,449	1,790,988	10,291,336	1,036,220	9,614,532
\$336,116	(\$416,107)	\$416,037	\$142,630	\$9,916,755	\$742,833	\$9,783,839

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CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>CAPITAL PROJECTS FUNDS</u>			Total Nonmajor Governmental Funds
	General Capital Improvement	Measure C	Harbor Navigation	
REVENUES				
Property taxes				\$5,882,904
Licenses, permits and fees				4,217,185
Fines, forfeitures and penalties				27,346
Use of money and property	\$174,595	\$91,515	\$35,951	1,317,442
Intergovernmental	364,000	2,293,905		12,060,056
Charges for services				3,018,786
Pension stabilization revenue				5,292,746
Other	10,868			576,648
Total Revenues	<u>549,463</u>	<u>2,385,420</u>	<u>35,951</u>	<u>32,393,113</u>
EXPENDITURES				
Current:				
General government	202,743			8,874,826
Public safety	559,582			981,224
Public works	151,403	264,080		5,724,678
Community development	114,364			4,334,599
Cultural and recreational	49,125			1,608,526
Capital outlay	6,753,627	2,666,289		15,955,865
Debt Service:				
Principal				4,334,143
Interest and fiscal charges	5,602		634	7,624,222
Total Expenditures	<u>7,836,446</u>	<u>2,930,369</u>	<u>634</u>	<u>49,438,083</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,286,983)</u>	<u>(544,949)</u>	<u>35,317</u>	<u>(17,044,970)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets				5,000,000
Transfers in	11,136,100			30,381,133
Transfers (out)	(5,035,806)			(25,800,403)
Total Other Financing Sources (Uses)	<u>6,100,294</u>			<u>9,580,730</u>
NET CHANGE IN FUND BALANCE	(1,186,689)	(544,949)	35,317	(7,464,240)
BEGINNING FUND BALANCES (DEFICITS)	<u>10,648,034</u>	<u>2,619,830</u>	<u>1,006,192</u>	<u>48,137,173</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$9,461,345</u>	<u>\$2,074,881</u>	<u>\$1,041,509</u>	<u>\$40,672,933</u>

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CITY OF RICHMOND
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	STATE GAS TAX			GENERAL PURPOSE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Licenses, permits and fees				\$105,000	\$13,026	(\$91,974)
Fines, forfeitures and penalties					25,424	25,424
Use of money and property		\$214,674	\$214,674		302,789	302,789
Intergovernmental	\$2,173,164	2,573,908	400,744	957,059	2,036,221	1,079,162
Charges for services						
Pension stabilization revenue						
Other					10,900	10,900
Total Revenues	<u>2,173,164</u>	<u>2,788,582</u>	<u>615,418</u>	<u>1,062,059</u>	<u>2,388,360</u>	<u>1,326,301</u>
EXPENDITURES						
Current:						
General government				598,037	451,462	146,575
Public safety					21,761	(21,761)
Public works				661,142	1,024,232	(363,090)
Community development						
Cultural and recreational				117,995	143,406	(25,411)
Capital outlay	3,473,247	2,228,353	1,244,894	725,120	1,765,196	(1,040,076)
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>3,473,247</u>	<u>2,228,353</u>	<u>1,244,894</u>	<u>2,102,294</u>	<u>3,406,057</u>	<u>(1,303,763)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,300,083)</u>	<u>560,229</u>	<u>1,860,312</u>	<u>(1,040,235)</u>	<u>(1,017,697)</u>	<u>22,538</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of property					5,000,000	5,000,000
Transfers in				756,215		(756,215)
Transfers (out)	(39,984)	(876,316)	(836,332)	(687,500)	(8,903,624)	(8,216,124)
Total Other Financing Sources (Uses)	<u>(39,984)</u>	<u>(876,316)</u>	<u>(836,332)</u>	<u>68,715</u>	<u>(3,903,624)</u>	<u>(3,972,339)</u>
NET CHANGE IN FUND BALANCES	<u>(\$1,340,067)</u>	<u>(316,087)</u>	<u>\$1,023,980</u>	<u>(\$971,520)</u>	<u>(4,921,321)</u>	<u>(\$3,949,801)</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>4,291,399</u>			<u>6,511,468</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$3,975,312</u>			<u>\$1,590,147</u>	

PARATRANSIT OPERATIONS			SPECIAL PROGRAMS			PUBLIC SAFETY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	(\$19,358)	(\$19,358)		\$14,757	\$14,757	\$7,083	\$20,493	\$13,410
\$511,284	445,887	(65,397)	\$480,000	447,392	(32,608)	326,799	310,958	(15,841)
100,500	45,278	(55,222)						
188,115	6,114	(182,001)				220,746	137,413	(83,333)
799,899	477,921	(321,978)	480,000	462,149	(17,851)	554,628	468,864	(85,764)
				167,191	(167,191)			
			373,000	167,391	205,609	158,517	231,983	(73,466)
			85,000	42,000	43,000			
1,283,652	1,150,674	132,978						
			22,000		22,000	570,000	351,246	218,754
1,283,652	1,150,674	132,978	480,000	376,582	103,418	728,517	583,229	145,288
(483,753)	(672,753)	(189,000)		85,567	85,567	(173,889)	(114,365)	59,524
386,884	574,999	188,115		85,935	85,935		(119,070)	(119,070)
				(404,131)	(404,131)			
386,884	574,999	188,115		(318,196)	(318,196)		(119,070)	(119,070)
(\$96,869)	(97,754)	(\$885)		(232,629)	(\$232,629)	(\$173,889)	(233,435)	(\$59,546)
	(463,465)			1,114,893			569,551	
	(\$561,219)			\$882,264			\$336,116	

(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, 2009

	COST RECOVERY			HILLTOP LMD		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes				\$796,226	\$767,232	(\$28,994)
Licenses, permits and fees	\$4,621,174	\$4,031,942	(\$589,232)			
Fines, forfeitures and penalties		1,922	1,922			
Use of money and property		(102,827)	(102,827)		10,715	10,715
Intergovernmental	412,167	1,257,824	845,657			
Charges for services	4,469,634	3,027,151	(1,442,483)			
Pension stabilization revenue						
Other	16,278	44,006	27,728			
Total Revenues	9,519,253	8,260,018	(1,259,235)	796,226	777,947	(18,279)
EXPENDITURES						
Current:						
General government	7,564,638	8,053,430	(488,792)			
Public safety		(3,000)	3,000			
Public works	2,847,673	2,732,091	115,582	954,940	935,678	19,262
Community development						
Cultural and recreational						
Capital outlay	648,167	716,460	(68,293)	6,060	9,339	(3,279)
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	11,060,478	11,498,981	(438,503)	961,000	945,017	15,983
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,541,225)	(3,238,963)	(1,697,738)	(164,774)	(167,070)	(2,296)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of property						
Transfers in	1,361,584	5,701,353	4,339,769	135,658	135,658	
Transfers (out)	(131,155)	(100,000)	31,155			
Total Other Financing Sources (Uses)	1,230,429	5,601,353	4,370,924	135,658	135,658	
NET CHANGE IN FUND BALANCES	(\$310,796)	2,362,390	\$2,673,186	(\$29,116)	(31,412)	(\$2,296)
BEGINNING FUND BALANCES (DEFICITS)		(2,778,497)			447,449	
ENDING FUND BALANCES (DEFICITS)		(\$416,107)			\$416,037	

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)
				\$5,115,672	\$5,115,672			
\$1,705,200	\$115,973	(\$1,589,227)						
	70,703	70,703		139,465	\$139,465		\$24,742	\$24,742
	8,138	8,138						
	68,017	68,017		5,292,746	5,292,746			
<u>1,705,200</u>	<u>262,831</u>	<u>(1,442,369)</u>		<u>10,547,883</u>	<u>10,547,883</u>		<u>24,742</u>	<u>24,742</u>
	3,507	(3,507)						
\$527,321	575,194	(47,873)						
300,000	265,321	34,679						
4,889,404	1,465,355	3,424,049						
			\$308,045	845,000	(536,955)	1,949,366	1,959,143	(9,777)
			<u>1,355,325</u>	<u>1,365,616</u>	<u>(10,291)</u>	<u>1,614,756</u>	<u>1,610,946</u>	<u>3,810</u>
<u>5,716,725</u>	<u>2,309,377</u>	<u>3,407,348</u>	<u>1,663,370</u>	<u>2,210,616</u>	<u>(547,246)</u>	<u>3,564,122</u>	<u>3,570,089</u>	<u>(5,967)</u>
<u>(4,011,525)</u>	<u>(2,046,546)</u>	<u>1,964,979</u>	<u>(1,663,370)</u>	<u>8,337,267</u>	<u>10,000,637</u>	<u>(3,564,122)</u>	<u>(3,545,347)</u>	<u>18,775</u>
	398,188	398,188				3,564,122	3,557,069	(7,053)
(2,473)		2,473		(8,711,848)	(8,711,848)		(305,109)	(305,109)
(2,473)	398,188	400,661		(8,711,848)	(8,711,848)	3,564,122	3,251,960	(312,162)
<u>(\$4,013,998)</u>	<u>(1,648,358)</u>	<u>\$2,365,640</u>	<u>(\$1,663,370)</u>	<u>(374,581)</u>	<u>\$1,288,789</u>		<u>(293,387)</u>	<u>(\$293,387)</u>
	<u>1,790,988</u>			<u>10,291,336</u>			<u>1,036,220</u>	
	<u>\$142,630</u>			<u>\$9,916,755</u>			<u>\$742,833</u>	

(Continued)

CITY OF RICHMOND
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>CIVIC CENTER DEBT SERVICE</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property taxes			
Licenses, permits and fees			
Fines, forfeitures and penalties			
Use of money and property		\$339,228	\$339,228
Intergovernmental			
Charges for services			
Pension stabilization revenue			
Other			
Total Revenues		339,228	339,228
EXPENDITURES			
Current:			
General government			
Public safety			
Public works			
Community development			
Cultural and recreational			
Capital outlay			
Debt Service:			
Principal	\$1,530,000	1,530,000	
Interest and fiscal charges	3,338,944	4,641,424	(1,302,480)
Total Expenditures	4,868,944	6,171,424	(1,302,480)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,868,944)	(5,832,196)	(963,252)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of property			
Transfers in		7,346,002	7,346,002
Transfers (out)		(1,344,499)	(1,344,499)
Total Other Financing Sources (Uses)		6,001,503	6,001,503
NET CHANGE IN FUND BALANCES	(\$4,868,944)	169,307	\$5,038,251
BEGINNING FUND BALANCES (DEFICITS)		9,614,532	
ENDING FUND BALANCES (DEFICITS)		\$9,783,839	

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, 2009

	Richmond Marina	Storm Sewer	Cable TV	Total
ASSETS				
Current Assets				
Cash and investments	\$3,953,353		\$950,419	\$4,903,772
Receivables:				
Accounts	59,731	\$41,983	264,852	366,566
Interest	2,241	(912)	556	1,885
Notes		28,265		28,265
Total Current Assets	<u>4,015,325</u>	<u>69,336</u>	<u>1,215,827</u>	<u>5,300,488</u>
Noncurrent Assets				
Capital assets:				
Depreciable, net	<u>2,213,936</u>	<u>7,713,345</u>	<u>260,029</u>	<u>10,187,310</u>
Total Noncurrent Assets	<u>2,213,936</u>	<u>7,713,345</u>	<u>260,029</u>	<u>10,187,310</u>
Total Assets	<u>6,229,261</u>	<u>7,782,681</u>	<u>1,475,856</u>	<u>15,487,798</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities		173,803	58,083	231,886
Interest payable	134,633			134,633
Due to other funds		999,662		999,662
Compensated absences		19,900	60,301	80,201
Current portion of long term debt	<u>59,943</u>			<u>59,943</u>
Total Current Liabilities	<u>194,576</u>	<u>1,193,365</u>	<u>118,384</u>	<u>1,506,325</u>
Noncurrent Liabilities:				
Advance from other funds		1,758,342		1,758,342
Long-term debt	<u>3,203,877</u>			<u>3,203,877</u>
Total Noncurrent Liabilities	<u>3,203,877</u>	<u>1,758,342</u>		<u>4,962,219</u>
Total Liabilities	<u>3,398,453</u>	<u>2,951,707</u>	<u>118,384</u>	<u>6,468,544</u>
NET ASSETS				
Invested in capital assets, net of related debt	(1,049,884)	7,713,345	260,029	6,923,490
Unrestricted	<u>3,880,692</u>	<u>(2,882,371)</u>	<u>1,097,443</u>	<u>2,095,764</u>
Total Net Assets	<u>\$2,830,808</u>	<u>\$4,830,974</u>	<u>\$1,357,472</u>	<u>\$9,019,254</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, 2009

	Richmond Marina	Storm Sewer	Cable TV	Total
OPERATING REVENUES				
Service charges		\$1,561,528	\$888,183	\$2,449,711
Lease income	\$476,588	2,700		479,288
Other		15,470	196,206	211,676
Total Operating Revenues	476,588	1,579,698	1,084,389	3,140,675
OPERATING EXPENSES				
Salaries and benefits		1,180,003	558,069	1,738,072
General and administrative		2,370,793	287,443	2,658,236
Depreciation	88,484	915,849	51,350	1,055,683
Other			1,508	1,508
Total Operating Expenses	88,484	4,466,645	898,370	5,453,499
Operating Income (Loss)	388,104	(2,886,947)	186,019	(2,312,824)
NONOPERATING REVENUES (EXPENSES)				
Interest income	164,485	(49,548)	41,562	156,499
Interest (expense)	(147,087)			(147,087)
Total Nonoperating Revenues (Expenses)	17,398	(49,548)	41,562	9,412
Income (Loss) Before Transfers	405,502	(2,936,495)	227,581	(2,303,412)
Transfers in		700,000		700,000
Net Transfers		700,000		700,000
Change in Net Assets	405,502	(2,236,495)	227,581	(1,603,412)
BEGINNING NET ASSETS	2,425,306	7,067,469	1,129,891	10,622,666
ENDING NET ASSETS	\$2,830,808	\$4,830,974	\$1,357,472	\$9,019,254

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

	Richmond Marina	Storm Sewer	Cable TV	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$480,250	\$1,511,729	\$1,074,155	\$3,066,134
Payments to suppliers		(2,282,990)	(269,284)	(2,552,274)
Payments to employees		(1,210,715)	(545,048)	(1,755,763)
	<u>480,250</u>	<u>(1,981,976)</u>	<u>259,823</u>	<u>(1,241,903)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund receipts		999,662		999,662
Transfer in		700,000		700,000
		<u>1,699,662</u>		<u>1,699,662</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Acquisition of capital assets			(58,687)	(58,687)
Repayment of long-term borrowing	(57,362)			(57,362)
Interest paid	(149,453)			(149,453)
	<u>(206,815)</u>		<u>(58,687)</u>	<u>(265,502)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	169,463	(51,498)	42,458	160,423
	<u>169,463</u>	<u>(51,498)</u>	<u>42,458</u>	<u>160,423</u>
Net Cash Flows	442,898	(333,812)	243,594	352,680
Cash and investments at beginning of period	3,510,455	333,812	706,825	4,551,092
Cash and investments at end of period	<u>\$3,953,353</u>	<u></u>	<u>\$950,419</u>	<u>\$4,903,772</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$388,104	(\$2,886,947)	\$186,019	(\$2,312,824)
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	88,484	915,849	51,350	1,055,683
Change in assets and liabilities:				
Accounts receivable	3,662	(67,969)	(10,234)	(74,541)
Accounts payable and accrued liabilities and other accrued expenses		87,803	19,667	107,470
Compensated absences		(30,712)	13,021	(17,691)
Cash Flows from Operating Activities	<u>\$480,250</u>	<u>(\$1,981,976)</u>	<u>\$259,823</u>	<u>(\$1,241,903)</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, 2009

	Insurance Reserves	Information Technology	Equipment Services and Replacement	Police Tele- communications	Facilities Maintenance	Total
ASSETS						
Current Assets						
Cash and investments	\$15,867,337	\$2,441,244	\$6,006,811	\$4,588,666	\$1,193,671	\$30,097,729
Restricted cash and investments			6,052,022			6,052,022
Receivables:						
Accounts	980			208,686		209,666
Interest	13,304	1,470	3,753	2,573	742	21,842
Prepays and supplies		37,290	428,143			465,433
Due from other funds	3,448,589					3,448,589
Total Current Assets	19,330,210	2,480,004	12,490,729	4,799,925	1,194,413	40,295,281
Noncurrent Assets						
Capital assets:						
Nondepreciable	698,081	541,627				1,239,708
Depreciable, net		1,608,121	8,576,314	613,197		10,797,632
Advances to other funds	4,258,342					4,258,342
Total Noncurrent Assets	4,956,423	2,149,748	8,576,314	613,197		16,295,682
Total Assets	24,286,633	4,629,752	21,067,043	5,413,122	1,194,413	56,590,963
LIABILITIES						
Current Liabilities						
Accounts payable and accrued liabilities	225,367	1,023,950	825,400	4,569	570,423	2,649,709
Interest payable		2,030	2,413			4,443
Accrued claims liabilities	9,918,000					9,918,000
Current portion of long-term debt		554,486	779,798			1,334,284
Total Current Liabilities	10,143,367	1,580,466	1,607,611	4,569	570,423	13,906,436
Noncurrent Liabilities						
Compensated absences	37,933	367,324	111,514	145,085	285,277	947,133
Accrued claims liabilities	12,483,000					12,483,000
Long-term debt		578,883	4,499,131			5,078,014
Total Noncurrent Liabilities	12,520,933	946,207	4,610,645	145,085	285,277	18,508,147
Total Liabilities	22,664,300	2,526,673	6,218,256	149,654	855,700	32,414,583
NET ASSETS (DEFICIT)						
Invested in capital assets		1,016,379	3,297,385	613,197		4,926,961
Unrestricted	1,622,333	1,086,700	11,551,402	4,650,271	338,713	19,249,419
Total Net Assets (Deficit)	\$1,622,333	\$2,103,079	\$14,848,787	\$5,263,468	\$338,713	\$24,176,380

CITY OF RICHMOND
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	Insurance Reserves	Information Technology	Equipment Services and Replacement	Police Tele- communications	Facilities Maintenance	Total
OPERATING REVENUES						
Charges for services-internal	\$17,625,665	\$5,654,938	\$7,579,011	\$4,227,246	\$7,596,793	\$42,683,653
Charges for services-external				1,565,276		1,565,276
Total Operating Revenues	17,625,665	5,654,938	7,579,011	5,792,522	7,596,793	44,248,929
OPERATING EXPENSES						
Salaries and benefits	1,236,651	2,110,609	1,813,547	3,241,428	3,945,534	12,347,769
General and administrative	4,255,521	2,241,461	1,046,717	463,997	2,739,220	10,746,916
Maintenance	6,578	966,578	2,024,291	1,148,506	882,635	5,028,588
Depreciation		160,197	1,331,787	82,184		1,574,168
Claims losses	7,801,892					7,801,892
Other	28,975	171,451	83,974	482,588	89,112	856,100
Total Operating Expenses	13,329,617	5,650,296	6,300,316	5,418,703	7,656,501	38,355,433
Operating Income (Loss)	4,296,048	4,642	1,278,695	373,819	(59,708)	5,893,496
NONOPERATING REVENUES (EXPENSES)						
Gain from sale of property			83,870			83,870
Interest income	906,671	98,040	341,999	187,192	38,759	1,572,661
Interest expense		(65,999)	(246,380)			(312,379)
Total Nonoperating Revenues (Expenses)	906,671	32,041	179,489	187,192	38,759	1,344,152
Income Before Transfers	5,202,719	36,683	1,458,184	561,011	(20,949)	7,237,648
Transfers in		190,595				190,595
Transfers (out)		(149,529)				(149,529)
Net Transfers		41,066				41,066
Change in Net Assets	5,202,719	77,749	1,458,184	561,011	(20,949)	7,278,714
BEGINNING NET ASSETS (DEFICIT)	(3,580,386)	2,025,330	13,390,603	4,702,457	359,662	16,897,666
ENDING NET ASSETS (DEFICIT)	\$1,622,333	\$2,103,079	\$14,848,787	\$5,263,468	\$338,713	\$24,176,380

CITY OF RICHMOND
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

	Insurance Reserves	Information Technology	Equipment Services and Replacement	Police Tele- communications	Facilities Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$17,624,685	\$5,654,938	\$7,587,414	\$5,624,367	\$7,635,331	\$44,126,735
Payments to employees	(5,384,363)	(3,722,760)	(4,061,155)	(3,717,717)	(6,309,601)	(23,195,596)
Payments to suppliers	(35,553)	(1,138,029)	(2,108,265)	(1,631,094)	(971,747)	(5,884,688)
Insurance premiums and claims paid	(5,664,892)	(37,290)	(105,840)		33,155	(5,774,867)
Cash Flows from Operating Activities	6,539,877	756,859	1,312,154	275,556	387,138	9,271,584
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund payments	(7,706,931)					(7,706,931)
Transfers in		190,595				190,595
Transfers (out)		(149,529)				(149,529)
Cash Flows from Noncapital Financing Activities	(7,706,931)	41,066				(7,665,865)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(698,081)	(1,441,328)	(4,617,049)			(6,756,458)
Principal payments on capital debt		(531,027)	(748,702)			(1,279,729)
Proceeds from debt issuance			6,027,631			6,027,631
Proceeds from sale of property			83,870			83,870
Interest and fiscal charges paid		(67,000)	(243,967)			(310,967)
Cash Flows from Capital and Related Financing Activities	(698,081)	(2,039,355)	501,783			(2,235,653)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	927,922	98,812	358,591	194,739	37,422	1,617,486
Cash Flows from Investing Activities	927,922	98,812	358,591	194,739	37,422	1,617,486
Net Cash Flows	(937,213)	(1,142,618)	2,172,528	470,295	424,560	987,552
Cash and investments at beginning of period	16,804,550	3,583,862	9,886,305	4,118,371	769,111	35,162,199
Cash and investments at end of period	\$15,867,337	\$2,441,244	\$12,058,833	\$4,588,666	\$1,193,671	\$36,149,751
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$4,296,048	\$4,642	\$1,278,695	\$373,819	(\$59,708)	\$5,893,496
Adjustments to reconcile operating income to net cash flows from operating activities:						
Depreciation		160,197	1,331,787	82,184		1,574,168
Change in assets and liabilities:						
Receivables, net	(980)		8,403	(168,155)	38,538	(122,194)
Inventories		(37,290)	(105,840)		33,155	(109,975)
Accounts and other payables	95,363	462,496	(1,223,568)	(14,739)	349,610	(330,838)
Compensated absences	12,446	166,814	22,677	2,447	25,543	229,927
Claims payable	2,137,000					2,137,000
Cash Flows from Operating Activities	\$6,539,877	\$756,859	\$1,312,154	\$275,556	\$387,138	\$9,271,584

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, 2009

	PENSION TRUST FUNDS			Total
	General Pension	Police and Fireman's Pension	Garfield Pension	
ASSETS				
Pension plan cash and investments:				
City of Richmond investment pool	\$1,769,411	\$2,661,048	\$148,175	\$4,578,634
Local Agency Investment Fund			187,348	187,348
Mutual Fund Investments		16,193,194		16,193,194
Interest receivable	799	504	751	2,054
	1,770,210	18,854,746	336,274	20,961,230
LIABILITIES				
Accounts payable and accrued liabilities		4,242		4,242
NET ASSETS				
Held in trust for employees' pension benefits	\$1,770,210	\$18,850,504	\$336,274	\$20,956,988

CITY OF RICHMOND
PENSION TRUST FUNDS
STATEMENT OF CHANGES IN PENSION TRUST FUNDS NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	General Pension	Police and Fireman's Pension	Garfield Pension	Total
ADDITIONS				
Net investment income:				
Net increase (decrease) in the fair value of investments	\$2,268	(\$3,936,344)	\$148	(\$3,933,928)
Interest income	74,462	777,024	8,113	859,599
Investment management fees		(78,747)		(78,747)
Contribution from the City	307,948		72,484	380,432
Contribution from Pension Reserve		4,800,000		4,800,000
Total Additions	<u>384,678</u>	<u>1,561,933</u>	<u>80,745</u>	<u>2,027,356</u>
DEDUCTIONS				
Pension benefits	<u>728,794</u>	<u>4,828,836</u>	<u>78,927</u>	<u>5,636,557</u>
Total Deductions	<u>728,794</u>	<u>4,828,836</u>	<u>78,927</u>	<u>5,636,557</u>
Net Increase (Decrease)	<u>(344,116)</u>	<u>(3,266,903)</u>	<u>1,818</u>	<u>(3,609,201)</u>
NET ASSETS				
Beginning of year	<u>2,114,326</u>	<u>22,117,407</u>	<u>334,456</u>	<u>24,566,189</u>
End of year	<u>\$1,770,210</u>	<u>\$18,850,504</u>	<u>\$336,274</u>	<u>\$20,956,988</u>

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AGENCY FUNDS

AGENCY FUNDS account for assets held by the City as an agent for individuals, governmental entities, and non-public organizations. These funds include the following:

Special Assessment Fund accounts for the monies collected and disbursed for land-based debt, where the City is not obligated for the debt.

General Agency Fund accounts for assets held by the City as an agent for individuals, private organizations, and other governments.

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, 2009

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009
<u>Special Assessment</u>				
Cash and investments	\$1,704,887	\$642,987	\$582,114	\$1,765,760
Restricted cash and investments	651,762		417	651,345
Interest receivable	3,505	1,006	3,505	1,006
Due from the City		16,296		16,296
Total Assets	<u>\$2,360,154</u>	<u>\$660,289</u>	<u>\$586,036</u>	<u>\$2,434,407</u>
Due to assessment district bondholders	<u>\$2,360,154</u>	<u>\$660,289</u>	<u>\$586,036</u>	<u>\$2,434,407</u>
Total Liabilities	<u>\$2,360,154</u>	<u>\$660,289</u>	<u>\$586,036</u>	<u>\$2,434,407</u>
<u>General Agency</u>				
Cash and investments	\$841,681	\$37,772	\$28,709	\$850,744
Accounts receivable	631		631	
Interest receivable	1,730	468	1,730	468
Total Assets	<u>\$844,042</u>	<u>\$38,240</u>	<u>\$31,070</u>	<u>\$851,212</u>
Accounts payable and accrued liabilities	\$7,733	\$9,651	\$7,733	\$9,651
Refundable Deposits	836,309	28,589	23,337	841,561
Total Liabilities	<u>\$844,042</u>	<u>\$38,240</u>	<u>\$31,070</u>	<u>\$851,212</u>
<u>Johnson Library</u>				
Cash and investments	\$9,018	\$420		\$9,438
Interest receivable	19	5	\$19	5
Total Assets	<u>\$9,037</u>	<u>\$425</u>	<u>\$19</u>	<u>\$9,443</u>
Refundable deposits	<u>\$9,037</u>	<u>\$425</u>	<u>\$19</u>	<u>\$9,443</u>
<u>Senior Center</u>				
Cash and investments	\$58,857	\$2,162	\$1,275	\$59,744
Interest receivable	122	33	122	33
Total Assets	<u>\$58,979</u>	<u>\$2,195</u>	<u>\$1,397</u>	<u>\$59,777</u>
Accounts payable and accrued liabilities	\$3,664	\$2,389	\$3,664	\$2,389
Refundable Deposits	55,315	(194)	(2,267)	57,388
Total Liabilities	<u>\$58,979</u>	<u>\$2,195</u>	<u>\$1,397</u>	<u>\$59,777</u>

(Continued)

CITY OF RICHMOND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009
<hr/> JPFA Reassessment <hr/>				
Cash and investments	\$1,304,945	\$1,655,869	\$1,553,287	\$1,407,527
Restricted cash and investments	1,256,069	5,662		1,261,731
Interest receivable	2,683	784	2,683	784
Investment in reassessment bonds	<u>7,582,500</u>		<u>560,000</u>	<u>7,022,500</u>
Total Assets	<u><u>\$10,146,197</u></u>	<u><u>\$1,662,315</u></u>	<u><u>\$2,115,970</u></u>	<u><u>\$9,692,542</u></u>
Due to assessment district bondholders	<u><u>\$10,146,197</u></u>	<u><u>\$1,662,315</u></u>	<u><u>\$2,115,970</u></u>	<u><u>\$9,692,542</u></u>
<hr/> 1999 Revenue Refunding Bonds <hr/>				
Cash investments	\$1,297,066	\$1,336,654	\$1,230,684	\$1,403,036
Restricted cash and investments	2,476,831	78,616		2,555,447
Interest receivable	<u>2,667</u>	<u>789</u>	<u>2,667</u>	<u>789</u>
Total Assets	<u><u>\$3,776,564</u></u>	<u><u>\$1,416,059</u></u>	<u><u>\$1,233,351</u></u>	<u><u>\$3,959,272</u></u>
Due to assessment district bondholders	<u><u>\$3,776,564</u></u>	<u><u>\$1,416,059</u></u>	<u><u>\$1,233,351</u></u>	<u><u>\$3,959,272</u></u>
<hr/> Payroll Benefits <hr/>				
Cash and investments	\$5,484,017	\$121,865	\$5,154,007	\$451,875
Accounts receivable	<u>121,865</u>	<u>286,349</u>	<u>121,865</u>	<u>286,349</u>
Total Assets	<u><u>\$5,605,882</u></u>	<u><u>\$408,214</u></u>	<u><u>\$5,275,872</u></u>	<u><u>\$738,224</u></u>
Accounts payable and accrued liabilities	<u><u>\$5,605,882</u></u>	<u><u>\$408,214</u></u>	<u><u>\$5,275,872</u></u>	<u><u>\$738,224</u></u>
<hr/> 2006 A&B Reassessment District <hr/>				
Cash and investments	\$858,633	\$1,110,767	\$1,091,461	\$877,939
Restricted cash and investments	569,050	2,346		571,396
Interest receivable	1,765	482	1,765	482
Investment in reassessment bonds	<u>10,520,000</u>		<u>207,500</u>	<u>10,312,500</u>
Total Assets	<u><u>\$11,949,448</u></u>	<u><u>\$1,113,595</u></u>	<u><u>\$1,300,726</u></u>	<u><u>\$11,762,317</u></u>
Due to assessment district bondholders	<u><u>\$11,949,448</u></u>	<u><u>\$1,113,595</u></u>	<u><u>\$1,300,726</u></u>	<u><u>\$11,762,317</u></u>

(Continued)

CITY OF RICHMOND
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009
<hr/>				
Total Agency Funds				
Cash and investments	\$11,559,104	\$4,908,496	\$9,641,537	\$6,826,063
Restricted cash and investments	4,953,712	86,624	417	5,039,919
Investment in reassessment bonds	18,102,500		767,500	17,335,000
Accounts receivable	122,496	286,349	122,496	286,349
Interest receivable	12,491	3,567	12,491	3,567
Due from the City		16,296		16,296
Total Assets	<u>\$34,750,303</u>	<u>\$5,301,332</u>	<u>\$10,544,441</u>	<u>\$29,507,194</u>
Accounts payable and accrued liabilities	\$5,617,279	\$420,254	\$5,287,269	\$750,264
Refundable Deposits	900,661	28,820	21,089	908,392
Due to assessment district bondholders	<u>28,232,363</u>	<u>4,852,258</u>	<u>5,236,083</u>	<u>27,848,538</u>
Total Liabilities	<u>\$34,750,303</u>	<u>\$5,301,332</u>	<u>\$10,544,441</u>	<u>\$29,507,194</u>

City of Richmond
June 30, 2009

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, 2006 and 2008 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:

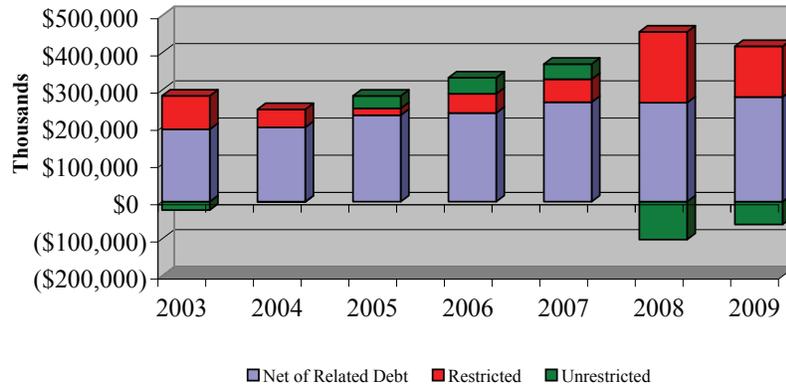
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

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.

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



	Fiscal Year Ended June 30,						
	2003	2004	2005	2006	2007	2008	2009
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	\$201,607,368
Restricted	90,011,285	45,358,192	16,193,394	49,291,795	60,271,169	188,950,882	135,801,179
Unrestricted	(40,308,547)	19,096,845	42,225,569	44,525,862	48,795,188	(101,295,871)	(57,236,422)
Total governmental activities net assets	\$211,506,108	\$188,196,299	\$214,118,962	\$249,748,571	\$279,325,214	\$276,122,611	\$280,172,125
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	\$79,540,643
Restricted	3,156,207	3,156,207	2,246,548	2,283,065	1,427,804	1,526,840	612,613
Unrestricted	17,733,546	(19,724,085)	(8,865,682)	(1,351,641)	(8,084,756)	(519,625)	(3,963,417)
Total business-type activities net assets	\$50,352,856	\$59,349,439	\$70,051,822	\$83,351,098	\$90,507,349	\$78,566,021	\$76,189,839
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	\$281,148,011
Restricted	90,011,285	48,514,399	18,439,942	51,574,860	61,698,973	190,477,722	136,413,792
Unrestricted	(22,575,001)	(627,240)	33,359,887	43,174,221	40,710,432	(101,815,496)	(61,199,839)
Total primary government net assets	\$261,858,964	\$247,545,738	\$284,170,784	\$333,099,669	\$369,832,563	\$354,688,632	\$356,361,964

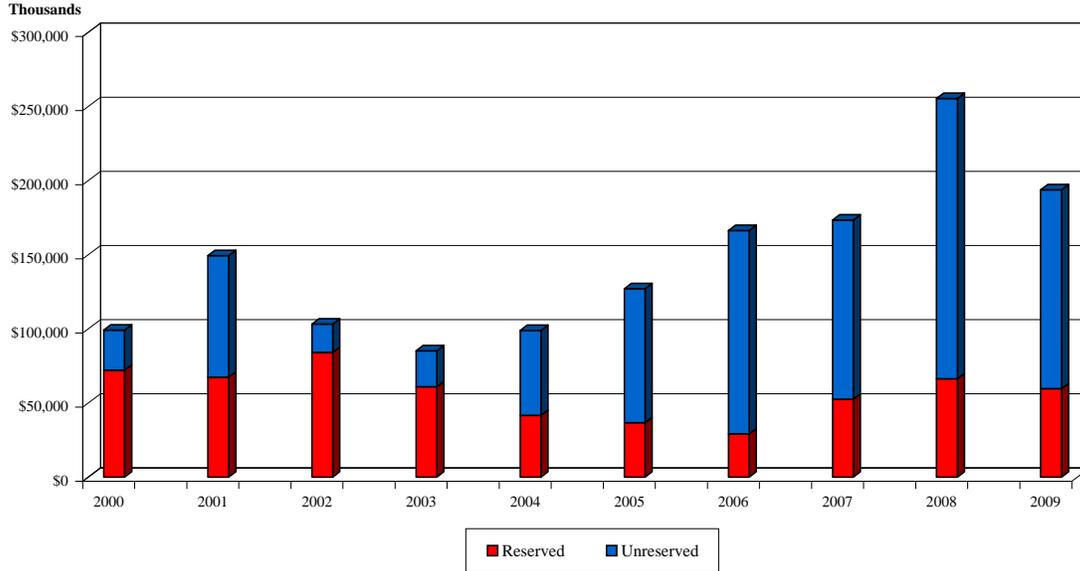
CITY OF RICHMOND
Changes in Net Assets
Last Seven Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental Activities:							
General Government	\$20,866,018	\$33,157,403	\$11,798,558	\$20,757,394	\$24,107,042	\$26,826,443	\$18,745,594
Public Safety	51,888,399	55,122,382	46,320,116	64,704,505	69,145,528	80,140,357	91,432,506
Public Works	32,986,223	39,509,425	36,743,774	40,119,182	25,265,766	31,252,681	43,289,943
Community Development	8,494,108	5,771,490	4,487,223	6,400,700	5,446,357	5,046,846	4,316,710
Cultural and Recreational	11,150,363	11,426,024	7,120,024	10,516,483	15,637,748	19,624,717	16,618,663
Housing and Redevelopment	26,645,808	9,610,845	10,883,850	14,587,522	11,338,512	17,471,811	19,209,243
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	22,961,838
Total Governmental Activities Expenses	173,587,572	169,263,285	127,516,656	171,056,058	166,982,337	204,604,964	216,574,497
Business-Type Activities:							
Richmond Housing Authority	25,518,702	27,920,939	28,054,660	25,761,763	21,902,483	24,324,334	23,335,623
Port of Richmond	2,811,056	2,911,772	2,545,842	2,896,324	3,690,733	4,589,789	4,739,269
Richmond Marina	578,370	272,694	248,045	245,732	331,099	240,542	235,571
Municipal Sewer	10,035,988	10,047,198	9,020,928	9,599,570	12,236,185	15,084,727	14,290,536
Storm Sewer	2,446,743	2,461,223	2,142,358	2,953,974	3,590,975	4,685,796	4,466,645
Cable TV	763,738	699,809	646,770	702,849	798,758	853,646	898,370
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	47,966,014
Total Primary Government Expenses	\$216,061,235	\$213,867,998	\$170,444,854	\$213,490,812	\$209,532,570	\$254,383,798	\$264,540,511
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	\$7,813,724
Public Safety	697,659	22,300	1,061,832	2,674,213	3,337,186	3,435,021	3,931,893
Public Works	3,848,741	5,133,200	6,829,231	2,017,908	1,641,139	952,330	1,669,681
Community Development	1,682,781	17	1,488,832	2,488,628	562,647	393,878	170,872
Cultural and Recreational	364,665	234,308	230,187	1,230,022	277,523	257,258	594,205
Housing and Redevelopment	(680)	26	54	3,145,276	320,165	1,037,112	7,000
Operating Grants and Contributions	11,485,157	10,143,316	9,035,667	10,737,556	11,310,497	9,642,093	8,402,636
Capital Grants and Contributions	20,454,780	2,409,429	2,502,038	4,584,637	8,659,910	4,066,710	6,997,666
Total Government Activities Program Revenues	44,042,510	30,721,663	27,343,472	36,457,802	38,609,098	32,845,691	29,587,677
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	3,096,831
Port of Richmond	2,265,785	2,491,147	5,913,472	6,130,166	5,392,626	5,900,126	5,095,840
Richmond Marina	366,288	458,473	456,142	579,581	448,630	484,212	476,588
Municipal Sewer	8,020,968	10,008,499	9,099,788	11,009,699	12,410,236	13,864,120	14,432,849
Storm Sewer	1,477,853	1,478,790	1,546,345	1,545,977	1,655,799	1,637,151	1,579,698
Cable TV	677,314	911,227	840,773	944,693	930,168	974,924	1,084,389
Convention Center	172,793	202,246	273,008	326,715	37,659		
Operating Grants and Contributions	24,072,750	9,498					18,683,329
Capital Grants and Contributions		33,845,368	32,707,460	33,223,130	23,789,008	24,675,667	50,027
Total Business-Type Activities Program Revenue	39,118,467	51,639,828	52,659,304	55,423,306	46,294,871	49,312,452	44,499,551
Total Primary Government Program Revenues	\$83,160,977	\$82,361,491	\$80,002,776	\$91,881,108	\$84,903,969	\$82,158,143	\$74,087,228
Net (Expense)/Revenue							
Governmental Activities	(\$129,545,062)	(\$138,541,622)	(\$100,173,184)	(\$134,598,256)	(\$128,373,239)	(\$171,759,273)	(\$186,986,820)
Business-Type Activities	(3,355,196)	7,035,115	9,731,106	12,988,552	3,744,638	(466,382)	(3,466,463)
Total Primary Government Net Expense	(\$132,900,258)	(\$131,506,507)	(\$90,442,078)	(\$121,609,704)	(\$124,628,601)	(\$172,225,655)	(\$190,453,283)

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

	Fiscal Year Ended June 30,						
	2003	2004	2005	2006	2007	2008	2009
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	\$78,279,818
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	27,922,698
Utility user taxes		29,322,850	29,721,091	30,199,388	27,007,410	29,553,243	48,953,004
Other Taxes	44,665,215	9,421,142	13,847,030	14,690,034	12,042,215	8,802,995	7,959,683
Use of Money and Property	6,568,865	2,597,233	2,993,086	5,490,761	7,895,609	9,990,413	6,851,266
Unrestricted Intergovernmental	978,228	4,157,098	3,031,587	954,905	438,625	4,330,572	2,197,148
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	9,220,595
Gain (Loss) on Sales of Capital Assets	(175,225)		11,361,312	2,361,410	3,113,487	4,008,197	5,000,000
Pension stabilization revenue				4,175,381	4,240,135	4,256,500	5,292,746
Developer revenue sharing				3,254,620	591,051	201,270	51,767
Settlement reimbursement				4,226,289			
Transfers	(2,116,594)	49,486	167,153	375,740	(2,346,906)	(1,706,880)	(692,391)
Reimbursement from Pension Fund	3,928,959						
Total Government Activities	104,876,201	113,153,915	129,696,268	170,227,865	157,949,882	168,556,670	191,036,334
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	390,189
Investment Income	2,281,921						
Other			1,956,342			313,863	7,701
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	692,391
Total Business-Type Activities	4,388,988	1,759,763	3,021,795	882,995	4,016,914	(11,474,946)	1,090,281
Total Primary Government	\$109,265,189	\$114,913,678	\$132,718,063	\$171,110,860	\$161,966,796	\$157,081,724	\$192,126,615
Change in Net Assets							
Governmental Activities	(\$24,668,861)	(\$25,387,707)	\$29,523,084	\$35,629,609	\$29,576,643	(\$3,202,603)	\$4,049,514
Business-Type Activities	1,033,792	8,794,878	12,752,901	13,871,547	7,761,552	(11,941,328)	(2,376,182)
Total Primary Government	(\$23,635,069)	(\$16,592,829)	\$42,275,985	\$49,501,156	\$37,338,195	(\$15,143,931)	\$1,673,332

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



	Fiscal Year Ended June 30,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$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	\$24,682,489
Unreserved	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	20,855,189
Total General Fund	<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>	<u>\$45,537,678</u> (a)
All Other Governmental Funds										
Reserved	\$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	\$34,982,192
Unreserved, reported in:										
Special revenue funds	2,572,653	698,121	805,201	2,599,416	7,730,927	9,644,237	22,266,931	23,291,973	21,732,666	10,128,026
Debt service funds			(3,264,769)	(32,671,008)	(1,555,799)	462,267	6,647,877	11,101,399	28,551,466	26,219,974
Capital project funds	20,733,706	73,207,473	15,229,062	58,802,260	38,672,895	53,792,412	69,561,861	54,143,312	119,382,544	77,066,114
Total all other governmental funds	<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>	<u>\$148,396,306</u>

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

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

	Fiscal Year Ended June 30,					
	2000	2001	2002	2003	2004	2005
Revenues						
Property taxes	\$37,211,425	\$37,220,187	\$37,152,483	\$39,816,120	\$36,475,512	\$48,148,871
Sales taxes	12,431,034	14,255,927	13,199,899	12,282,691	12,352,198	20,273,363
Utility user fees	18,330,503	21,094,681	21,144,888	23,463,409	29,322,850	29,721,091
Other taxes	6,660,722	9,755,617	7,578,673	10,810,643	9,421,142	13,847,030
Licenses, permits and fees	2,954,637	3,854,140	6,459,773	5,267,568	8,414,668	8,347,868
Developer revenue sharing						
Fines, forfeitures and penalties	804,657	759,782	454,786	570,823	435,057	522,015
Use of money and property	5,561,947	8,521,642	11,950,076	9,710,818	2,628,566	2,496,624
Intergovernmental	23,669,018	19,539,785	15,391,085	26,727,129	15,892,578	15,980,671
Charges for services	8,546,061	4,824,336	6,158,955	6,775,324	6,775,449	3,864,491
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	3,659,066	2,793,821	4,244,780	2,629,861	2,560,987	237,568
Other	2,362,505	3,971,315	2,364,500	6,184,893	23,152,932	3,191,685
Total Revenues	122,191,575	127,897,624	133,130,632	151,185,786	147,431,939	146,631,277
Expenditures						
Current:						
General government	25,213,454	19,657,294	17,316,203	17,981,557		12,871,884
Public safety	38,812,146	40,336,645	44,309,105	53,169,844		52,859,724
Public works						20,947,719
Highway and streets	5,575,459	7,793,120	24,689,873	18,345,397		
Health and sanitation	295,890	955,873				
Community development	8,571,962	9,600,033	6,139,781	8,556,636		4,542,606
Cultural and recreational	9,876,807	9,740,773	10,707,305	11,585,860		7,362,852
Housing and redevelopment	7,820,872	1,990,502	9,861,172	24,940,122		11,971,460
Salaries and wages					86,240,536	
General and administrative					40,886,151	
Maintenance					2,182,381	
Other	1,429,324	11,165,647	81,095	75,785	601,026	
Capital outlay	17,492,266	15,894,297	8,461,827	13,170,857	12,570,471	10,630,365
Debt service:						
Principal repayment	14,827,335	13,436,978	12,988,661	6,245,552	7,989,730	7,639,995
Interest and fiscal charges	7,796,012	12,003,575	13,939,372	13,930,315	12,102,434	9,206,783
Total Expenditures	137,711,527	142,574,737	148,494,394	168,001,925	162,572,729	138,033,388
Excess (deficiency) of revenues over (under) expenditures	(15,519,952)	(14,677,113)	(15,363,762)	(16,816,139)	(15,140,790)	8,597,889
Other Financing Sources (Uses)						
Transfers in	33,409,953	52,731,159	29,129,749	37,541,392	66,659,138	27,587,164
Transfers out	(33,692,040)	(52,846,008)	(30,137,487)	(42,657,986)	(69,609,652)	(34,410,933)
Sale of property	4,882,030	308,775	223,115	61,624	578,907	9,071,591
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	17,356,100
Payment to retirement plan						
Total other financing sources (uses)	27,877,632	60,913,926	6,652,590	1,501,716	26,774,152	19,603,922
Net Change in fund balances	\$12,357,680	\$46,236,813	(\$8,711,172)	(\$15,314,423)	\$11,633,362	\$28,201,811
Debt service as a percentage of noncapital expenditures						
	(a)	(a)	19.2%	13.0%	13.4%	13.2%

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,

2006	2007	2008	2009
\$76,431,421	\$73,983,141	\$77,764,608	\$79,047,050
25,402,253	28,217,895	29,005,711	27,922,698
30,199,388	27,007,410	29,553,243	48,953,004
14,690,034	12,042,215	8,342,809	7,959,683
14,272,803	8,379,660	8,164,006	6,415,896
3,254,620	591,051	201,270	51,767
396,257	312,723	312,706	359,870
5,149,718	6,879,814	10,360,029	5,278,605
16,303,188	24,439,246	18,092,672	15,753,684
4,421,803	4,488,092	6,026,165	5,585,383
4,175,381	4,240,135	4,256,500	5,292,746
4,226,289			
414,716	605,207	336,617	312,096
3,496,107	3,009,820	3,407,481	11,685,170
<u>202,833,978</u>	<u>194,196,409</u>	<u>195,823,817</u>	<u>214,617,652</u>
18,986,723	22,646,791	26,022,760	19,044,304
64,006,470	72,869,340	86,716,916	93,507,626
20,371,718	12,207,805	18,121,576	20,513,373
6,306,343	5,449,106	5,196,860	4,334,599
10,300,456	15,142,703	20,814,698	16,796,528
20,778,294	11,345,178	22,828,774	22,049,876
17,479,290	34,281,457	62,742,853	80,466,151
6,515,045	9,079,459	6,300,998	9,684,582
11,257,775	10,129,575	15,612,543	14,038,265
<u>176,002,114</u>	<u>193,151,414</u>	<u>264,357,978</u>	<u>280,435,304</u>
<u>26,831,864</u>	<u>1,044,995</u>	<u>(68,534,161)</u>	<u>(65,817,652)</u>
53,092,947	33,071,479	184,513,795	79,414,731
(54,131,970)	(31,800,296)	(185,857,975)	(80,148,188)
3,167,685	4,747,114	4,287,517	5,040,000
124,111,809		(32,897,515)	
(113,877,017)		172,962,622	
<u>12,363,454</u>	<u>6,018,297</u>	<u>143,008,444</u>	<u>4,306,543</u>
<u>\$39,195,318</u>	<u>\$7,063,292</u>	<u>\$74,474,283</u>	<u>(\$61,511,109)</u>
11.2%	11.9%	10.7%	11.1%

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
ASSESSED VALUE ⁽¹⁾										
Land	\$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	\$4,498,812
Improvements	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	8,995,536
Total Real Property	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	13,494,348
Personal Property	453,809	491,488	496,737	522,772	558,698	563,253	538,693	572,948	333,505	632,670
TOTAL	\$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	\$14,127,018
EXEMPTIONS⁽²⁾										
Homeowners ^(a)	\$112,543	\$114,012	\$115,472	\$116,607	\$116,687	\$115,580	\$117,722	\$111,746	\$113,417	\$113,296
Other ^(b)	209,783	208,302	240,583	245,704	243,788	267,660	317,429	332,611	338,751	364,531
TOTAL	\$322,326	\$322,314	\$356,055	\$362,311	\$360,475	\$383,240	\$435,151	\$444,357	\$452,168	\$477,827
ASSESSED VALUE										
(Net of Exemptions)	\$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	\$13,649,191
Less: Redevelopment Tax Increments⁽³⁾	729,227	792,046	903,230	1,020,387	1,102,499	1,200,250	1,346,439	1,982,930	2,333,771	2,404,325
NET ASSESSED VALUE	\$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	\$11,244,866
NET INCREASE (DECREASE)	\$226,068	\$314,766	\$884,202	\$126,096	\$370,913	\$1,098,715	\$880,469	\$606,856	\$409,178	\$787,429
% OF INCREASE (DECREASE)	4.08%	5.46%	14.54%	1.81%	5.23%	14.72%	10.28%	6.43%	4.07%	7.53%
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.

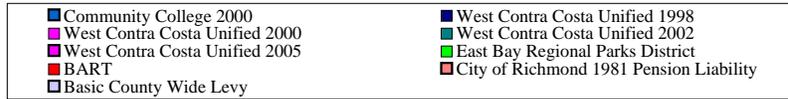
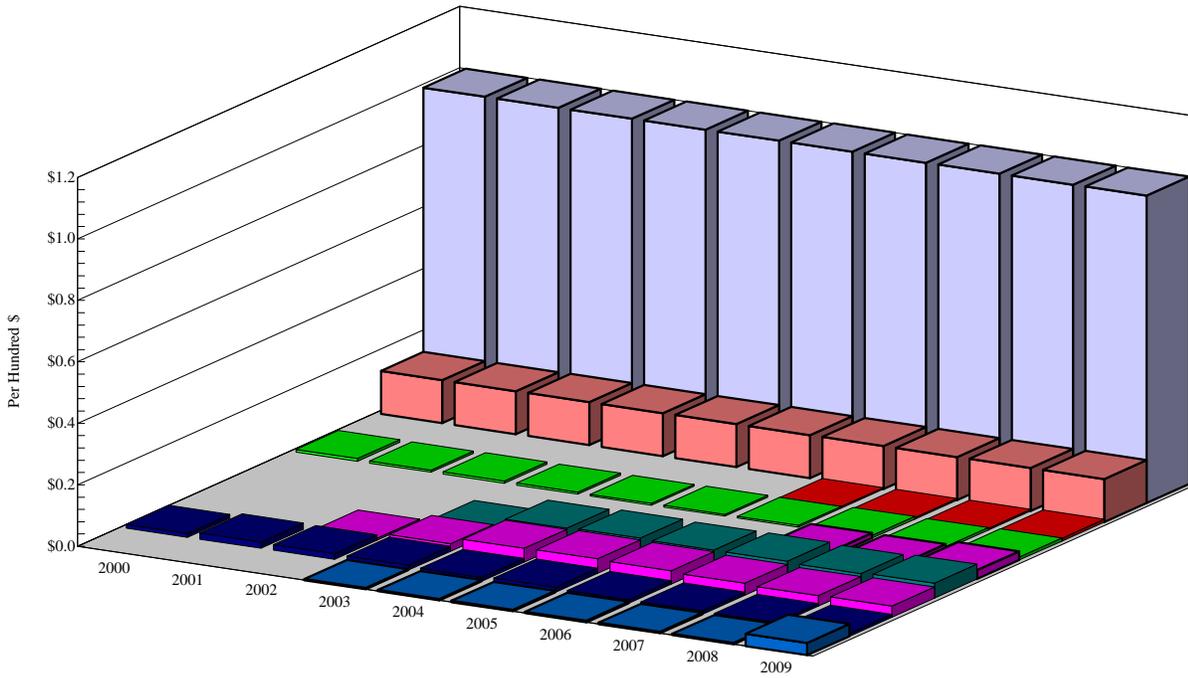
⁽²⁾ Exemptions are summarized as follows:

- (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.

**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 Contra Costa Unified				Community College 2000	Total
					1998	2000	2002	2005		
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
2009	1.0000	0.1400	0.0090	0.0100	0.0093	0.0365	0.0484	0.0288	0.0400	1.3220

(1) Voter approved debt.

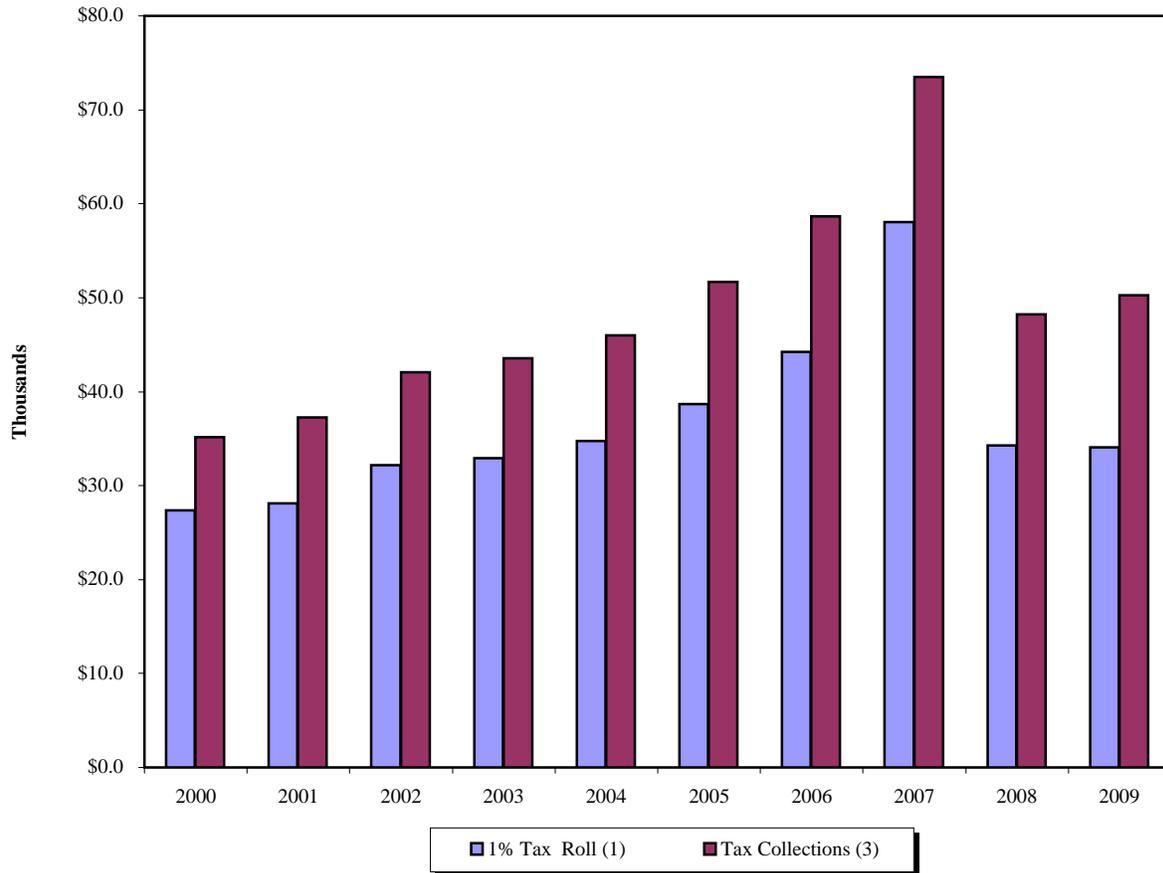
Source: County of Contra Costa, Office of the Auditor-Controller

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

Taxpayer	Type of Business	2008-09			1999-2000		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Chevron USA	Industry	\$3,806,016	1	27.88%	\$1,864,632	1	28.71%
Lennar Emerald Marina Shores	Residential	130,137	2	0.95%	N/A		N/A
Richmond Parkway Associates	Residential	122,770	3	0.90%	N/A		N/A
Bayer Healthcare Pharm., Inc.	Industrial	114,424	4	0.84%	N/A		N/A
DDRM Hilltop Plaza, LP	Commercial	88,858	5	0.65%	N/A		N/A
Richmond Essex, LP	Residential	67,859	6	0.50%	N/A		N/A
Richmond Associates	Commercial	63,727	7	0.47%	N/A		N/A
Crescent Park EAH, LP	Residential	48,444	8	0.35%	N/A		N/A
Cherokee Simeon Venture I, LLC	Commercial	46,837	9	0.34%	N/A		N/A
Foss Maritime Company	Unsecured	45,889	10	0.34%	N/A		N/A
Berlex Laboratories, Inc.	Industrial	N/A		N/A	138,489	2	2.13%
ICI Americas, Inc.	Industrial	N/A		N/A	80,841	3	1.24%
Watch Holdings, LLC.	Residential	N/A		N/A	51,841	4	0.80%
Security Capital Pacific Trust	Residential	N/A		N/A	41,044	5	0.63%
BPP/Hilltop	Commercial	N/A		N/A	38,510	6	0.59%
Chronicle Publishing Company	Industrial	N/A		N/A	38,191	7	0.59%
California Fats & Oils	Industrial	N/A		N/A	32,239	8	0.50%
Pt Richmond R & D Associates	Industrial	N/A		N/A	28,857	9	0.44%
Surplus Properties Authority	Government Owned	N/A		N/A	28,107	10	0.43%
Subtotal		<u>\$4,534,961</u>		<u>27.66%</u>	<u>\$2,342,751</u>		<u>34.24%</u>
Total Net Assessed Valuation:							
Fiscal Year 2008-2009		\$13,649,191					
Fiscal Year 1999-2000		6,495,469					

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

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

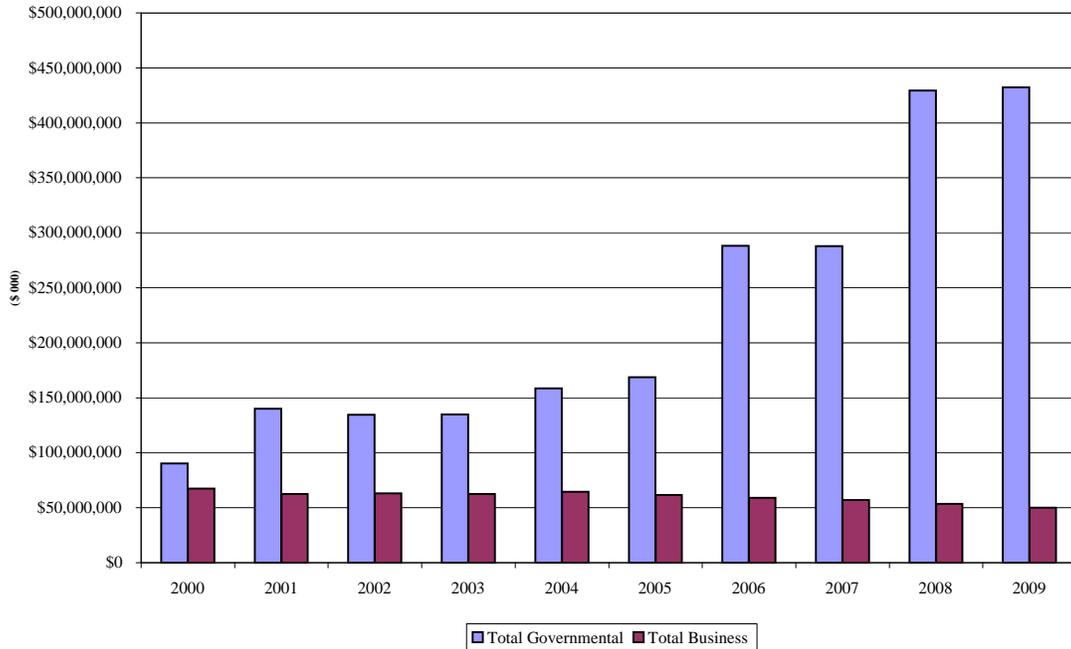


Fiscal Year	1% Tax Roll (1)	Voter Approve Debt Tax Rolls (2)	Total Tax Collections (3)	Percent of Total Tax Collections to Tax Levy
2000	\$27,341	\$7,782	\$35,123	100%
2001	28,125	9,129	37,254	100%
2002	32,193	9,867	42,060	100%
2003	32,890	10,656	43,546	100%
2004	34,721	11,282	46,003	100%
2005	38,687	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%
2009	34,096	16,172	50,268	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



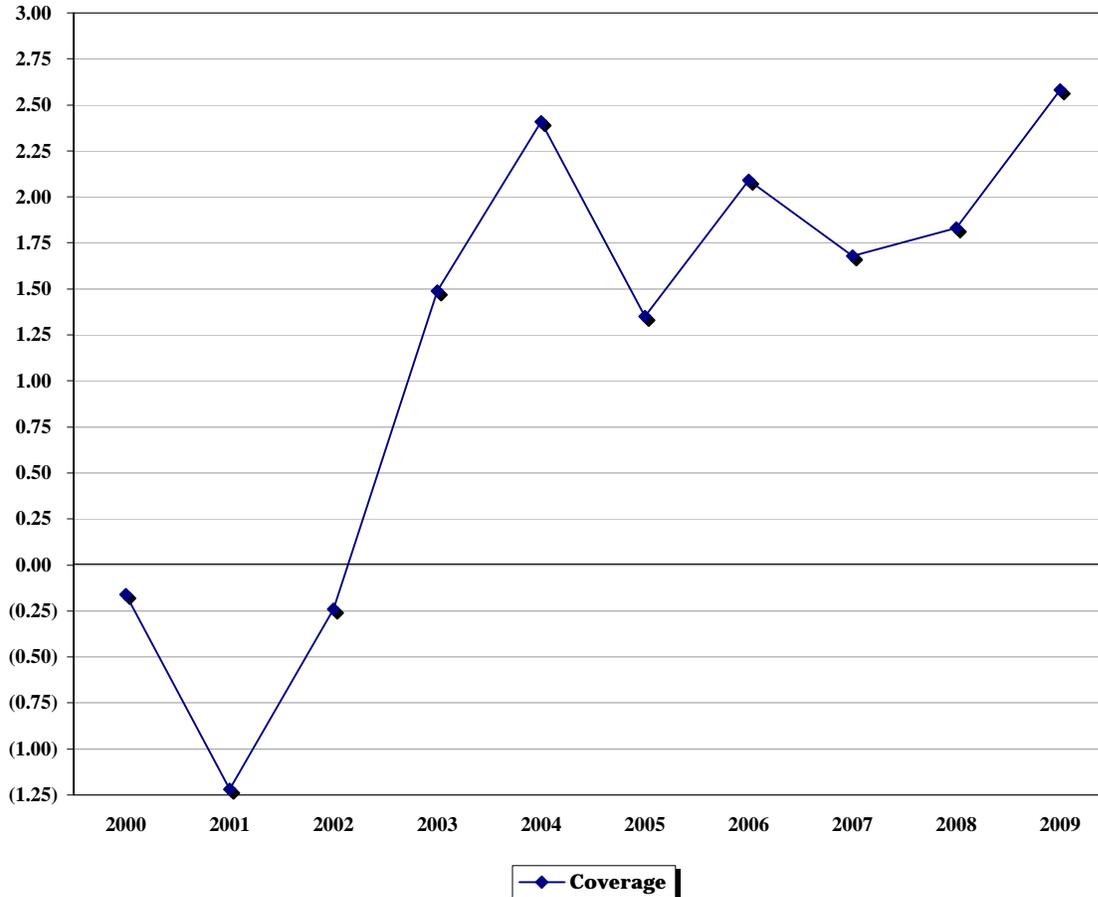
Governmental Activities						
Fiscal Year	Tax Allocation Bonds	Pension Obligation Bonds	Revenue Bonds	Loans and Notes Payable	Capital Leases	Total
2000	\$24,032,779	\$36,280,000	\$18,303,815	\$3,461,435	\$8,124,760	\$90,202,789
2001	55,162,779	33,040,000	42,445,000	2,850,650	6,551,646	140,050,075
2002	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
2009	165,200,399	150,493,392	97,750,000	10,544,185	8,300,966	432,288,942

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)
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
2009	41,934,902	3,203,312	4,971,846	50,110,060	482,399,002	(A)	4,615.68

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, 2006 AND 2008 WASTEWATER REVENUE BONDS
LAST TEN FISCAL YEARS**

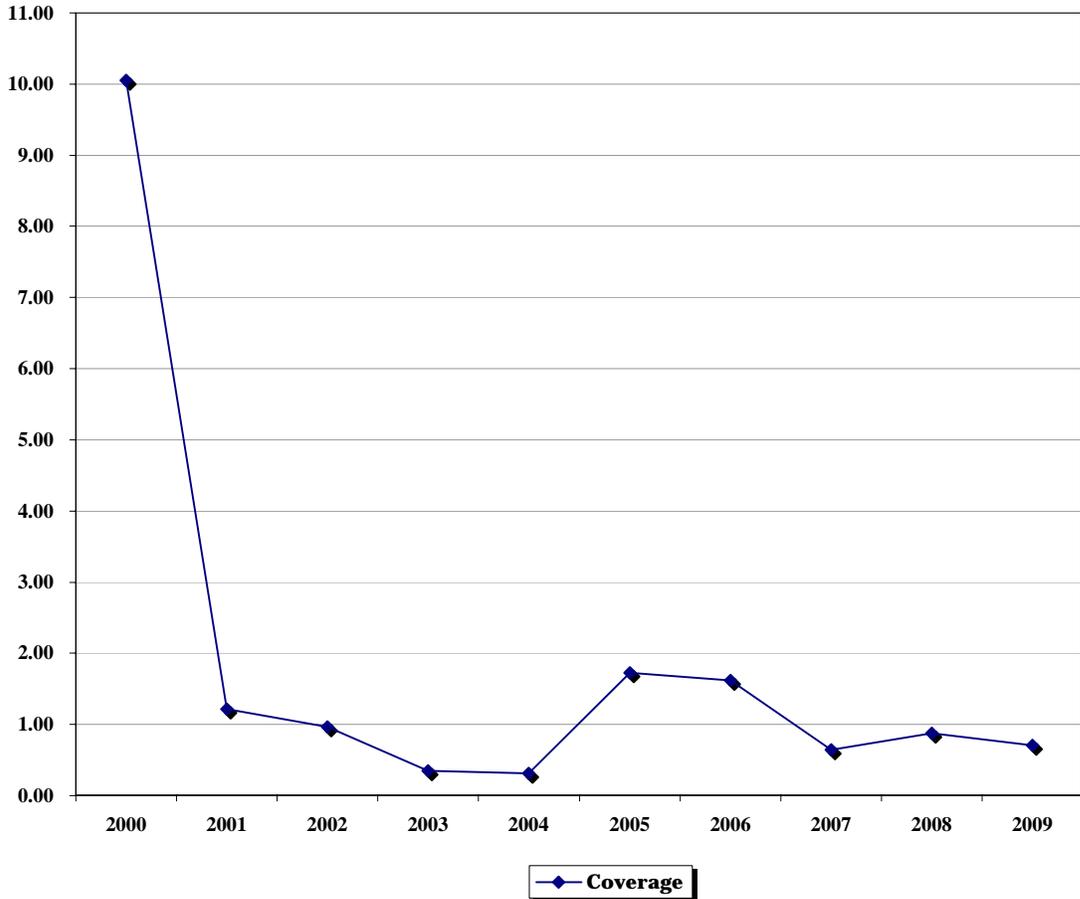


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$7,431,700	\$7,478,491	(\$46,791)		\$294,584	\$294,584	(0.16)
2001	7,765,103	9,665,875	(1,900,772)		1,559,561	1,559,561	(1.22)
2002	9,690,868	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
2009	14,498,712	8,287,431	6,211,281		2,403,307	2,403,307	2.58

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

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**

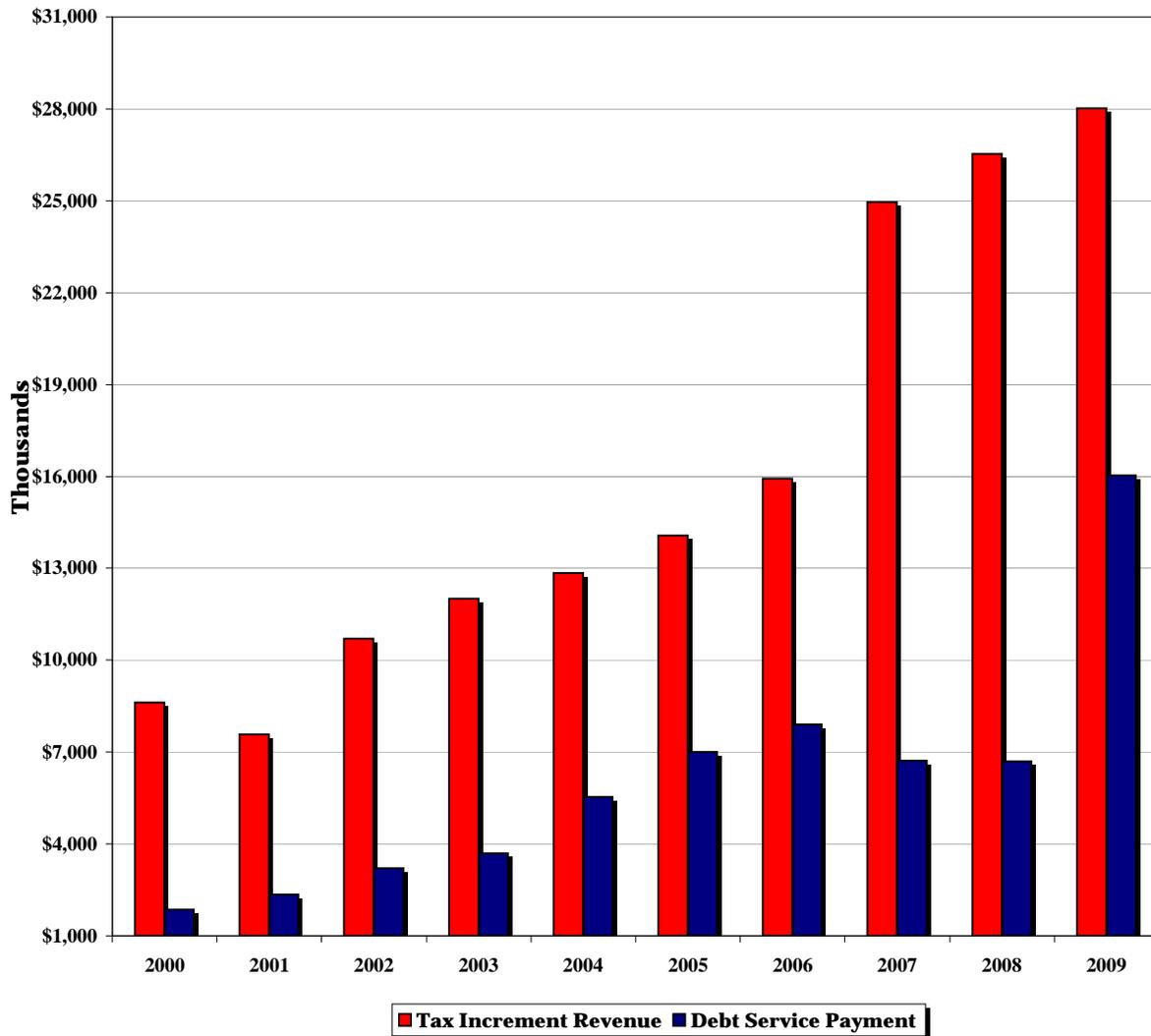


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$12,401,285	\$1,630,356	\$10,770,929	\$200,000	\$871,211	\$1,071,211	10.05
2001	5,078,601	2,664,299	2,414,302	1,140,000	836,379	1,976,379	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
2009	5,292,289	3,129,349	2,162,940	2,745,000	292,367	3,037,367	0.71

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**

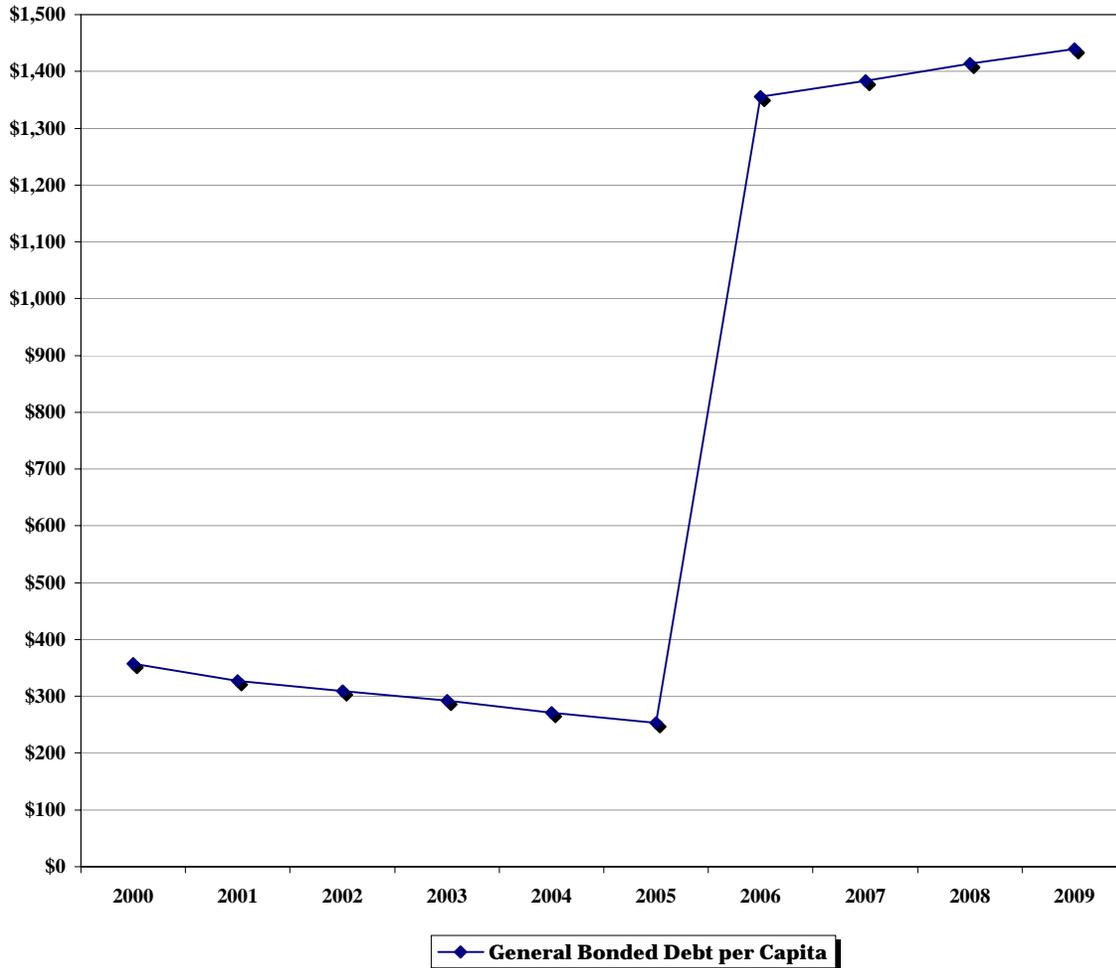


Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2000	\$8,616,916	\$605,000	\$1,251,512	\$1,856,512	4.64
2001	7,583,609	630,000	1,711,896	2,341,896	3.24
2002	10,699,505	346,000	2,850,068	3,196,068	3.35
2003	12,010,629	895,000	2,794,504	3,689,504	3.26
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
2009	28,012,195	6,450,000	9,589,715	16,039,715	1.75

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 TEN 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%	\$357
2001	33,040,000	6,081,008,000	0.54%	327
2002	31,360,000	6,965,210,000	0.45%	309
2003	29,660,000	7,091,306,000	0.42%	292
2004	27,945,000	7,462,219,000	0.37%	271
2005	26,225,000	8,560,934,000	0.31%	253
2006	140,799,775	9,441,403,000	1.49%	1,356
2007	143,575,313	10,048,259,000	1.43%	1,383
2008	146,453,616	10,457,437,000	1.40%	1,414
2009	150,493,392	11,244,866,000	1.34%	1,440

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, 2009**

2008-2009 Assessed Valuation:	\$13,762,326,946
Redevelopment Incremental Valuation:	<u>2,404,324,533</u>
Adjusted Assessed Valuation:	\$11,358,002,413

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Total Debt</u> June 30, 2009	<u>% Applicable (1)</u>	<u>City's Share of Debt</u> June 30, 2009
Bay Area Rapid Transit District	\$441,360,000	2.577%	\$11,373,847
Contra Costa Community College District	176,050,000	8.230%	14,488,915
West Contra Costa Unified School District	636,220,234	56.511%	359,534,416
West Contra Costa Healthcare District Parcel Tax Obligations	23,905,000	52.210%	12,480,801
East Bay Municipal Utility District	29,785,000	0.894%	266,278
East Bay Regional Park District	125,850,000	3.799%	4,781,042
City of Richmond Community Facilities District No. 1998-1	3,770,000	100%	3,770,000
City of Richmond 1915 Act Bonds	19,555,000	100%	<u>19,555,000</u>
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			<u><u>426,250,299</u></u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Contra Costa County General Fund Obligations	\$285,315,000	8.203%	23,404,389
Contra Costa County Pension Obligations	465,455,000	8.203%	38,181,274
Alameda-Contra Costa Transit District Certificates of Participation	42,765,000	7.725%	3,303,596
Contra Costa Community College District Certificates of Participation	1,050,000	8.230%	86,415
West Contra Costa Unified School District Certificates of Participation	23,390,000	56.511%	13,217,923
City of Richmond General Fund Obligations	99,530,000	100%	99,530,000
City of Richmond Pension Obligations	130,815,133	100%	<u>130,815,133</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			<u><u>308,538,730</u></u>
 COMBINED TOTAL DEBT			 <u><u><u>\$734,789,029</u></u></u> (2)

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2008-09 Assessed Valuation:
Total Net Overlapping Tax and Assessment Debt 3.10%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt (\$230,345,133) 2.03%
Combined Total Debt 6.47%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09 \$0

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>\$13,649,191,000</u>
---	-------------------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	<u>\$511,844,663</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>
---------------------------------	----------

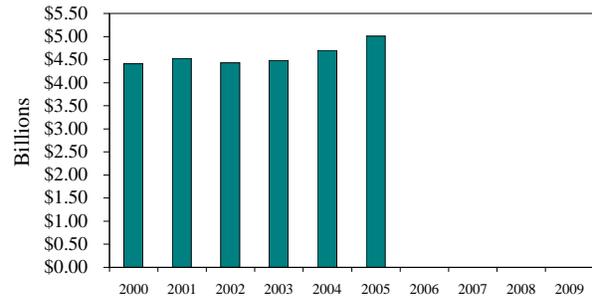
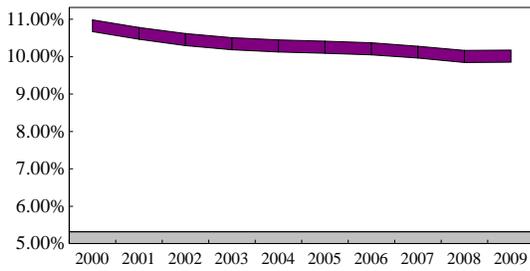
LEGAL BONDED DEBT MARGIN	<u><u>\$511,844,663</u></u>
--------------------------	-----------------------------

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
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%
2009	511,844,663	0	511,844,663	0.00%

NOTE:

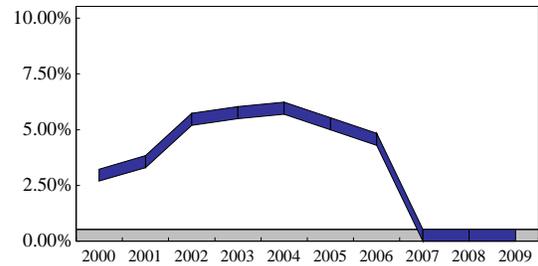
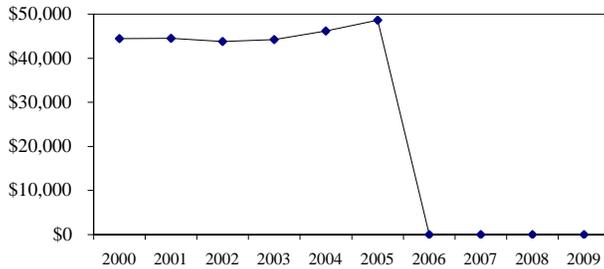
- (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of 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
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%
2009	104,513	(C)	(C)	(C)	1,060,435	9.86%

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

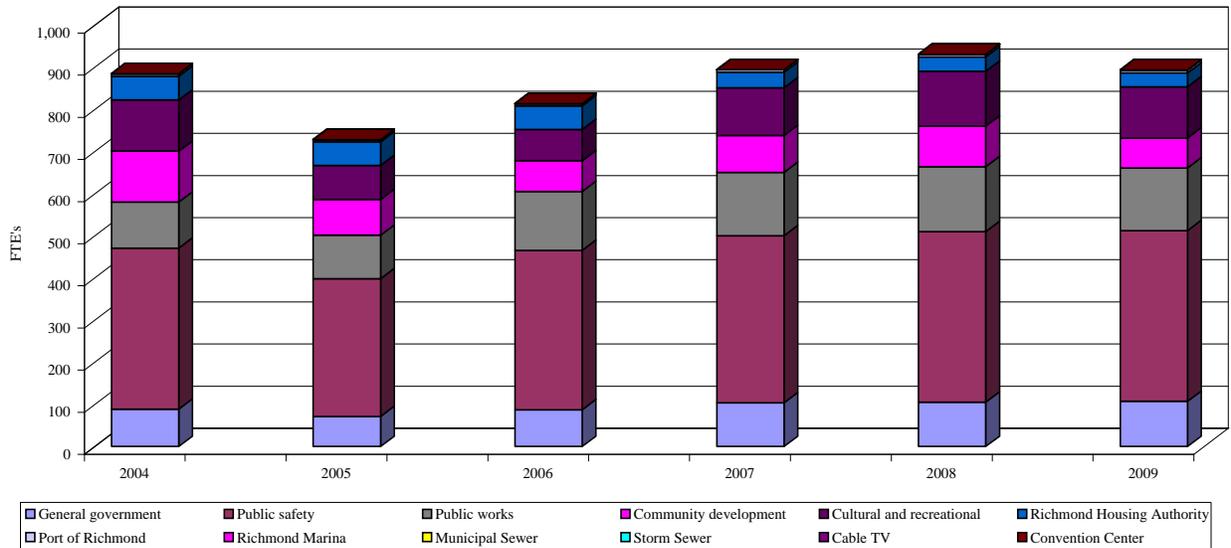
CITY OF RICHMOND
Principal Employers
Current Year

<u>Employer</u>	<u>2008-09</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Chevron U.S.A., Inc.	2,461	1	2.4%
The Permanente Medical Group	786	2	0.8%
Costco Wholesale #482	352	3	0.3%
California Autism Foundation, Inc.	250	4	0.2%
Wal-Mart Store 3455	245	5	0.2%
Macy's Hilltop	226	6	0.2%
Veriflo Division	215	7	0.2%
The Home Depot #643	209	8	0.2%
TPMG Regional Laboratory	185	9	0.2%
Galaxy Desserts	<u>173</u>	10	<u>0.2%</u>
Subtotal	<u><u>5,102</u></u>		<u><u>4.9%</u></u>
Total City Day Population	<u><u>104,513</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 1999/00 is not available.
Employers exclude governmental employees.

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



Adopted for Fiscal Year Ended June 30,						
	2004	2005	2006	2007	2008	2009
Function						
General government	89.0	71.5	87.2	104.0	105.5	107.2
Public safety	382.0	327.0	378.5	396.5	405.0	405.0
Public works	109.0	103.0	139.5	150.0	154.0	149.0
Community development	120.9	84.9	73.0	88.0	96.0	71.0
Cultural and recreational	121.6	80.8	74.4	113.2	130.4	121.5
Housing and redevelopment	38.2	39.2	39.0	39.0	41.0	40.0
Richmond Housing Authority and						
RHA Properties	56.0	56.0	56.0	36.5	34.0	33.0
Port of Richmond	6.1	5.1	5.0	6.0	6.0	7.0
Richmond Marina	(1)	(1)	(1)	(1)	(1)	(1)
Municipal Sewer	(1)	(1)	(1)	(1)	(1)	(1)
Storm Sewer	(1)	(1)	(1)	(1)	(1)	(1)
Cable TV	(1)	(1)	(1)	(1)	(1)	(1)
Convention Center	(1)	(1)	(1)	(2)	(2)	(2)
Total	922.80	767.50	852.60	933.20	971.90	933.70

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	2009
Public safety:				
Fire:				
Fire calls for service	10,068	11,006	10,677	9,861
Primary fire inspections conducted	5,502	9,795	5,581	6,201
Number of firefighters	93	99	99	98
Number of firefighters and civilians per thousand population	0.9	1.0	1.0	1.1
 Police:				
Number of police officers per thousand population	1.7	1.7	1.7	1.7
Number of sworn officers	179	179	187	176
 Water				
Daily average consumption in gallons per family	250	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	2009
Public safety:				
Fire stations	7	7	7	7
Police stations	6	6	6	6
Library (#) of Locations	1	1	3 *	3
(* two branch library sites were refurbished and opened in January 2008)				
Public works				
Miles of streets	280	280	280	280
Street lights	7,000	7,000	7,000	7,000
Urban Forest (trees)	39,900	40,200	40,200	40,200
Culture and recreation:				
Community services:				
City parks	53	55	55	55
City parks acreage	280.0	336.6	336.6	336.6
Open Space & Public Landscapes acreage	562.0	510.0	510.0	510.0
Lawn bowling	1	1	1	1
Recreation centers	8	8	8	8
Auditorium/Theater	1	1	1	1
Gymnasiums	3	3	3	3
Senior centers	2	2	2	2
Headstart centers/day cares	10	6	6	6
Putting green	1	1	1	1
Basketball courts	28	28	28	28
Swimming pools	1	1	1	1
Tennis courts	17	20	20	20
Baseball/softball diamonds	26	26	26	26
Soccer/football fields	17	17	17	17
Cricket fields	2	2	2	2
Water				
Fire hydrants	3,153	3,153	3,153	3,153
Wastewater				
Miles of sanitary sewers	230	230	230	230
Miles of storm sewers	310	310	310	310
Land Area (square miles)	33.7	33.7	33.7	33.7
Miles of waterfront	32	32	32	32

Source: City of Richmond

Note:

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