



2010

COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010

City of  
*Richmond*



RICHMOND, CALIFORNIA

**CITY OF RICHMOND, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**Cover Photo**

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**CITY OF RICHMOND  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2010

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# FINANCE DEPARTMENT

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450 Civic Center Plaza  
RICHMOND, CA 94804  
(510) 620-6740

December 15, 2010

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, 2010, 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, 2010, 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, 2010. 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 blended 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 found 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 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, 2010 include the following:

### **Public Safety**

- Increased number of Closed Circuit TV Cameras (CCTV) installed throughout the City to 42. All cameras are operational and monitored 24 hours a day by the Police Dispatch Center.
- The Northern District (Hilltop) Police Substation was completed.
- The Richmond Public Library and the Contra Costa County Library entered into a Memorandum of Understanding (MOU) to collaborate at the Juvenile Hall Library in Martinez, and the Orin Allen Youth Rehabilitation Facility (OAYRF) in Byron to help provide incarcerated youth with access to literature and learning.

### **Economic & Neighborhood Development**

- Held the Honda Port of Entry Project ground breaking ceremony on October 25, 2009. Port received the first shipment of Honda vehicles April 20, 2010.
- 21 businesses participated and contributed to the Summer Youth Employment Program by providing 705 jobs.
- Began construction for the Lillie Mae Jones Plaza in April 2010.
- Held the grand re-opening of the Arbors, a 36 unit "green rehabilitation" affordable housing project that includes a new community room on February 4, 2010.
- In collaboration with the American Lung Association of California, the City worked to develop several ordinances that restrict tobacco use in outdoor areas. These ordinances allowed the City to receive an "A" grade in the Annual State of Tobacco Control Report.
- The City entered into a Memorandum of Understanding with the Contra Costa County Vocational and Mental Health Services Department and established on-site counseling services at the Hacienda Development.

### **Recreation & Cultural Services**

- The Bookmobile received a new wrap making it more attractive to children. In October of 2009, more than 6,000 children stepped onboard the Bookmobile to check out books.
- The gymnasium at the Recreation Complex was refurbished with new fitness equipment and sports equipment.
- Expanded recreation programs.
- Over 2,000 summer reading program participants.
- Over 675 adults receiving pre-GED and English literacy instruction.

## **Public Works**

- Completed the Skate Park on October 21, 2009 which received the “Award of Excellence” for outstanding Park and Recreation Facility.
- Incorporated post consumer rubberized asphalt concrete (RAC) specifications into City standard specifications.
- Adopted a city-wide street cut ordinance that establishes a moratorium for trench cuts in newly paved streets.
- Completed Phase II of the Greenway project.
- Completed re-roofing of Fire Station Nos. 62 and 64.

## **Strategic Support**

- The City Council adopted the Five-Year Strategic Business Plan on October 27, 2009.
- The City continued to expand the functionality of its website to promote greater transparency of City activities; it was re-launched March 15, 2010.
- Held the Civic Center Grand Re-Opening Celebration at the Civic Center Plaza September 12, 2009.
- The City of Richmond received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2009.
- The City of Richmond received the Excellence in Public Communications award from the California Society of Municipal Finance Officers for its Budget-in-Brief for the fiscal year ending June 30, 2010.
- The City of Richmond was recognized by the Contra Costa County Board of Supervisors as a certified “Green Business” for the year in April 2010.
- The City received the Model Investment Policy Award from the Association of Public Treasurers of the United States and Canada (APTUSC).
- All City credit ratings have been affirmed.

## **Long-Term Financial Planning**

- Adopted and adhered to a structurally balanced budget for 2009-10 that resulted in the continued designation of \$10 million for contingency reserves.
- Utilization of Multi-Year Revenue and Expenditure forecasts.
- Restructured 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 November 17, 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, 2010 was 2.69 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 1<sup>st</sup>. Risk Management is instrumental in evaluating retention and insurance costs to optimize the City’s cash flow and manage its overall Workers’ Compensation costs.

The City also self-insures the first \$500,000 of liability risk exposures and purchases excess insurance from a governmental risk pool, currently with limits of \$40 million. As with Workers' Compensation risk, Risk Management is instrumental in evaluating retention and insurance costs to optimize the City's cash flow and manage its overall liability costs.

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 15 for a complete discussion of Richmond's risk management program.

## **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 11 and 12, the City provides postretirement health care benefits, in accordance with City ordinances, to all employees who retire from the City on or after attaining retirement age (50 for policemen, 50 for firemen, and 55 for all other employees) and who have at least ten years of service. At June 30, 2010, 447 retirees met those eligibility requirements. The City has funded these benefits on a pay-as-you-go basis. During fiscal year 2010, expenditures of \$2,477,428 were recognized for post employment health care benefits. Please see notes 11, 12, and 13 for a complete discussion of the City's pension and other post-employment benefits

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2009. 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.

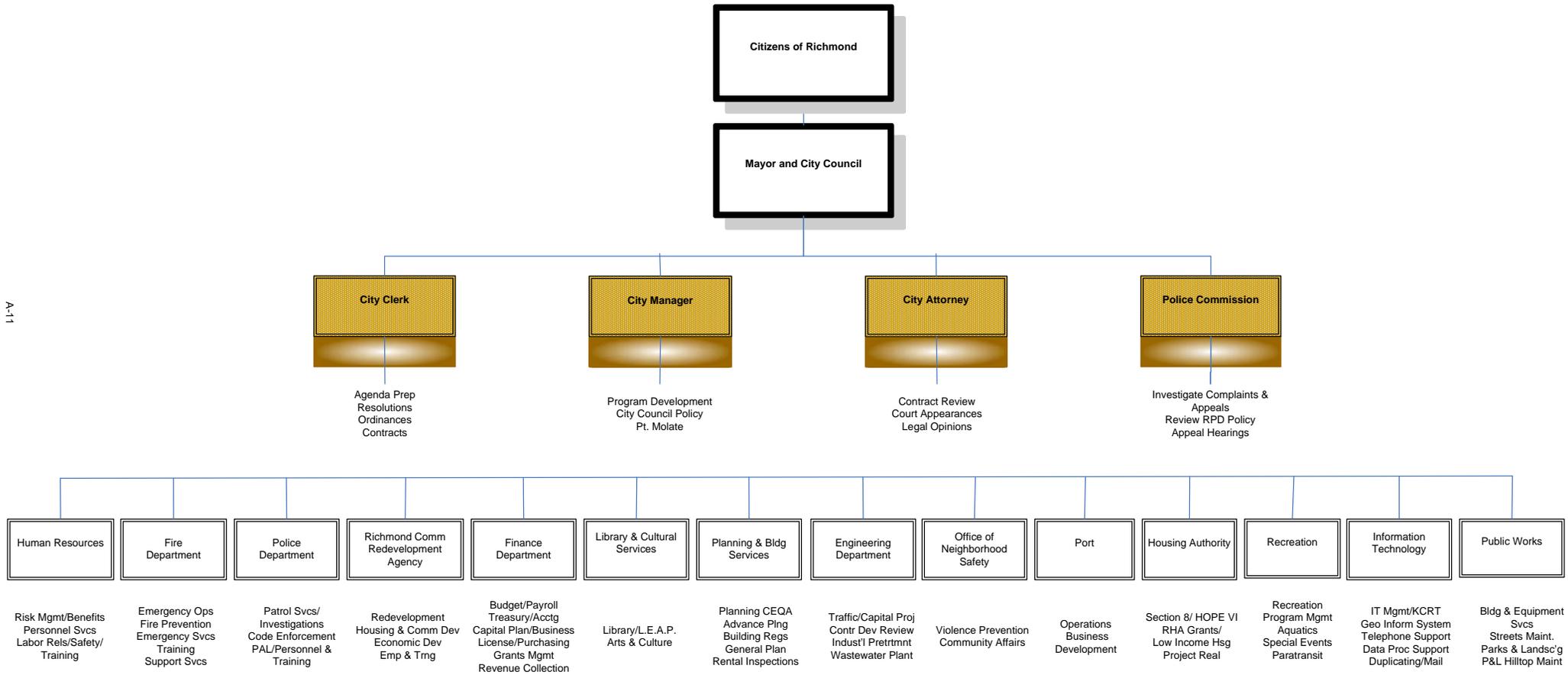
Respectfully submitted,

  
James C. Goins  
Finance Director/Treasurer



City of Richmond  
FY2010-11 Organizational Chart

A-11



**CITY OF RICHMOND, CALIFORNIA**

**CITY OFFICIALS**

**CITY COUNCIL**

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

**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  
Interim City Engineer ..... Edric Kwan  
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, 2010**

**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*  
Getachew Demeku-Ousman, *Accountant II*

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, 2009

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

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Richmond, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit of RHA Properties, each major fund, and the aggregate remaining fund information of the City of Richmond, California as of and for the year ended June 30, 2010, 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, 2010, 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 15, 2010 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.

As described in Note 8, the City implemented the provisions of GASB Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments* effective in fiscal 2009-10.

Management's Discussion and Analysis and the Budget and Actual Statements for the General Fund, the Redevelopment Agency Administration Fund, and the Cost Recovery Special Revenue 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 and Associates*

December 15, 2010

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2010**

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, 2010. 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 \$272.8 million (net assets). Of this amount, \$93.3 million is restricted for specific purposes (restricted net assets), \$287.6 million is invested in capital assets, net of related debt, and \$108.1 million represents a deficit in unrestricted net assets.
- The City's total net assets decreased by \$50.1 million during the fiscal year. This decrease includes a \$44.3 million and \$5.6 million decrease in net asset for governmental and business-type activities, respectively. Restricted net assets for governmental activities decreased \$63.7 million to \$72.1 million. Unrestricted deficit net assets for governmental activities decreased \$19.8 million to \$66.1 million. Restricted net assets for business-type activities increased by \$20.6 million to \$21.2 million. Unrestricted deficit net assets for business type activities increased \$33.1 million to a \$42.0 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending balances of \$114.6 million, a decrease of \$79.3 million in comparison to prior year. This decrease of \$79.3 million includes a \$58.5 million decrease in total assets and a \$20.8 million increase in liabilities. Approximately 10 percent of the fund balance, \$11.6 million, is available for spending at the government's discretion (unreserved fund balance). The amount available for spending decreased \$122.7 million from prior year.
- At the end of the fiscal year, the General Fund had fund balance of \$39.2 million, of which \$10 million was designated for contingencies. This reflects a \$6.3 million decrease over the prior year.
- The City's investment in its capital assets continues to increase. Total capital assets increased \$32.4 million over the prior year. The majority of the increase occurred in the Business-type activities in which total capital assets increased \$33.2 million primarily due to increase in construction in progress in conjunction with the Port Rehabilitation and Wastewater Treatment plant.

## 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).

***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 and Recreational, and Housing & Redevelopment.

***Business-Type Activities*** - These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities of the City include Richmond Housing Authority, Port of Richmond, 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 seven are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City’s seven major funds are the General Fund, Redevelopment Agency Administration Special Revenue Fund, Redevelopment Agency Low and Moderate Income Housing, Redevelopment Agency Debt Service Fund, Redevelopment Agency Capital Projects Fund, Civic Center Debt Service Fund and Cost Recovery Special Revenue Fund. The basic governmental fund financial statements can be found on pages 30 through 36 of the financial report. Data from the other sixteen 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, Pt. Molate Private-Purpose Trust Fund and Agency Funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The financial statements for these funds can be found on pages 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 127 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 Cost Recovery Special Revenue Fund. Required supplementary information can be found on pages 131 through 135 of this report.

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

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

As noted earlier, net assets over time may serve as a useful indicator of a government’s financial position. The City’s combined net assets (government and business type activities) totaled \$272.8 million at the close of the fiscal year ending June 30, 2010. The City’s net assets decreased by \$50.1 million during the current fiscal year. Governmental activities decreased by \$44.3 million due to the refunding of 2007A Tax Allocation Bonds in which \$36 million of unspent proceeds and other funds were used to refund the outstanding balance of the 2007A bonds and approximately \$8.0 million in expenses were incurred in connection with the Civic Center renovation. Business-type activities decreased by \$5.8 million primarily due to the negative change in the fair value of the investment derivatives and costs associated with the issuance of the 2009 Point Potrero Lease Revenue Bonds.

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 \$287.6 million, representing a \$6.5 million increase from the prior year. 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.

\$93.3 million 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. Restricted net assets decreased \$43.1 million primarily due to the refunding of 2007A Tax Allocation Bonds with unspent proceeds and other funds discussed above.

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

	Governmental Activities		Business-type Activities		Totals	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
<b>Assets:</b>						
Current assets	\$351,081	\$424,009	\$22,579	\$ 3,106	\$373,660	\$427,115
Capital assets	360,784	361,581	159,934	126,729	520,718	488,310
Total assets	<u>711,865</u>	<u>785,590</u>	<u>182,513</u>	<u>129,835</u>	<u>894,378</u>	<u>915,425</u>
<b>Liabilities:</b>						
Current liabilities	116,375	73,129	22,000	3,535	138,375	76,664
Long-term liabilities	388,282	460,920	94,934	55,002	483,216	515,922
Total liabilities	<u>504,657</u>	<u>534,049</u>	<u>116,934</u>	<u>58,537</u>	<u>621,591</u>	<u>592,586</u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	201,198	201,607	86,432	79,541	287,630	281,148
Restricted	72,115	135,801	21,151	612	93,266	136,413
Unrestricted	(66,104)	(85,867)	(42,004)	(8,855)	(108,108)	(94,722)
Total net assets	<u>\$207,209</u>	<u>\$251,541</u>	<u>\$65,579</u>	<u>\$71,298</u>	<u>\$272,788</u>	<u>\$322,839</u>

## Analysis of Activities:

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

<b>City of Richmond's Changes in Net Assets</b>						
<b>For the Year Ended June 30, 2010</b>						
<b>(in thousands)</b>						
	Governmental		Business-type		Totals	
	Activities	Activities	Activities	Activities	Activities	Activities
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 15,966	\$ 14,187	\$ 25,143	\$ 25,766	\$ 41,109	\$ 39,953
Operating grants/contributions	12,286	8,403	21,550	18,683	33,836	27,086
Capital grants/contributions	9,686	6,998	2,430	50	12,116	7,048
General revenues:						
Property taxes-current collections	62,620	78,280			62,620	78,280
Sales taxes	25,000	27,923			25,000	27,923
Utility user taxes	50,299	48,953			50,299	48,953
Documentary transfer taxes	2,901	3,420			2,901	3,420
Other taxes	3,191	4,540			3,191	4,540
Use of money and property	(7,618)	(8,719)	(2,768)	(2,531)	(10,386)	(11,250)
Unrestricted Intergovernmental	957	2,197			957	2,197
Gain on sale of capital assets		5,000			-	5,000
Pension stabilization revenue	2,728	5,293			2,728	5,293
Developer revenue sharing	138	51			138	51
Settlement			1,922		1,922	-
Other	5,465	9,221	188	8	5,653	9,229
Total revenues	<u>183,619</u>	<u>205,747</u>	<u>48,465</u>	<u>41,976</u>	<u>232,084</u>	<u>247,723</u>
<b>Expenses:</b>						
General government	19,044	18,746			19,044	18,746
Public safety	95,147	91,432			95,147	91,432
Public works	43,343	43,290			43,343	43,290
Community development	7,699	4,317			7,699	4,317
Cultural & recreation	14,952	16,619			14,952	16,619
Housing & redevelopment	18,015	19,209			18,015	19,209
Interest and fiscal charges	30,251	22,962			30,251	22,962
Richmond Housing Authority			27,709	23,336	27,709	23,336
Port of Richmond			8,611	4,739	8,611	4,739
Richmond Marina			233	235	233	235
Municipal Sewer			13,611	14,291	13,611	14,291
Storm Sewer			2,528	4,467	2,528	4,467
Cable TV			992	898	992	898
Total expenses	<u>228,451</u>	<u>216,575</u>	<u>53,684</u>	<u>47,966</u>	<u>282,135</u>	<u>264,541</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenses	(44,832)	(10,828)	(5,219)	(5,990)	(50,051)	(16,818)
Special item					-	-
Transfers	500	(693)	(500)	693	-	-
Changes in Net Assets	<u>(44,332)</u>	<u>(11,521)</u>	<u>(5,719)</u>	<u>(5,297)</u>	<u>(50,051)</u>	<u>(16,818)</u>
Net assets at beginning of year, as restated	251,541	263,062	71,298	76,595	322,839	339,657
Net assets at end of year	<u>\$ 207,209</u>	<u>\$ 251,541</u>	<u>\$ 65,579</u>	<u>\$ 71,298</u>	<u>\$ 272,788</u>	<u>\$ 322,839</u>

## **Governmental Activities:**

Governmental activities decreased the City's net assets by \$44.3 million accounting for 88 percent of the City's total decrease in net assets of \$50.1 million. The decrease represents the amount by which expenses of \$228.5 million exceeded the revenues of \$183.6 million. A comparison of the cost of services by function for the City's governmental activities is shown in the preceding table, along with the revenues used to cover the net expenses of the governmental activities. Costs increased in General Government, Public Safety, Public Works and Community Development reflecting the increase in personnel costs associated early retirements and emergency costs resulting from a large sinkhole that developed in one area of the City.

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

### *Revenue Highlights:*

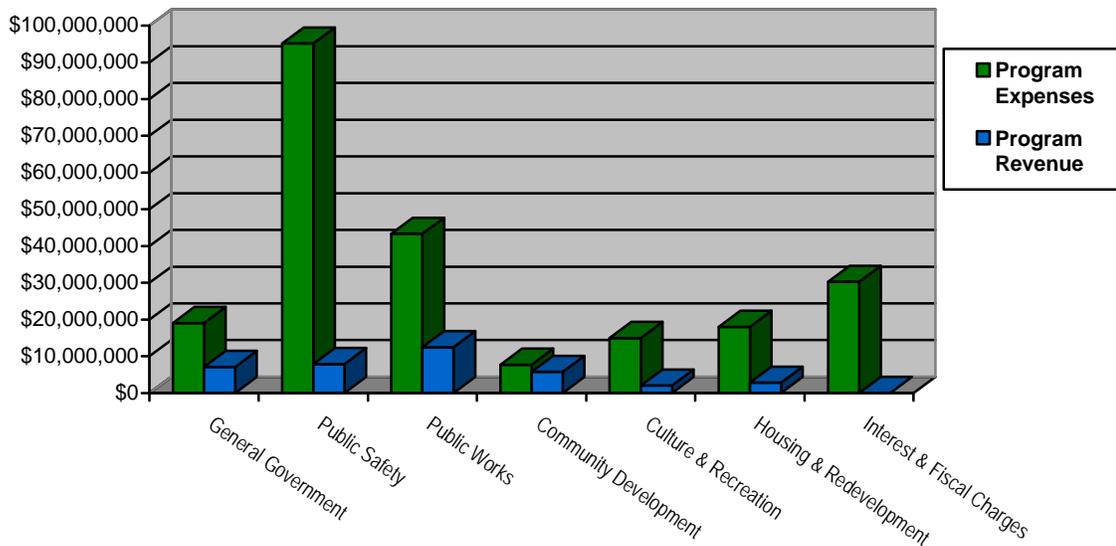
- Current year revenues of \$183.6 million reflect a \$22.1 million decrease from the prior year. The elements representing the \$22.1 million net decrease in revenue is discussed below.
- Property taxes (current collections) in the current year reached \$62.6 million, a decrease of \$15.7 million, or approximately 20 percent as a result of significant assessed valuation declines.
- Current fiscal year receipts from sales tax of \$25 million reflect a \$2.9 million decrease, or 10 percent, from the prior year reflective of the decline in consumer spending.
- The decline in other taxes of \$1.3 million is attributable to less franchise fee collections. The \$3.2 million realized is a 30 percent decrease from the prior year.
- The use of money and property deficit balance was a net improvement of \$1.1 million. Of this amount, \$17.7 million difference is due to the variance between the \$15.6 million prior year adjustment made for the implementation of GASB Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments* that requires the recording of the fair value of investment hedges (swap agreements) the City has entered into in order to receive favorable interest rates on several bond issues and the \$10.9 million fair value adjustment made in FY 09/10. The remaining \$3.5 million is reflective of the continued decline in interest rates associated with the City investments.
- Intergovernmental revenues decreased \$1.2 million from prior year. The bulk of this decrease is due to a decline in state and federal grant awards.
- The variance in the Pension Stabilization revenue of \$2.6 million is consistent with the amounts required to be set-aside according to the 2005 Taxable Pension Obligation Bond Indenture.
- Other revenues decreased by \$3.8 million because of \$4 million received from Chevron in the prior year for Richmond Community Benefit was a one-time revenue source.

- Net assets increased by \$3.4 million primarily due to a change in how the allowance for doubtful accounts is calculated. The procedure was revised to exempt outstanding public agency invoices from the policy of establishing an allowance for 100% of accounts receivable unpaid after 120 days.

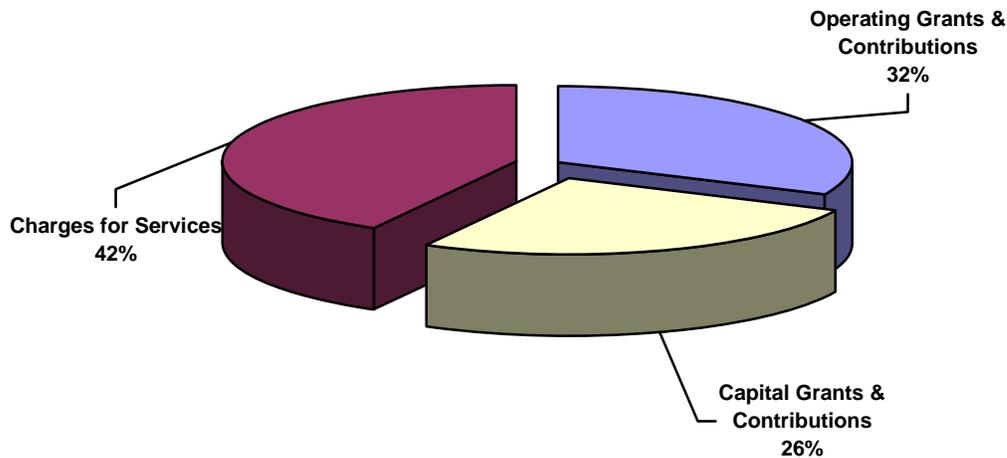
*Expense Highlights:*

- Expenses of \$228.5 reflect a \$11.9 million, or an approximately 5 percent, increase from prior year.
- Current year interest and fiscal charges of \$30.3 million is a \$7.3 million, or 32 percent, increase over the prior year primarily due to increased costs related to the refunding of the 2007 Lease Revenue Bonds.
- Public Works expenses of \$43.3 million represent a \$53 thousand increase from prior year. The increase is attributed to emergency costs in Engineering and Public Works resulting from the sinkhole.
- Public Safety expenses of \$95.1 million represent a \$3.7 million increase from prior year. The majority of this increase is due to a five percent increase in Police salary costs in accordance with the employee Memorandum of Understanding.
- General Government expenses of \$19 million represent a \$298 thousand increase from prior year primarily due to the recording of the long-term portion of an amount due to Chevron for a property tax reassessment settlement.
- Community Development expenses of \$7.7 million represent a \$3.4 million, or 79 percent, increase from prior year due to an increase in activity related to federal grant awards.

**Expenses and Program Revenues  
Governmental Activities**



## Program Revenue by Source Governmental Activities

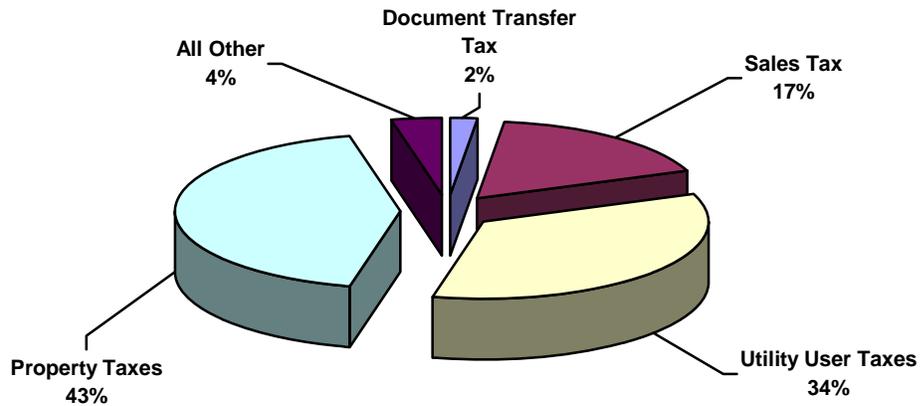


Total governmental activities expenses were \$228.5 million in fiscal year 2010. The largest expenses, in descending order, were for Public Safety, Public Works, Interest on Long Term Debt, General Government, Housing and Redevelopment, Cultural and Recreational and Community Development. These expenses do not include capital outlays, which are reflected in the City's capital assets.

Total program revenues from governmental activities were \$37.9 million in fiscal year 2010. 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, 42 percent of the governmental program revenues came from Charges for Services, which includes licenses and permits and fees, fines, forfeitures and penalties, and several other revenues. The 58 percent of governmental program revenues came from Operating and Capital Grants and Contribution which include restricted revenues such as Gas Tax, Transportation and Sales Tax, and Federal/State Grants.

General revenues are all other revenues not categorized as program revenues such as property taxes, sales taxes, utility users' tax, documentary transfer taxes, investment earnings, grants and contributions not related to specific programs and several miscellaneous general revenues. Total general revenues and transfers from governmental activities were \$146 million in fiscal year 2010. The three largest components of general revenues received during fiscal year 2010 for governmental activities were Property Taxes-current collections of \$62.6 million, Utility User Taxes of \$50.3 million and Sales Taxes of \$25 million. These three components represent approximately 94 percent of all general revenues.

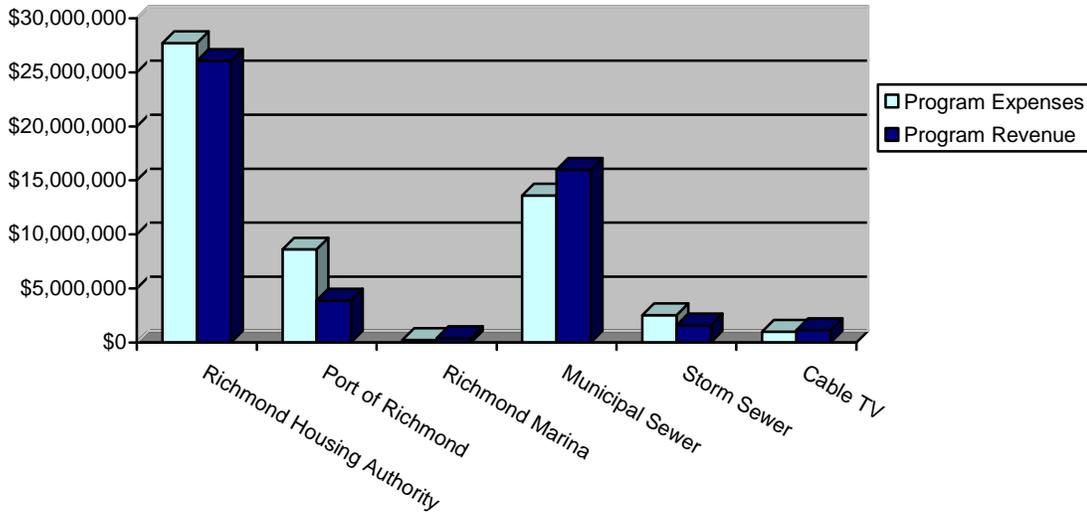
**General Revenues by Source  
Governmental Activities**



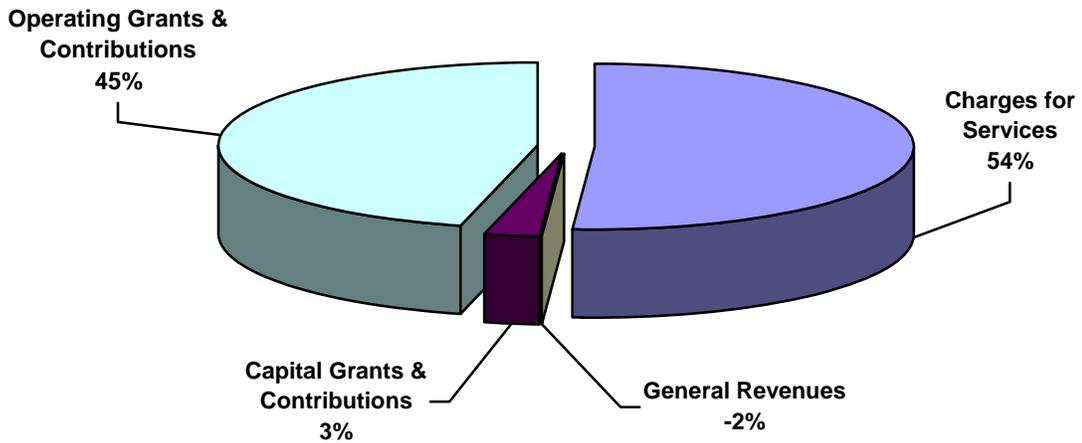
**Business Type Activities:** Business-type activities decreased the City’s net assets by \$5.7 million. Key factors in the decrease in business-type activities are as follows:

- The Port of Richmond net assets decreased \$4.7 million from prior year. The Port reported a \$519 thousand operating loss, operating expenses over operating revenues. Additionally, the Port had a \$4.2 million non-operating loss caused, in part, by interest expenses associated with the issuance of the 2009A and 2009B Point Potrero Lease Revenue Bonds.
- The Richmond Housing Authority net assets decreased by \$1.5 million. Although total revenues of \$26.3 million increased \$4.4 million from the previous year, operating expenses of \$27.7 million also increased by \$4.3 million, or 19 percent, from the previous year. Similar to prior year, the revenues were not sufficient to cover the expenses.
- Storm Sewer net assets decreased by \$968 thousand. The Storm Sewer Fund reported a \$905 thousand 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 gap between expenses and revenues was reduced by shifting street sweeping administrative costs to the General Fund while the City continues to explore additional revenue sources.
- The Municipal Sewer net assets increased by \$1.4 million in the current year. The Municipal Sewer reported operating income of approximately \$5 million, up \$2.2 million, or 78 percent, from prior year which can be attributed to a \$1.6 million increase in operating revenues and \$623 thousand decrease in operating expenses.

### Expenses and Program Revenues Business-Type Activities



### Revenue by Source Business-Type Activities



General revenues for business-type activities shown as a negative percentage due to the recording of \$3.1 million adjustment for the changes in fair value of swap agreements. It represents the maximum loss that would be recognized at the reporting date if the swap counterparty agent failed to perform as contracted.

## **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 \$114.6 million, an \$83.5 million decrease from prior year. Approximately \$11.6 million of the ending fund balance constitutes unreserved fund balance, which is available for spending at the government's discretion. Of the \$11.6 million, \$10.0 million has been designated for contingency reserve in compliance with Council's established policy. The remaining \$103 million of ending fund balance is reserved to indicate that it is not available for spending because it has already been legally committed.

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

At the end of the current fiscal year, the General Fund had an undesignated, unreserved fund balance of \$4.8 million of a total fund balance of \$39.2 million. During the current year, the overall fund balance decreased by \$6.3 million as a result of a \$15.1 million, or 14 percent, overall decrease in all three major revenue sources while expenditures only decreased by approximately 4 percent. The designation for contingencies remained at \$10 million. The unreserved, undesignated fund balance of \$4.8 million decreased by \$6 million, or 55 percent, from prior year as a result of expenditures exceeding revenues by \$6.3 million during the fiscal year.

**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 2010, the Administration Fund had a deficit unreserved fund balance of \$7.1 million, a decrease of \$10.6 million from the prior year. This decrease is primarily due to the recording of a \$10.1 million Supplemental Educational Revenue Augmentation Fund (SERAF) liability which directs a portion of the incremental property taxes received to be paid to the County as determined by the State Department of Finance. Since the Redevelopment Agency was unable to make the payment that was required during the current fiscal year, the fund liability was established.

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 2010, 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 2010, the unreserved fund balance was \$4.1 million, a decrease of \$1.7 million, or 30 percent, from the prior year. This decrease is primarily attributable to a decline in tax increment of \$9.4 million or 34 percent from the prior year.

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 2010, the Project Fund had a deficit unreserved fund balance of \$5.8 million, a decrease of \$57.1 million from the prior year. The majority of this decrease was due to the retirement of the Series 2007A Subordinate Tax Allocation Bonds that were refunded by the 2010A Bonds. In addition, the deficit unreserved balance is the result of encumbrances related to the BART parking garage project that were outstanding at June 30, 2010, but will be funded by tax increment and grants in the subsequent fiscal year.

***Civic Center Debt Service*** This fund was established to account for the activities of the Civic Center Lease Revenue Refunding Bonds. At the end of fiscal year 2010, the fund had a deficit unreserved fund balance of \$3.1 million, a \$12.9 million decrease from the prior year. The \$12.9 million decrease is the net result of expenditures exceeding revenues in the current year primarily due to the refunding of the 2007 Lease Revenue Bonds. The deficit unreserved balance is the result of funds from the prior year prepayment by the Redevelopment Agency for its share of future debt service being used for the Civic Center project. The deficit will be eliminated by future transfers from other funds.

**Cost Recovery** This fund was established to record the receipt and use of monies for services provided to the public and developers. At the end of fiscal year 2010, the fund had a deficit fund balance of \$12.7 million, an \$11.1 million decrease from prior year representing the amount by which expenditures exceeded revenues as of fiscal year end due to increased costs for the Richmond Plunge, Greenway projects and cost allocations for the use of the Civic Center building.

### **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 \$50.2 million at June 30, 2010, a \$1.5 million decrease from prior year. Of the \$50.2 million, \$45.8 million is invested in capital assets, net of related debt, \$563 thousand is restricted for housing programs and \$3.9 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 deficit net assets of \$1.2 million as of June 30, 2010, which represents a \$5.1 million decrease in net assets from the prior year. The \$5.1 million decrease is primarily attributed to an increase in debt service expenses associated with the Series 2009A and 2009B Point Potrero Lease Revenue Bonds that were issued to fund construction at the Port.

**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 2010, the total net assets for the sewer fund were \$8.5 million, which was a \$1.5 million increase from the prior fiscal year primarily due to a \$3.1 million or 27 percent decrease in sewer charges.

## **Fiduciary Funds:**

The City's fiduciary funds are the pension trust funds, private-purpose trust fund 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 City uses a Private-Purpose Trust Fund to account for a pass-thru federal grant which is being used for pollution remediation in the development of the Naval Fuel Depot Point Molate (Point Molate). The assets are not accessible for City operations. 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, 2010 were \$23.2 million held in trust for employees' pension benefits. Net Assets increased by \$2.3 million primarily due to a realized gain on investments in the Police and Firemen's Pension Trust Fund.

*The Pt. Molate Private-Purpose Trust Fund* total assets at June 30, 2010 were \$23.6 million to be held in trust for pollution remediation costs incurred by the Developer of Point Molate.

*Agency Funds* total assets at June 30, 2010 were \$28.4 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 \$141.5 million in estimated revenues and \$141.2 million in appropriations.

The City Council took a prudent approach to the downturn in the economy and revised the City budget in October and again 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 \$22.3 million decrease in estimated revenue and a \$12.6 million decrease in appropriations. Actual revenues of \$112.7 million were \$6.5 million less than adjusted operating revenue projections, a variance of 6 percent. Key elements of the increases and decreases in revenues are discussed as follows:

The original budget for property taxes of \$36.8 million was followed with a mid-year adjustment downward to \$31.8 million. However, only \$29.7 million in property tax was realized causing a \$2.0 million variance. Property tax revenue declined as a result of a 13.6% decrease in assessed valuations (“AV”). 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.

While sales tax projections of \$29.5 million were followed with a mid-year adjustment downward to \$24.2 million, actual revenue received was \$25.0 million, \$836 thousand above projections. 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 gradually returns. Sales tax revenues are projected to remain steady in fiscal year 2010-11 with a focus on additional retail outlets opening and business-to-business sales acceleration.

The utility user tax is a tax imposed on various a utilities and is usually collected from customers through their utility bills. The final budget of \$39.0 million reflects a decrease of \$900 thousand from the adopted projection of \$39.9 million. Actual revenues of \$40.3 million are \$1.3 million above projections as a result of an increase in gas and electricity charges collected by PG&E and a reduction in telephone usage stemming from people switching from land lines to VOIP home phone usage.

Other taxes original budget of \$8.4 million was followed by an adjustment downward to \$7.6 million at mid-year. Actual other tax revenue of \$6.1 million is \$1.5 million less than projected as a result of a decline in franchise taxes collected for gas utilities.

Intergovernmental revenue original budget was reduced from \$4.2 million to \$2.9 million at mid-year; however, only \$1.6 million was realized. This was largely due to grant awards received late in the fiscal year and no corresponding drawdown activity.

Other revenue original budget was reduced from \$8.9 million to \$7.6 million final budget projection. Actual revenue in this category is \$5.1 million less than projection as a result of OPEB and Pension Stabilization budgeted as revenue and actual recorded as a contra-expenditure, since it was a reimbursement from the City’s OPEB trust for current year premiums.

Transfers in budget of \$7.1 million were \$1.8 million less than actual transfers of \$8.9 million. This is a result of an unbudgeted transfer in the amount of \$1.8 million to reimburse the General Fund for a Civic Center Debt Service Fund swap receipt payment made by the General Fund.

The final adjusted appropriations were \$128.6 million, a decrease of \$12.6 million over the adopted budget appropriation. Actual operating expenditures of \$122.9 million were \$5.7 million below appropriations approved at the Mid-Year Budget Review. General government actual expenditures were \$2.0 million less than budget; public safety actual was \$2.5 million less than budget; public works actual was \$955 thousand less than budget; and interest and fiscal charges were \$471 thousand over budget. This is largely due to salary savings from early retirements, internal staff transfers, and operating expenditure reductions identified with the revised budget in October 2009 to adjust for the change in the economy.

Transfers out budget of \$4.1 million were \$1.1 million more than actual transfers of \$5.2 million. This is largely a result of an unbudgeted transfer in the amount of \$956 thousand to transfer code enforcement accounts receivable from the General Fund to a cost recovery fund.

## 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, 2010, amounted to \$520.7 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The net increase in the City's investment in capital assets for the current fiscal year was \$32.4 million or 7 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	
	2010	2009	2010	2009	2010	2009
Land	\$ 30,172,424	\$ 29,721,376	\$ 11,611,407	\$ 11,596,510	\$ 41,783,831	\$ 41,317,886
Construction in Progress	69,437,266	164,976,640	64,902,966	32,422,868	134,340,232	197,399,508
Building and improvements	118,879,433	18,770,352	45,068,550	44,904,232	163,947,983	63,674,584
Machinery and equipment	18,029,158	14,939,675	4,337,436	2,238,044	22,366,594	17,177,719
Infrastructure	124,266,135	133,173,071	34,013,598	35,567,867	158,279,733	168,740,938
Total Capital assets	\$ 360,784,416	\$ 361,581,114	\$ 159,933,957	\$ 126,729,521	\$ 520,718,373	\$ 488,310,635

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 66 - 69 in the financial statements.

**Debt Administration:**

*Long Term Debt* - At the end of the current fiscal year, the City had \$483.2 million in debt outstanding compared to the \$482.4 million the previous year; an increase of \$817 thousand. The change results from the pay down and refunding of the JPFA 2007 Lease Revenue Bonds and the issuance of the and the Point Potrero Lease Revenue Bonds.

**Outstanding Debt  
June 30**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Tax Allocation bonds	\$130,953,999	\$165,200,399			\$130,953,999	\$165,200,399
Revenue bonds	1,150,000	1,490,000	\$41,416,658	\$41,934,902	42,566,658	43,424,902
Lease revenue bonds	87,121,545	96,260,000	49,015,199	3,203,312	136,136,744	99,463,312
Pension obligation bonds	152,059,727	150,493,392			152,059,727	150,493,392
Total bonds payable	371,285,271	413,443,791	90,431,857	45,138,214	461,717,128	458,582,005
Loans payable	10,460,463	10,544,185	4,501,732	4,971,845	14,962,195	15,516,030
Capital leases	6,536,310	8,300,966			6,536,310	8,300,966
Total outstanding debt	\$388,282,044	\$432,288,942	\$94,933,589	\$50,110,059	\$483,215,633	\$482,399,001

The City does not have any general obligation bonds as of June 30, 2010.

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 Redevelopment Agency, 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 Redevelopment Agency's 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 March 2010, the City refunded the Redevelopment Agency's 2007 TABs with fixed rate bonds. In November 2009, the City refunded the 2007 Lease Revenue Bonds with fixed rate bonds. In October 2008, the City refunded its 2006 Wastewater Bonds, Series A with a new bond issue, which is supported by a Letter of Credit from Union Bank of California, and removed Ambac as the bond insurer. Since this restructuring, the bonds have traded at a level below the Securities Industry & Financial Market Association Index ("SIFMA").

For more detailed information on the City's long-term debt see Note 8 on pages 70-103.

### **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 2010-2011 AV decreased by 13.64% and consequently reduced the fiscal year 2011 budget by \$3,355,643.
- 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 seven percent of the City's current budget level.
- The City has adopted a structurally balanced budget policy requiring one-time revenues to be spent only on one-time expenditures, and on-going revenues to be spent on on-going expenditures.
- The City is in the process of establishing a Long-Term Financial Plan, which will be tied to both the Five-Year Strategic Business Plan and the City's General Plan. The Long-Term Financial Plan will enable the City to better plan how it will fund and incorporate strategic goals. The implementation of the plan is scheduled for fiscal year 2011-12.
- The City has completed the implementation of a new, integrated financial, human resources and payroll system that will be the hub of other new software, including "best of breed" software in building permits, cash management, investments, debt management, equipment and many others.

- The City Manager has recommended to the City Council that City services only be expanded if a specific, new revenue stream can be identified, thus preventing the creation of structural deficits.
- The City continues to closely monitor revenue and expenditures through variance 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.

## **REQUESTS FOR INFORMATION**

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

**City of Richmond**  
**June 30, 2010**

**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, 2010**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	RHA Properties
<b>ASSETS</b>				
Cash and investments (Note 3)	\$77,193,071	\$13,143,387	\$90,336,458	\$410,017
Restricted cash and investments (Note 3)	73,218,385	21,738,791	94,957,176	2,993,203
Receivables:				
Accounts, net	21,863,127	1,937,169	23,800,296	24,198
Interest	21,061	3,601	24,662	
Grants	5,534,279	1,207,163	6,741,442	
Due from developer (Note 17)		8,289,189	8,289,189	
Loans (Note 5)	35,844,506	15,689	35,860,195	
Internal balances (Note 4)	25,803,210	(25,803,210)		
Prepays, supplies, and other assets	1,079,531	483,270	1,562,801	2,750
Bond issuance costs and other investments, net of amortization		1,563,814	1,563,814	985,457
Net pension asset (Notes 11 and 12)	110,216,542		110,216,542	
Net OPEB asset (Note 13)	307,700		307,700	
Capital assets (Note 6):				
Nondepreciable	99,609,690	76,514,373	176,124,063	10,431,153
Depreciable, net	261,174,726	83,419,584	344,594,310	18,010,873
<b>Total Assets</b>	<b>711,865,828</b>	<b>182,512,820</b>	<b>894,378,648</b>	<b>32,857,651</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	11,034,938	10,322,147	21,357,085	1,109,432
Interest payable	5,385,557	2,648,762	8,034,319	
Refundable deposits	1,291,435	157,670	1,449,105	251,180
Unearned revenue (Note 9)	93,590		93,590	
Note payable (Note 7)	18,155,011		18,155,011	
SERAF payable (Note 18)	10,118,826		10,118,826	
Deferred investment in derivative instrument (Note 8)	39,509,293	7,948,525	47,457,818	
Net pension obligation (Note 12)	158,063		158,063	
Compensated absences (Note 2D):				
Due within one year	1,387,944	165,005	1,552,949	
Due in more than one year	9,780,660	758,188	10,538,848	
Claims liabilities (Note 15):				
Due within one year	4,420,696		4,420,696	
Due in more than one year	15,038,818		15,038,818	
Long-term debt (Note 8):				
Due within one year	16,227,002	1,810,116	18,037,118	700,000
Due in more than one year	372,055,042	93,123,473	465,178,515	31,600,893
<b>Total Liabilities</b>	<b>504,656,875</b>	<b>116,933,886</b>	<b>621,590,761</b>	<b>33,661,505</b>
<b>NET ASSETS (Note 10)</b>				
Invested in capital assets, net of related debt	201,197,639	86,432,590	287,630,229	(865,664)
Restricted for:				
Capital projects	36,737,771		36,737,771	
Debt service	19,538,348	20,587,727	40,126,075	
Housing and redevelopment	13,624,352	563,013	14,187,365	2,993,203
Pension benefits	2,214,514		2,214,514	
<b>Total Restricted Net Assets</b>	<b>72,114,985</b>	<b>21,150,740</b>	<b>93,265,725</b>	<b>2,993,203</b>
Unrestricted (Deficit)	(66,103,671)	(42,004,396)	(108,108,067)	(2,931,393)
<b>Total Net Assets (Deficit)</b>	<b>\$207,208,953</b>	<b>\$65,578,934</b>	<b>\$272,787,887</b>	<b>(\$803,854)</b>

See accompanying notes to financial statements

CITY OF RICHMOND  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$19,044,449	\$6,612,893	\$72,709	\$396,829
Public safety	95,147,888	5,674,457	986,883	1,203,724
Public works	43,342,529	1,656,353	3,828,819	6,953,885
Community development	7,698,693	504,726	4,253,706	982,250
Cultural and recreational	14,952,438	1,294,976	563,897	149,254
Housing and redevelopment	18,014,624	222,459	2,580,113	
Interest on long-term debt	30,251,260			
Total Governmental Activities	228,451,881	15,965,864	12,286,127	9,685,942
Business-type Activities:				
Richmond Housing Authority	27,709,496	2,100,519	21,549,967	2,404,709
Port of Richmond	8,611,216	3,882,153		25,000
Richmond Marina	232,855	417,679		
Municipal Sewer	13,611,098	15,991,488		
Storm Sewer	2,527,838	1,593,792		
Cable TV	991,506	1,157,502		
Total Business-type Activities	53,684,009	25,143,133	21,549,967	2,429,709
Total Primary Government	\$282,135,890	\$41,108,997	\$33,836,094	\$12,115,651
<b>Component Unit:</b>				
RHA Properties	\$3,583,545	\$2,963,668		
General revenues:				
Taxes:				
Property taxes-current collections				
Sales taxes				
Utility user taxes				
Documentary transfer taxes				
Other taxes				
Use of money and property				
Unrestricted intergovernmental				
Pension stabilization revenue				
Developer revenue sharing				
Settlement				
Other				
Transfers (Note 4)				
Total general revenues and transfers				
Change in Net Assets				
Net Assets (Deficit)-Beginning, as restated (Note 8)				
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
(\$11,962,018)		(\$11,962,018)	
(87,282,824)		(87,282,824)	
(30,903,472)		(30,903,472)	
(1,958,011)		(1,958,011)	
(12,944,311)		(12,944,311)	
(15,212,052)		(15,212,052)	
(30,251,260)		(30,251,260)	
<u>(190,513,948)</u>		<u>(190,513,948)</u>	
	(\$1,654,301)	(1,654,301)	
	(4,704,063)	(4,704,063)	
	184,824	184,824	
	2,380,390	2,380,390	
	(934,046)	(934,046)	
	165,996	165,996	
	<u>(4,561,200)</u>	<u>(4,561,200)</u>	
<u>(190,513,948)</u>	<u>(4,561,200)</u>	<u>(195,075,148)</u>	
			<u>(\$619,877)</u>
62,620,002		62,620,002	
25,000,182		25,000,182	
50,298,719		50,298,719	
2,901,177		2,901,177	
3,190,873		3,190,873	
(7,618,093)	(2,768,103)	(10,386,196)	4,417
957,140		957,140	
2,728,314		2,728,314	
138,454		138,454	
	1,922,260	1,922,260	
5,465,467	188,143	5,653,610	166,589
500,000	(500,000)		
<u>146,182,235</u>	<u>(1,157,700)</u>	<u>145,024,535</u>	<u>171,006</u>
(44,331,713)	(5,718,900)	(50,050,613)	(448,871)
<u>251,540,666</u>	<u>71,297,834</u>	<u>322,838,500</u>	<u>(354,983)</u>
<u>\$207,208,953</u>	<u>\$65,578,934</u>	<u>\$272,787,887</u>	<u>(\$803,854)</u>

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**City of Richmond**  
**June 30, 2010**

**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 2010. 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.

**CIVIC CENTER DEBT SERVICE FUND**

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

**COST RECOVERY SPECIAL REVENUE FUND**

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

CITY OF RICHMOND  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2010

	General	Redevelopment Agency Administration	Redevelopment Agency Low/Mod Income Housing	Redevelopment Agency Debt Service	Redevelopment Agency Projects
<b>ASSETS</b>					
Cash and investments	\$9,081,490	\$1,848,005	\$5,202,305	\$6,288,190	\$6,308,806
Restricted cash and investments	18,166,487	1,447,870	7,987,898	7,821,804	20,250,687
Receivables:					
Accounts, net	18,875,397	62,333	10,717		766,029
Interest	5,226	143	32	(233)	330
Grants	413,529				
Loans	1,362,648	2,470,771	15,698,230		7,909,075
Due from other funds		29,118	378,452		
Advances to other funds	22,754,145	2,174,067			95,685
Prepays, supplies and other assets	423,320	7,817,729			
<b>Total Assets</b>	<b>\$71,082,242</b>	<b>\$15,850,036</b>	<b>\$29,277,634</b>	<b>\$14,109,761</b>	<b>\$35,330,612</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$2,174,500	\$49,834	\$107,830		\$1,924,599
Refundable deposits	253,161	32,904			65,511
Due to other funds		2,457			
SERAF payable		10,118,826			
Advances from other funds	95,685				2,500,000
Deferred revenue	11,197,472	2,644,838	15,545,452		8,675,104
Note payable	18,155,011				
<b>Total Liabilities</b>	<b>31,875,829</b>	<b>12,848,859</b>	<b>15,653,282</b>		<b>13,165,214</b>
<b>FUND BALANCES</b>					
Fund balance					
Reserved for:					
Encumbrances	1,009,480	60,784	1,746,241		27,902,256
Prepays, supplies and other assets	423,320	7,817,729			
Debt service				\$10,054,383	
Advances to other funds	22,356,620	2,174,067			95,685
Loans receivable	580,656		152,778		
Low and moderate income housing			11,725,333		
Unreserved, designated for:					
Contingencies	10,000,000				
Unreserved, Undesignated, Reported in:					
General Fund	4,836,337				
Special Revenue Funds		(7,051,403)			
Debt Service Funds				4,055,378	
Capital Projects Funds					(5,832,543)
<b>Total Fund Balances</b>	<b>39,206,413</b>	<b>3,001,177</b>	<b>13,624,352</b>	<b>14,109,761</b>	<b>22,165,398</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$71,082,242</b>	<b>\$15,850,036</b>	<b>\$29,277,634</b>	<b>\$14,109,761</b>	<b>\$35,330,612</b>

See accompanying notes to financial statements

<u>Civic Center Debt Service</u>	<u>Cost Recovery</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$372,143		\$24,490,838	\$53,591,777
212,314		16,639,916	72,526,976
	\$820,679	635,232	21,170,387
609	(2,529)	6,973	10,551
	2,871,165	2,249,585	5,534,279
		8,403,782	35,844,506
		2,457	410,027
			25,023,897
	8,218	29,506	8,278,773
<u>\$585,066</u>	<u>\$3,697,533</u>	<u>\$52,458,289</u>	<u>\$222,391,173</u>
	\$1,029,208	\$1,833,432	\$7,119,403
	939,748		1,291,324
	8,615,860	2,877,963	11,496,280
			10,118,826
		2,211,686	4,807,371
\$3,718,208	2,480,000	10,543,962	54,805,036
			18,155,011
<u>3,718,208</u>	<u>13,064,816</u>	<u>17,467,043</u>	<u>107,793,251</u>
	3,346,319	13,528,456	47,593,536
	8,218	29,506	8,278,773
			10,054,383
			24,626,372
			733,434
			11,725,333
			10,000,000
			4,836,337
	(12,721,820)	5,671,949	(14,101,274)
(3,133,142)		8,561,729	9,483,965
		7,199,606	1,367,063
<u>(3,133,142)</u>	<u>(9,367,283)</u>	<u>34,991,246</u>	<u>114,597,922</u>
<u>\$585,066</u>	<u>\$3,697,533</u>	<u>\$52,458,289</u>	<u>\$222,391,173</u>

CITY OF RICHMOND  
Reconciliation of the  
GOVERNMENTAL FUNDS -- BALANCE SHEET  
with the  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

Total fund balances reported on the governmental funds balance sheet \$114,597,922

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. 360,784,416

**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	23,601,294
Restricted cash and investments	691,409
Accounts receivable	692,740
Interest receivable	10,510
Due from other funds	12,385,381
Advances to other funds	4,287,556
Prepays and supplies	618,487
Accounts payable, accrued liabilities and interest payable	(1,615,535)
Refundable deposits	(111)
Compensated absences	(741,457)
Unearned revenue	(4,099,521)
Claims payable	(19,459,514)

**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. 50,993,238

**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:

Accounts payable	(2,300,000)
Interest payable	(5,385,557)
Long-term debt	(388,282,044)
Deferred investment in derivative instrument	(39,509,293)
Net pension obligation	(158,063)
Net pension asset	110,216,542
Net OPEB asset	307,700
Governmental activities portion of compensated absences	(10,427,147)

**NET ASSETS OF GOVERNMENTAL ACTIVITIES** \$207,208,953

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, 2010

	General	Redevelopment Agency Administration	Redevelopment Agency Low/Mod Income Housing	Redevelopment Agency Debt Service	Redevelopment Agency Projects
<b>REVENUES</b>					
Property taxes	\$29,746,915			\$18,559,284	
Sales taxes	25,000,182				
Utility user taxes	40,298,719				
Other taxes	6,092,050				
Licenses, permits and fees	2,635,258	\$222,459			
Developer revenue sharing					\$138,454
Fines, forfeitures and penalties	245,099				
Use of money and property	352,132	95,101	\$33,834	259,366	415,969
Intergovernmental	1,580,801	169,842	450,000		1,121,464
Charges for services	3,462,912				
Pension stabilization revenue					
Other	2,527,264	291,909	19,447		308,005
Rent	746,217				19,800
<b>Total Revenues</b>	<b>112,687,549</b>	<b>779,311</b>	<b>503,281</b>	<b>18,818,650</b>	<b>2,003,692</b>
<b>EXPENDITURES</b>					
Current:					
General government	7,291,519				
Public safety	87,548,895				
Public works	13,355,265				
Community development					
Cultural and recreational	13,735,412				
Housing and redevelopment		4,830,073	1,256,444		2,723,912
SERAF		10,118,826			
Capital outlay	5,958		508,151		4,087,483
Debt service:					
Principal	446,191	810,000	535,000	3,550,000	64,418,000
Interest and fiscal charges	570,804	1,478,454		2,633,047	4,554,569
<b>Total Expenditures</b>	<b>122,954,044</b>	<b>17,237,353</b>	<b>2,299,595</b>	<b>6,183,047</b>	<b>75,783,964</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(10,266,495)</b>	<b>(16,458,042)</b>	<b>(1,796,314)</b>	<b>12,635,603</b>	<b>(73,780,272)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt					33,740,000
Bond premium	214,846				
Proceeds from sale of property					
Transfers in	8,952,371	5,693,403	4,977,686	2,170,467	7,672,233
Transfers (out)	(5,231,987)	(144,589)	(1,292,612)	(16,747,619)	(1,542,775)
<b>Total Other Financing Sources (Uses)</b>	<b>3,935,230</b>	<b>5,548,814</b>	<b>3,685,074</b>	<b>(14,577,152)</b>	<b>39,869,458</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(6,331,265)</b>	<b>(10,909,228)</b>	<b>1,888,760</b>	<b>(1,941,549)</b>	<b>(33,910,814)</b>
<b>BEGINNING FUND BALANCES (DEFICITS) (AS RESTATED)</b>	<b>45,537,678</b>	<b>13,910,405</b>	<b>11,735,592</b>	<b>16,051,310</b>	<b>56,076,212</b>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<b>\$39,206,413</b>	<b>\$3,001,177</b>	<b>\$13,624,352</b>	<b>\$14,109,761</b>	<b>\$22,165,398</b>

See accompanying notes to financial statements

<u>Civic Center Debt Service</u>	<u>Cost Recovery</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		\$15,551,944	\$63,858,143
			25,000,182
			40,298,719
			6,092,050
	\$3,948,780	791,910	7,598,407
			138,454
	210,599	25,566	481,264
\$141,083	(119,732)	672,131	1,849,884
	3,433,497	14,871,909	21,627,513
2,619,427	1,012,232	1,422,667	8,517,238
		2,728,314	2,728,314
	11,570	1,608,213	4,766,408
			766,017
<u>2,760,510</u>	<u>8,496,946</u>	<u>37,672,654</u>	<u>183,722,593</u>
	6,105,033	1,016,419	14,412,971
	2,375,261	6,064,897	95,989,053
	3,992,253	3,650,329	20,997,847
		7,692,545	7,692,545
		1,402,236	15,137,648
		3,288,354	12,098,783
			10,118,826
	5,327,508	15,213,592	25,142,692
96,260,000		5,695,000	171,714,191
9,462,986		2,718,737	21,418,597
<u>105,722,986</u>	<u>17,800,055</u>	<u>46,742,109</u>	<u>394,723,153</u>
<u>(102,962,476)</u>	<u>(9,303,109)</u>	<u>(9,069,455)</u>	<u>(211,000,560)</u>
87,121,545			120,861,545
			214,846
		23,300	23,300
8,572,863	443,133	11,481,089	49,963,245
<u>(1,836,735)</u>	<u>(91,200)</u>	<u>(16,673,089)</u>	<u>(43,560,606)</u>
<u>93,857,673</u>	<u>351,933</u>	<u>(5,168,700)</u>	<u>127,502,330</u>
(9,104,803)	(8,951,176)	(14,238,155)	(83,498,230)
5,971,661	(416,107)	49,229,401	198,096,152
<u>(\$3,133,142)</u>	<u>(\$9,367,283)</u>	<u>\$34,991,246</u>	<u>\$114,597,922</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, 2010

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 (\$83,498,230)

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 22,596,846  
Depreciation expense is deducted from the fund balance  
(Depreciation expense is net of internal service fund depreciation of \$2,036,079 which has already been allocated to serviced funds) (15,032,353)  
Retirements of capital assets are deducted from the fund balance (8,844,775)

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 171,714,191  
Capital appreciation bonds accretion is deducted from fund balance (8,104,935)  
Interest accrued to principal is deducted from fund balance (75,000)  
Proceeds from debt issuance is deducted from fund balance (120,861,545)

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):

Accounts payable (2,300,000)  
Interest payable (652,728)  
Deferred revenue 12,608,410  
Deferred investment in derivative instrument is deducted from fund balance (10,877,834)  
Compensated absences 169,574  
Net pension asset (obligation) (675,602)  
Net OPEB asset (4,297,572)

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 3,799,840

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (\$44,331,713)

See accompanying notes to financial statements

**City of Richmond**  
**June 30, 2010**

**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 2010.

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, 2010

	Business-type Activities-Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds		
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash and investments	\$453,085	\$2,190,895	\$5,656,181	\$4,843,226	\$13,143,387	\$23,601,294
Restricted cash and investments	306,569	20,587,727	844,495		21,738,791	691,409
<b>Receivables:</b>						
Accounts, net	334,146	176,751	413,104	541,539	1,465,540	692,740
Interest		817	1,709	1,075	3,601	10,510
Grants	1,207,163				1,207,163	
Notes				15,689	15,689	
Prepays and other assets	483,270				483,270	618,487
Due from other funds						12,385,381
<b>Total current assets</b>	<b>2,784,233</b>	<b>22,956,190</b>	<b>6,915,489</b>	<b>5,401,529</b>	<b>38,057,441</b>	<b>37,999,821</b>
<b>Noncurrent assets:</b>						
<b>Receivables:</b>						
Accounts, net	471,629				471,629	
Due from developer	8,289,189				8,289,189	
<b>Capital assets:</b>						
Nondepreciable	8,814,034	34,066,116	33,400,970	233,253	76,514,373	698,081
Depreciable, net	36,952,610	16,425,672	20,898,993	9,142,309	83,419,584	11,822,843
Advances to other funds						4,287,556
Bond issuance costs net of amortization		533,377	1,030,437		1,563,814	
<b>Total noncurrent assets</b>	<b>54,527,462</b>	<b>51,025,165</b>	<b>55,330,400</b>	<b>9,375,562</b>	<b>170,258,589</b>	<b>16,808,480</b>
<b>Total Assets</b>	<b>57,311,695</b>	<b>73,981,355</b>	<b>62,245,889</b>	<b>14,777,091</b>	<b>208,316,030</b>	<b>54,808,301</b>
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
Accounts payable and accrued liabilities	1,019,678	6,409,244	2,663,733	229,492	10,322,147	1,612,384
Interest payable		1,690,405	826,197	132,160	2,648,762	3,151
Due to other funds				1,299,128	1,299,128	
Refundable deposits	144,370	13,300			157,670	111
Compensated absences	87,835			77,170	165,005	
Claims payable						4,420,696
Deferred investment in derivative instrument		469,365	7,479,160		7,948,525	
Current portion of long-term debt		405,000	1,342,475	62,641	1,810,116	1,391,171
<b>Total current liabilities</b>	<b>1,251,883</b>	<b>8,987,314</b>	<b>12,311,565</b>	<b>1,800,591</b>	<b>24,351,353</b>	<b>7,427,513</b>
<b>Noncurrent liabilities:</b>						
Advances from other funds	5,279,146	17,437,380		1,787,556	24,504,082	
Compensated absences	558,690	178,510	20,988		758,188	741,457
Unearned revenue						4,099,521
Claims payable						15,038,818
Long-term debt, net		48,610,199	41,372,039	3,141,235	93,123,473	3,686,940
<b>Total noncurrent liabilities</b>	<b>5,837,836</b>	<b>66,226,089</b>	<b>41,393,027</b>	<b>4,928,791</b>	<b>118,385,743</b>	<b>23,566,736</b>
<b>Total Liabilities</b>	<b>7,089,719</b>	<b>75,213,403</b>	<b>53,704,592</b>	<b>6,729,382</b>	<b>142,737,096</b>	<b>30,994,249</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	45,766,644	22,064,316	12,429,944	6,171,686	86,432,590	8,134,222
Restricted for housing programs	563,013				563,013	
Restricted for debt service		20,587,727			20,587,727	
Unrestricted	3,892,319	(43,884,091)	(3,888,647)	1,876,023	(42,004,396)	15,679,830
<b>Total Net Assets</b>	<b>\$50,221,976</b>	<b>(\$1,232,048)</b>	<b>\$8,541,297</b>	<b>\$8,047,709</b>	<b>\$65,578,934</b>	<b>\$23,814,052</b>

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, 2010

	Business-type Activities-Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds		
<b>OPERATING REVENUES</b>						
Rental	\$1,578,827				\$1,578,827	
Service charges		\$3,112,836	\$15,919,320	\$2,564,225	21,596,381	\$43,142,537
Lease income		755,145		421,279	1,176,424	
Other	521,692	14,172	72,168	183,469	791,501	
<b>Total Operating Revenues</b>	<b>2,100,519</b>	<b>3,882,153</b>	<b>15,991,488</b>	<b>3,168,973</b>	<b>25,143,133</b>	<b>43,142,537</b>
<b>OPERATING EXPENSES</b>						
Salaries and benefits	5,846,831	1,076,538	632,230	675,246	8,230,845	14,003,419
General and administrative	1,184,266	1,483,175	9,691,881	1,858,341	14,217,663	6,914,335
Maintenance	1,179,130	368,404	17,382		1,564,916	3,332,615
Depreciation	298,474	1,393,558	634,080	1,045,000	3,371,112	2,036,079
Housing assistance	19,200,795				19,200,795	
Claims losses						7,712,123
Other		79,338	21,160		100,498	120,494
<b>Total Operating Expenses</b>	<b>27,709,496</b>	<b>4,401,013</b>	<b>10,996,733</b>	<b>3,578,587</b>	<b>46,685,829</b>	<b>34,119,065</b>
<b>Operating Income (Loss)</b>	<b>(25,608,977)</b>	<b>(518,860)</b>	<b>4,994,755</b>	<b>(409,614)</b>	<b>(21,542,696)</b>	<b>9,023,472</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Loss on retirement of capital assets		(452,495)			(452,495)	(55,830)
Interest income	3,200	(17,096)	(2,865,888)	111,681	(2,768,103)	989,956
Grants	23,954,676	25,000			23,979,676	
Other income	188,143				188,143	
Settlement			1,922,260		1,922,260	
Interest (expense)		(3,757,708)	(2,614,365)	(173,612)	(6,545,685)	(255,119)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>24,146,019</b>	<b>(4,202,299)</b>	<b>(3,557,993)</b>	<b>(61,931)</b>	<b>16,323,796</b>	<b>679,007</b>
<b>Income (Loss) Before Transfers</b>	<b>(1,462,958)</b>	<b>(4,721,159)</b>	<b>1,436,762</b>	<b>(471,545)</b>	<b>(5,218,900)</b>	<b>9,702,479</b>
<b>TRANSFERS</b>						
Transfers in						1,227,361
Transfers (out)				(500,000)	(500,000)	(7,130,000)
<b>Net transfers</b>				<b>(500,000)</b>	<b>(500,000)</b>	<b>(5,902,639)</b>
<b>Change in net assets</b>	<b>(1,462,958)</b>	<b>(4,721,159)</b>	<b>1,436,762</b>	<b>(971,545)</b>	<b>(5,718,900)</b>	<b>3,799,840</b>
<b>BEGINNING NET ASSETS (AS RESTATED)</b>	<b>51,684,934</b>	<b>3,489,111</b>	<b>7,104,535</b>	<b>9,019,254</b>	<b>71,297,834</b>	<b>20,014,212</b>
<b>ENDING NET ASSETS (DEFICIT)</b>	<b>\$50,221,976</b>	<b>(\$1,232,048)</b>	<b>\$8,541,297</b>	<b>\$8,047,709</b>	<b>\$65,578,934</b>	<b>\$23,814,052</b>

See accompanying notes to financial statements

CITY OF RICHMOND  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$2,282,390	\$3,949,522	\$15,676,193	\$3,006,577	\$24,914,682	\$42,596,927
Payments to suppliers	(21,304,162)	(1,928,995)	(7,511,564)	(1,860,735)	(32,605,456)	(11,557,824)
Payments to employees	(5,838,481)	(1,063,617)	(620,234)	(678,277)	(8,200,609)	(14,209,095)
Other income	188,143				188,143	
Insurance premiums and claims paid						(10,653,609)
<b>Cash Flows from Operating Activities</b>	<b>(24,672,110)</b>	<b>956,910</b>	<b>7,544,395</b>	<b>467,565</b>	<b>(15,703,240)</b>	<b>6,176,399</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Interfund receipts		397,525		328,680	726,205	
Interfund payments	(303,751)				(303,751)	(8,966,006)
Settlement			1,922,260		1,922,260	
Receipts from other governments	24,028,443	36,212			24,064,655	
Transfers in						1,227,361
Transfers (out)				(500,000)	(500,000)	(7,130,000)
<b>Cash Flows from Noncapital Financing Activities</b>	<b>23,724,692</b>	<b>433,737</b>	<b>1,922,260</b>	<b>(171,320)</b>	<b>25,909,369</b>	<b>(14,868,645)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets	(894,178)	(22,818,333)	(6,423,932)	(233,253)	(30,369,696)	(2,645,461)
Proceeds from sale of capital assets						69,967
Issuance of debt		49,783,455			49,783,455	
Cost of issuance		(1,289,263)			(1,289,263)	
Principal payments on capital debt		(3,270,000)	(1,275,170)	(59,943)	(4,605,113)	(1,334,184)
Interest paid		(2,068,790)	(2,203,511)	(176,086)	(4,448,387)	(256,412)
<b>Cash Flows from Capital and Related Financing Activities</b>	<b>(894,178)</b>	<b>20,337,069</b>	<b>(9,902,613)</b>	<b>(469,282)</b>	<b>9,070,996</b>	<b>(4,166,090)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest	3,200	88,289	84,782	112,491	288,762	1,001,288
<b>Cash Flows from Investing Activities</b>	<b>3,200</b>	<b>88,289</b>	<b>84,782</b>	<b>112,491</b>	<b>288,762</b>	<b>1,001,288</b>
<b>Net Cash Flows</b>	<b>(1,838,396)</b>	<b>21,816,005</b>	<b>(351,176)</b>	<b>(60,546)</b>	<b>19,565,887</b>	<b>(11,857,048)</b>
Cash and investments at beginning of period	2,598,050	962,617	6,851,852	4,903,772	15,316,291	36,149,751
Cash and investments at end of period	<u>\$759,654</u>	<u>\$22,778,622</u>	<u>\$6,500,676</u>	<u>\$4,843,226</u>	<u>\$34,882,178</u>	<u>\$24,292,703</u>
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>						
Operating income (loss)	(\$25,608,977)	(\$518,860)	\$4,994,755	(\$409,614)	(\$21,542,696)	\$9,023,472
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation	298,474	1,393,558	634,080	1,045,000	3,371,112	2,036,079
Other income	188,143				188,143	
Change in assets and liabilities:						
Receivables, net	190,394	70,969	(315,295)	(162,396)	(216,328)	(483,074)
Prepays and other assets	(42,738)				(42,738)	(153,054)
Accounts payable and accrued liabilities and other accrued expenses	302,767	1,922	2,218,859	(2,394)	2,521,154	(1,037,326)
Refundable deposits	(8,523)	(3,600)			(12,123)	111
Unearned revenue						(62,647)
Compensated absences payable	8,350	12,921	11,996	(3,031)	30,236	(205,676)
Claims payable						(2,941,486)
<b>Cash Flows from Operating Activities</b>	<b>(24,672,110)</b>	<b>\$956,910</b>	<b>\$7,544,395</b>	<b>\$467,565</b>	<b>(15,703,240)</b>	<b>\$6,176,399</b>
<b>Non cash transactions:</b>						
Change in fair value of investment derivative		(\$106,338)	(\$2,950,182)		(\$3,056,520)	
Amortization of bond issuance costs		(102,458)	(38,188)		(140,646)	
Retirement of capital assets	(\$87,853)	(452,495)			(540,348)	(\$125,797)

See accompanying notes to financial statements

**City of Richmond**  
**June 30, 2010**

**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, or other governments.

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

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

CITY OF RICHMOND  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2010

	<u>Pension Trust Funds</u>	<u>Pt. Molate Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and investments (Note 3)			\$6,319,987
Restricted cash and investments (Note 3)		\$23,581,443	5,381,419
Investment in reassessment bonds (Note 3)			16,520,000
Pension plan cash and investments (Note 12):			
City of Richmond Investment Pool	\$5,217,984		
Local Agency Investment Fund	189,024		
Mutual Fund Investments	17,794,056		
Accounts receivable	22,462		170,792
Interest receivable	<u>827</u>	<u>9,129</u>	<u>1,546</u>
Total Assets	<u>23,224,353</u>	<u>23,590,572</u>	<u>\$28,393,744</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities			\$954,797
Refundable deposits payable			855,794
Due to assessment district bondholders			<u>26,583,153</u>
Total Liabilities			<u>\$28,393,744</u>
<b>NET ASSETS</b>			
Held in trust for employees' pension benefits and other purposes	<u>\$23,224,353</u>	<u>\$23,590,572</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, 2010

	Pension Trust Funds	Pt. Molate Private-Purpose Trust Fund
	<u>          </u>	<u>          </u>
ADDITIONS		
Contributions from the U.S. Navy		\$28,500,000
Net investment income:		
Net increase (decrease) in the fair value of investments	\$1,707,350	
Interest income	883,112	21,612
Investment management fees	(102,649)	
Contribution from the City	562,784	
Contribution from Pension Reserve	4,600,000	
	<u>          </u>	<u>          </u>
Total Additions	<u>7,650,597</u>	<u>28,521,612</u>
DEDUCTIONS		
Pension benefits	5,383,232	
Payments in accordance with trust agreements		4,930,000
Other expense		1,040
	<u>          </u>	<u>          </u>
Total Deductions	<u>5,383,232</u>	<u>4,931,040</u>
Net Increase (Decrease)	2,267,365	23,590,572
NET ASSETS, BEGINNING OF YEAR	<u>20,956,988</u>	<u>          </u>
NET ASSETS, END OF YEAR	<u><u>\$23,224,353</u></u>	<u><u>\$23,590,572</u></u>

See accompanying notes to financial statements

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**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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**NOTE 1 - ORGANIZATION AND DEFINITION OF REPORTING ENTITY**

The City was incorporated in 1905 under the laws of the State of California and adopted its charter in 1909. The City operates under a Council-Manager form of government and provides the following services to its citizens as authorized by its charter: police and fire protection, planning and community development, streets and roads, parks and recreation, sewage treatment, drainage and capital projects. In addition, the City has a port, marina, municipal and storm sewer enterprises, a housing authority, a 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. The discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize it is legally separate from the government.

**A. PRIMARY GOVERNMENT**

The financial statements of the primary government of the City include the activities of the City as well as the Richmond 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, 2010**

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**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 24<sup>th</sup> 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.

**B. DISCRETELY PRESENTED COMPONENT UNIT**

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

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

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

**A. Basis of Accounting and Measurement Focus**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, 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, 2010**

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**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, 2010**

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**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, Private-Purpose Trust funds and Agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Pension Trust funds and Private-Purpose Trust funds are accounted for on an economic resources measurement focus under the accrual basis of accounting.

**B. Major Funds**

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

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

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

**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.

**Civic Center Debt Service Fund** – The Civic Center Debt Service Fund accounts for principal and interest payments on the Civic Center project Lease Revenue Bonds.

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

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

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

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

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

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

The City also reports the following fund types:

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

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

**C. Prepays and Supplies**

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items in governmental funds are equally offset by 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**D. Compensated Absences**

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

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

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$11,543,854	\$892,957	\$12,436,811
Additions	8,606,519	249,306	8,855,825
Payments	(8,981,769)	(219,070)	(9,200,839)
Ending Balance	<u>\$11,168,604</u>	<u>\$923,193</u>	<u>\$12,091,797</u>
Current Portion	<u>\$1,387,944</u>	<u>\$165,005</u>	<u>\$1,552,949</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.

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

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

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

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

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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**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.

**F. 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
State Gas Tax Special Revenue Fund:	
Public Works	\$108,451
General Purpose Special Revenue Fund:	
General Government	62,995
Developer Impact Fees Special Revenue Fund:	
Cultural and Recreational	10,673

**G. Renamed Funds, New Fund, and Closed Fund**

The Hilltop Landscaping Maintenance Special Revenue Fund was renamed to the Lighting and Landscaping Districts Special Revenue Fund.

The Measure C Special Revenue Fund was renamed to the Measure J Capital Projects Fund to reflect the renewal of the half-cent transportation sales tax approved under Measure J.

The Community Development Block Grant Special Revenue Fund was renamed to the Housing and Community Development Fund.

The Special Programs Special Revenue Fund was closed as of June 30, 2010.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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**NOTE 3 - CASH AND INVESTMENTS**

**A. Investments and Cash Deposits**

The City maintains a cash and investment pool of cash balances and authorized investments of all funds except for funds required to be held by fiscal agents under the provisions of bond indentures, which the City Treasurer invests to enhance interest earnings. The pooled interest earned is allocated to the funds based on average month-end cash and investment balances in these funds.

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

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

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

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

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

**C. Classification**

Cash and investments are classified in the financial statements as shown below at June 30, 2010:

Cash and investments	\$90,336,458
Restricted cash and investments	94,957,176
<b>Total Primary Government cash and investments</b>	<b>185,293,634</b>
Cash and investments	410,017
Restricted cash and investments	2,993,203
<b>Total Component Unit cash and investments</b>	<b>3,403,220</b>
Cash and investments in Fiduciary Funds (Separate Statement)	
Cash and investments	6,319,987
Restricted cash and investments	28,962,862
Investments in reassessment bonds	16,520,000
<b>Total cash and investments</b>	<b>\$240,499,703</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Bills, Bonds and Notes	5 years		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	\$50 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, 2010**

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

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

Under the terms of the City's, Agency's and RHA Properties' debt issues and lease agreements, the City, Agency and RHA Properties are subject to various restrictions in the type, maturity and credit ratings of investments of the unspent proceeds of these issues. These restrictions are generally no more restrictive than those listed above regarding investment of the City's, Agency's and RHA Properties' funds. In addition, some bond indentures authorize investments in guaranteed investment contracts and investment agreements with maturity dates that coincide with the applicable debt maturities. At June 30, 2010, the City, Agency and RHA Properties were in compliance with the terms of all these restrictions.

**F. Interest Rate Risk**

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

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

	Remaining Maturity (in Months)				Total
	12 months or Less	13 to 24 Months	25 to 60 Months	More than 60 months	
<b>Primary Government:</b>					
Federal Agency Securities	\$46,211,550	\$3,000,000	\$3,000,000		\$52,211,550
Money Market Mutual Funds (U.S. Securities)	10,512,486				10,512,486
California Local Agency Investment Fund	24,278,425				24,278,425
CalTrust Short Term Fund	298,606				298,606
Certificates of Deposit	255,997				255,997
Held by Trustee:					
Federal Agency Securities			1,228,894		1,228,894
Money Market Mutual Funds (U.S. Securities)	64,156,910				64,156,910
California Local Agency Investment Fund	9,046,621				9,046,621
CalTrust Short Term Fund	9,250,640				9,250,640
Investment Agreements				\$1,039,778	1,039,778
Guaranteed Investment Contracts				4,580,948	4,580,948
Reassessment Bonds	812,500	807,500	2,715,000	12,185,000	16,520,000
<b>RHA Properties:</b>					
Money Market Mutual Funds (U.S. Securities)	1,477,654				1,477,654
<b>Total Investments</b>	<b>\$166,301,389</b>	<b>\$3,807,500</b>	<b>\$6,943,894</b>	<b>\$17,805,726</b>	<b>194,858,509</b>
Cash in Banks and on hand - <i>Primary Government</i>					43,715,628
Cash in banks - <i>RHA Properties</i>					1,925,566
<b>Total Cash and Investments</b>					<b>\$240,499,703</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2010, these investments matured in an average of 203 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, 2010, these investments matured in an average of 415 days.

Money market funds and mutual funds are available for withdrawal on demand and as of June 30, 2010 have an average maturity from 7 to 48 days.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**G. 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, 2010 for each investment type:

Investment Type	AAA/AAAm	AAf/S1+	Total
Federal Agency Securities	\$53,440,444		\$53,440,444
Money Market Mutual Funds (U.S. Securities)	76,147,050		76,147,050
CalTrust Short Term Fund		\$9,549,246	9,549,246
Totals	<u>\$129,587,494</u>	<u>\$9,549,246</u>	139,136,740
<i>Not rated:</i>			
California Local Agency Investment Fund			33,325,046
Investment Agreements			1,039,778
Guaranteed Investment Contracts			4,580,948
Certificates of Deposit			255,997
Reassessment Bonds			<u>16,520,000</u>
<b>Total Investments</b>			194,858,509
Cash in Banks and on hand			<u>45,641,194</u>
<b>Total Cash and Investments</b>			<u>\$240,499,703</u>

**H. 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, 2010:

Issuer	Type of Investments	Amount
Federal National Mortgage Association	Federal Agency Securities	\$22,477,050
Federal Home Loan Mortgage Corporation	Federal Agency Securities	17,992,500

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, 2010 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 Bank	Federal Agency Securities	795,584
Redevelopment Agency Debt Service Fund	FGIC Capital Market Services	Guaranteed Investment Contract	2,226,948
	Morgan Guaranty Trust of NY	Investment Agreement	1,039,778

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, in Agency Funds at June 30, 2010 were as follows:

Agency Fund	Issuer	Type of Investment	Amount
JPFA Reassessment District	City of Richmond	Municipal Bonds	\$6,430,000
2006A&B Reassessment District	City of Richmond	Municipal Bonds	10,090,000

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**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, 2010 were as follows:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
Redevelopment Agency Administration Fund	Non Major Governmental Funds	\$29,118
Redevelopment Agency Low/Mod Income Housing Fund	Non Major Governmental Funds	378,452
Non Major Governmental Funds	Redevelopment Agency Administration Fund	2,457
Internal Service Fund	Cost Recovery Fund	8,615,860
	Non Major Governmental Funds	2,470,393
	Non Major Enterprise Fund	1,299,128
		<u>\$12,795,408</u>

**B. Long-Term Interfund Advances**

At June 30, 2010 the funds below had made advances which were not expected to be repaid within the next year.

<u>Fund Receiving Advance</u>	<u>Fund Making Advance</u>	<u>Amount of Advance</u>
General Fund	Redevelopment Agency Projects Fund	\$95,685
Redevelopment Agency Projects Fund	Internal Service Funds	2,500,000
Non Major Governmental Funds	General Fund	211,686
	Redevelopment Agency Administration Fund	2,000,000
Richmond Housing Authority Enterprise Fund	General Fund	5,105,079
	Redevelopment Agency Administration Fund	174,067
Port of Richmond Enterprise Fund	General Fund	17,437,380
Non Major Enterprise Fund	Internal Service Funds	1,787,556
<b>Total</b>		<u>\$29,311,453</u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

In fiscal 2007, the Redevelopment Agency advanced \$174,067 to the Richmond Housing Authority Enterprise Fund, collateralized by a deed of trust on the Westridge at Hilltop Apartments, to assist the Authority with its lease payments for the 2003 A-S Multifamily Housing Revenue Bonds. The loan bears interest of 3%.

In fiscal 2007, 2008, 2009 and 2010 the General Fund made advances to the Richmond Housing Authority Enterprise Fund for police, sewer, and other services as well as the Housing Authority's employee payroll. The advance repayment terms were amended in April 2010 and the advance bears no interest and is payable in 135 monthly installments of \$30,000 and one final installment of \$22,446 on or before August 1, 2021. The balance as of June 30, 2010 is \$5,105,079.

In fiscal 2007 the Redevelopment Agency Administration Fund advanced \$2,000,000 to the City's Civic Center Capital Projects Fund for the Civic Center Project and in fiscal 2006 and the Redevelopment Agency Capital Projects Fund advanced \$101,685 to the City's General Fund. The current balances of the advances as of June 30, 2010 are \$2,000,000 and \$95,685, respectively.

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 the balance is payable on or before June 30, 2015. The balance of the advance and accrued interest as of June 30, 2010 is \$17,437,380.

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. In fiscal year 2009 the advance was moved to the Insurance Reserves Internal Service Fund. The advance bears interest of 4.34% and is payable as follows: Semi-annual interest payments in the amount of \$52,460 to be made April 30 and December 31 of each year commencing in December 2009 until December 2038. The final interest payment of \$52,298, and the total principal balance is due April 30, 2039. The balance of the advance and accrued interest as of June 30, 2010 is \$1,787,556.

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 interest payments began July 15, 2009. The Agency will repay the total principal amount when the advance matures on June 30, 2012.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**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, 2010 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Civic Center Debt Service Fund	\$1,835,097
	Non-Major Governmental Funds	2,617,274
	Non-Major Enterprise Funds	500,000
	Internal Service Funds	4,000,000
Redevelopment Agency Administration Fund	Redevelopment Agency Low/Mod Income Housing	70
	Redevelopment Agency Debt Service Fund	5,682,833
	Non-Major Governmental Funds	10,500
Redevelopment Agency Low/Mod Income Housing	Redevelopment Agency Administration Fund	144,589
	Redevelopment Agency Debt Service Fund	4,168,247
	Redevelopment Agency Projects Fund	664,850
Redevelopment Agency Debt Service Fund	Redevelopment Agency Low/Mod Income Housing	1,292,542
	Redevelopment Agency Projects Fund	877,925
Redevelopment Projects Fund	Redevelopment Agency Debt Service Fund	6,896,539
	Non-Major Governmental Funds	775,694
Civic Center Debt Service Fund	General Fund	2,940,675
	Non-Major Governmental Funds	5,632,188
Cost Recovery Special Revenue Fund	General Fund	390,000
	Non-Major Governmental Funds	53,133
Non-Major Governmental Funds	General Fund	1,901,312
	Civic Center Debt Service Fund	1,638
	Non-Major Governmental Funds	7,528,139
	Internal Service Funds	2,050,000
Internal Service Funds	Cost Recovery Special Revenue Fund	91,200
	Non-Major Governmental Funds	56,161
	Internal Service Funds	1,080,000
Total Interfund Transfers		\$51,190,606

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, 2010**

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**NOTE 5 - NOTES AND LOANS RECEIVABLE**

At June 30, 2010, notes and loans receivable consisted of the following:

	Amount
<b>City Loans:</b>	
<b>CalTrans Loan</b>	\$781,992
<b>Police Activities League Loan</b>	462,380
<b>Police Chief Loan</b>	118,276
<b>Watershed Nursery Loan</b>	15,689
<b>Community Development Block Grant and     Home Investment Partnership Program Loans:</b>	
Mechanics Bank Loans	41,096
Deferred Loans	3,565,363
Home Improvement Program Loans	895,957
Rental Rehab Loans	310,327
Creely Avenue Housing Rehabilitation Loan (Arbors)	1,614,056
Scattered Site Infill Housing Development Loan (Wood)	853,000
Lillie Mae Jones Project Loan	780,144
Nevin Court Homeowner Development Project	343,839
<b>Subtotal - CDBG and HOME Loans</b>	8,403,782
<b>Redevelopment Agency Loans:</b>	
EDA Loans	511,716
Harbour Capital Projects Loan	2,040,359
MacDonald Place Senior Housing	3,411,328
Creely Avenue Housing Rehabilitation Loan (Arbors)	1,594,057
Scattered Site Infill Housing Development Loan (Wood)	800,000
Rental Rehab Loans	30,700
Atchison Village Annex Apartments	396,110
Heritage Park Development	318,642
Silent Second Mortgage Loans	2,074,661
Chesley Avenue Mutual Housing Development	4,741,492
Ford Assembly Building Loan	2,857,000
CALHome Program	1,215,641
Easter Hill Project	2,281,960
East Bay Center for the Performing Arts	2,500,000
The Carquinez Project	1,000,000
Lillie Mae Jones Project Loan	304,410
<b>Subtotal- Redevelopment Agency Loans</b>	26,078,076
<b>Total Notes and Loans Receivable</b>	#####

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**CalTrans Loan**

The total of \$781,992 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, 2010**

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**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 and the City loaned Arbors Preservation Limited Partnership the amount of \$2,558,557, to construct extremely low, very low and low income rental housing units and a new community room on Creely Avenue. On October 31, 2008, the loan was amended to provide the developer a total loan amount of \$3,208,113. Funding for the loan is as follows: \$1,539,056 in HOME funds, \$75,000 in CDBG funds and \$1,594,057 in 2007 Series B bond funds. The loan bears simple interest at the rate of 3% per year. All unpaid principal and interest on the loan is due on April 29, 2063.

**Scattered Site Infill Housing Development (Wood)**

On March 1, 2006, the Redevelopment Agency and the City 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 the City of 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 Agency’s Revolving Loan Fund (RLF) is a community based program with the goal of fostering local economic growth through the creation and retention of employment opportunities for Richmond residents and complementing community and individual development initiatives.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**Lillie Mae Jones Project**

On January 19, 2010, the Redevelopment Agency and the City entered into an agreement with Lillie Mae Jones Plaza, L.P. and the Community Housing Development Corporation of North Richmond to loan \$3,119,000 to construct and provide 26 housing units to very low and low income households. Funding for the loan is as follows: \$1,081,291 in HOME funds, \$84,000 in Section 108 funds and \$1,953,709 in 2007 Series B bonds. The loan bears an interest rate of 3% per year and repayments on the loan are to be made from residual receipts as defined in the agreement. All unpaid principal and accrued interest is due in January 2065. As of June 30, 2010, Lillie Mae Jones drew down \$1,084,554.

**Nevin Court Homeowner Development Project**

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

**Olson Urban Housing, LLC.**

This loan in the amount of \$4,951,143 was made to provide assistance in the construction of low and moderate income housing. It provided for the eventual forgiveness of the balance upon the issuance of the Certificate of Completion for the Phase One Residential/ Retail Improvements. In April 2009, Phase One of the project was completed and the loan was forgiven in fiscal year 2010.

**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**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.

**Chesley Avenue Mutual Housing Development**

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

**Ford Assembly Building Loan**

Under a loan agreement dated November 22, 2004 between the Redevelopment Agency and Ford Point LLC, the Redevelopment Agency agreed to loan \$3,000,000 to fund improvements to the Ford Assembly Building, collateralized by a Deed of Trust. The Redevelopment Agency funded the loan in fiscal 2006 with proceeds from the Section 108 HUD loan discussed in Note 8. The loan's principal is due in August 2025. Interest is payable starting August 2006 at a variable rate based on the 90-day LIBOR rate plus 70 basis points; adjusted quarterly. The interest rate converts to a fixed rate in accordance with the terms of the agreement after the Section 108 loan is sold by HUD. In fiscal year 2010, \$143,000 of the loan was paid by the developer.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**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, 2010, the Agency had issued loans of \$1,215,641.

**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 interest of 3% per year and repayments of accrued interest are due in quarterly installments. All unpaid principal and accrued interest is due on June 30, 2012.

**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.

**NOTE 6 - CAPITAL ASSETS**

**A. Policies**

Capital assets are valued at historical cost or at estimated fair value on the date donated. If actual historical costs are not available, assets have been valued at approximate historical cost. The City's policy is to capitalize assets costing at least \$5,000. 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	3 – 10 years
Infrastructure	25 - 50 years
Machinery and equipment	3 – 20 years

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

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.

**B. Current Year Activity**

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

	Balance at June 30, 2009	Additions	Retirements	Transfers	Balance at June 30, 2010
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land	\$29,721,376	\$451,048			\$30,172,424
Construction in progress	164,976,640	21,365,241	(\$8,815,942)	(\$108,088,673)	69,437,266
Total capital assets not being depreciated	<u>194,698,016</u>	<u>21,816,289</u>	<u>(8,815,942)</u>	<u>(108,088,673)</u>	<u>99,609,690</u>
Capital assets being depreciated:					
Buildings and improvements	33,732,481			101,915,784	135,648,265
Machinery and equipment	44,309,215	3,426,017	(2,485,938)	2,807,685	48,056,979
Land improvements and infrastructure	408,750,036			3,365,204	412,115,240
Total capital assets being depreciated	<u>486,791,732</u>	<u>3,426,017</u>	<u>(2,485,938)</u>	<u>108,088,673</u>	<u>595,820,484</u>
Less accumulated depreciation for:					
Buildings and improvements	(14,962,129)	(1,806,703)			(16,768,832)
Machinery and equipment	(29,369,540)	(2,989,589)	2,331,308		(30,027,821)
Land improvements and infrastructure	(275,576,965)	(12,272,140)			(287,849,105)
Total accumulated depreciation	<u>(319,908,634)</u>	<u>(17,068,432)</u>	<u>2,331,308</u>		<u>(334,645,758)</u>
Capital asset being depreciated, net	<u>166,883,098</u>	<u>(13,642,415)</u>	<u>(154,630)</u>	<u>108,088,673</u>	<u>261,174,726</u>
Governmental activity capital assets, net	<u>\$361,581,114</u>	<u>\$8,173,874</u>	<u>(\$8,970,572)</u>		<u>\$360,784,416</u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**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, 2010 were as follows:

<b>Governmental Activities</b>	
General Government	\$1,416,807
Public Safety	527,295
Public Services	12,757,063
Community Development	17,988
Cultural and Recreational	216,841
Housing and Redevelopment	96,359
Internal Service Funds	2,036,079
<b>Total Governmental Activities</b>	<b>\$17,068,432</b>

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

	Balance at June 30, 2009	Additions	Retirements	Transfers	Balance at June 30, 2010
<i><b>Business-type activities</b></i>					
Capital assets not being depreciated:					
Land	\$11,596,510	\$15,000	(\$103)		\$11,611,407
Construction in progress	32,422,868	37,067,606	(540,245)	(\$4,047,263)	64,902,966
Total capital assets not being depreciated	44,019,378	37,082,606	(540,348)	(4,047,263)	76,514,373
Capital assets being depreciated:					
Buildings and improvements	87,526,681			944,079	88,470,760
Machinery and equipment	12,787,271	33,290	(63,721)	2,626,536	15,383,376
Infrastructure	104,552,246			476,648	105,028,894
Total capital assets being depreciated	204,866,198	33,290	(63,721)	4,047,263	208,883,030
Less accumulated depreciation for:					
Buildings and improvements	(42,622,449)	(779,761)			(43,402,210)
Machinery and equipment	(10,549,227)	(560,434)	63,721		(11,045,940)
Infrastructure	(68,984,379)	(2,030,917)			(71,015,296)
Total accumulated depreciation	(122,156,055)	(3,371,112)	63,721		(125,463,446)
Capital asset being depreciated, net	82,710,143	(3,337,822)		4,047,263	83,419,584
Business-type activity capital assets, net	\$126,729,521	\$33,744,784	(\$540,348)		\$159,933,957

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

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

	Balance at June 30, 2009	Additions	Balance at June 30, 2010
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	23,934,981		23,934,981
Machinery and equipment	57,272	\$19,395	76,667
Total capital assets being depreciated	<u>23,992,253</u>	<u>19,395</u>	<u>24,011,648</u>
Less accumulated depreciation for:			
Buildings and improvements	(5,076,414)	(871,498)	(5,947,912)
Machinery and equipment	(49,856)	(3,007)	(52,863)
Total accumulated depreciation	<u>(5,126,270)</u>	<u>(874,505)</u>	<u>(6,000,775)</u>
Capital asset being depreciated, net	<u>18,865,983</u>	<u>(855,110)</u>	<u>18,010,873</u>
Business-type activity capital assets, net	<u>\$29,297,136</u>	<u>(\$855,110)</u>	<u>\$28,442,026</u>

Business activities depreciation expenses for capital assets allocated to each program for the year ended June 30, 2010 were as follows:

<b>Business-Type Activities</b>	
Richmond Housing Authority	\$298,474
Port of Richmond	1,393,558
Municipal Sewer	634,080
Richmond Marina	88,457
Storm Sewer	915,849
Cable TV	40,694
<b>Total Business-Type Activities</b>	<u>\$3,371,112</u>
<b>Component Unit</b>	
RHA Properties	<u>\$874,505</u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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**NOTE 7 – NOTE PAYABLE**

**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 were 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 in the amount of \$18,155,011 on the Note is payable when the Note matures on November 4, 2010.

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

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

Bond premiums, 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.

**A. Governmental Activities**

Following is a summary of governmental activities long-term debt transactions during the fiscal year ended June 30, 2010:

	Balance July 01, 2009	Additions	Deletions	Balance June 30, 2010	Due Within One Year	Due in More than One Year
Bonds payable	\$413,443,791	\$128,966,480	(\$171,125,000)	\$371,285,271	\$12,425,000	\$358,860,271
Loans payable	10,544,185	75,000	(158,722)	10,460,463	1,960,227	8,500,236
Capital leases	8,300,966		(1,764,656)	6,536,310	1,841,775	4,694,535
<b>Total</b>	<b>\$432,288,942</b>	<b>\$129,041,480</b>	<b>(\$173,048,378)</b>	<b>\$388,282,044</b>	<b>\$16,227,002</b>	<b>\$372,055,042</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**Bonds Payable**

Bonds payable at June 30, 2010 consisted of the following:

	Net
JPFA Revenue Refunding Bonds - 1995 Series A	\$1,150,000
Harbour Tax Allocation Refunding Bonds - 1998 Series A	23,397,171
Pension Obligation Bonds - 1999 Series A	17,975,000
JPFA Tax Allocation Revenue Bonds - 2000 Series A	16,895,000
JPFA Tax Allocation Revenue Bonds - 2000 Series B	3,775,000
JPFA Tax Allocation Revenue Bonds - 2003 Series A	15,215,000
JPFA Tax Allocation Revenue Bonds - 2003 Series B	11,775,000
JPFA Tax Allocation Revenue Bonds - 2004 Series A	14,125,000
JPFA Tax Allocation Revenue Bonds - 2004 Series B	1,655,000
Pension Funding Bond Series 2005	134,084,727
Subordinate Tax Allocation Bonds - 2007 Series B	10,376,828
Subordinate Tax Allocation Bonds - 2010 Series A	33,740,000
JPFA Lease Revenue Refunding Bonds - 2009	87,121,545
<b>Total</b>	<b>\$371,285,271</b>

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

The Bonds were issued by the Richmond JPFA for the purpose of refinancing the cost of certain public capital improvements financed by 1990 Series A Revenue Bonds. 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 \$1,272,850. Principal and interest paid for the current fiscal year and total Gas Tax Revenues were \$418,225 and \$1,716,002, respectively.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

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

For the Years Ending June 30,	Principal	Interest	Total
2011	\$365,000	\$60,375	\$425,375
2012	380,000	41,213	421,213
2013	405,000	21,262	426,262
<b>Total</b>	<b>\$1,150,000</b>	<b>\$122,850</b>	<b>\$1,272,850</b>

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

The Bonds were issued by the Redevelopment Agency to refund 1985 Tax Allocation and Refunding Bonds used for the Urban Renewal Plan for Project 11-A, the Harbour Redevelopment Plan. The Bonds consist of serial bonds in the amount of \$6,365,000 that mature annually through 2004, in amounts ranging from \$50,000 to \$740,000. Interest rates vary from 3.75% to a maximum of 6% and 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 Bonds were fully repaid during the fiscal year.

**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, 2010, the Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Current interest bonds	\$11,730,000			\$11,730,000
Capital appreciation bonds	15,935,000	\$565,372	(\$4,833,201)	11,667,171
	<b>\$27,665,000</b>	<b>\$565,372</b>	<b>(\$4,833,201)</b>	<b>\$23,397,171</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

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

For the Years Ending June 30,	Principal	Interest	Total
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	1,870,000	446,363	2,316,363
2016-2020	9,985,000	1,578,777	11,563,777
2021-2024	8,825,000	412,895	9,237,895
<b>Total</b>	<u>\$27,665,000</u>	<u>\$4,563,762</u>	<u>\$32,228,762</u>

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

The bonds were issued to fund a portion of the unfunded accrued actuarial liability in the Pension Fund together with the prepayment of certain pension benefit costs of the Beneficiaries and to pay the costs of issuance associated with the issuance of the bonds. The bonds consist of serial bonds in the amount of \$23,885,000 that mature annually on through 2013, in amounts ranging from \$1,280,000 to \$3,240,000. Interest rates vary from 6.37% to a maximum of 7.39% and are payable semiannually on February 1, and August 1. The term bonds consist of \$8,960,000 due August 1, 2020 with an interest rate of 7.57% and \$3,435,000 due August 1, 2029 with an interest rate of 7.62%. The bonds are payable from certain pension tax override revenues received by the City from a special tax pursuant to City Council Ordinance 9-99 adopted by the City Council on March 30, 1999. The total principal and interest remaining to be paid on the bonds is \$27,331,560. Principal and interest paid for the current fiscal year and total pension tax override revenues were \$2,974,450 and \$9,715,258, respectively.

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

For the Years Ending June 30,	Principal	Interest	Total
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	1,190,000	894,978	2,084,978
2016-2020	6,975,000	2,802,865	9,777,865
2021-2025	3,120,000	952,302	4,072,302
2026-2030	1,110,000	154,308	1,264,308
<b>Total</b>	<u>\$17,975,000</u>	<u>\$9,356,560</u>	<u>\$27,331,560</u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

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

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

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

The Series B Bonds consist of Serial Bonds in the amount of \$1,245,000 and term bonds in the amount of \$4,550,000. The Serial Bonds matured 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
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	1,800,000	510,250	2,310,250
2016-2020	8,240,000	1,054,088	9,294,088
2021-2025	265,000	68,119	333,119
2026-2030	165,000	22,444	187,444
<b>Total</b>	<b>\$16,895,000</b>	<b>\$4,495,201</b>	<b>\$21,390,201</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

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

For the Years Ending June 30,	Principal	Interest	Total
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	400,000	172,810	572,810
2016-2020	1,950,000	353,896	2,303,896
2021-2025	55,000	21,400	76,400
2026-2030	35,000	8,200	43,200
<b>Total</b>	<b>\$3,775,000</b>	<b>\$1,523,259</b>	<b>\$5,298,259</b>

**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
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	1,000,000	1,271,345	2,271,345
2016-2020	6,265,000	5,496,061	11,761,061
2021-2025	11,955,000	3,121,820	15,076,820
2026	4,190,000	117,908	4,307,908
<b>Total</b>	<b>\$26,990,000</b>	<b>\$15,533,370</b>	<b>\$42,523,370</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**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.

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

For the Years Ending June 30,	Principal	Interest	Total
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	280,000	764,586	1,044,586
2016-2020	4,360,000	3,539,638	7,899,638
2021-2025	3,890,000	2,222,838	6,112,838
2026-2027	6,235,000	458,724	6,693,724
<b>Total</b>	<b>\$15,780,000</b>	<b>\$10,157,995</b>	<b>\$25,937,995</b>

**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, 2010, the City's net pension asset amounted to \$101,571,140. 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>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

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

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

*Capital Appreciation Bonds* - The Series 2005B-1 Bonds and 2005B-2 Bonds are capital appreciation bonds, which means no interest is paid until the Adjusted Maturity Value is reached on the Full Accretion Date. Capital appreciation bonds are issued at a deep discount which then "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, 2010 the initial bond interest rates discussed above are used for disclosure purposes.

At June 30, 2010, the Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Current interest bonds	\$19,020,000			\$19,020,000
Capital appreciation bonds	203,186,000	\$6,921,335	(\$95,042,608)	115,064,727
	<u>\$222,206,000</u>	<u>\$6,921,335</u>	<u>(\$95,042,608)</u>	<u>\$134,084,727</u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
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	4,468,000	3,649,200	8,117,200
2016-2020	33,091,000	14,021,525	47,112,525
2021-2025	44,125,000	12,997,725	57,122,725
2026-2030	44,228,000	25,346,100	69,574,100
2031-2035	77,274,000	10,593,550	87,867,550
<b>Total</b>	<b>\$222,206,000</b>	<b>\$70,715,478</b>	<b>\$292,921,478</b>

**Richmond Community Redevelopment Agency Subordinate Tax Allocation Bonds Series 2007 A and Series B - Original Issue Series A \$65,400,000, Series B \$9,772,622**

On July 12, 2007 the Redevelopment Agency issued Series 2007 A Subordinate Tax Allocation Bonds in the amount of \$65,400,000. The proceeds from the Bonds were used to pay the amount of \$22,000,000 to the City to assist with the financing of the Civic Center Project, and to fund other Redevelopment Agency projects.

The 2007 A Subordinate Tax Allocation Bonds were issued as variable auction rate bonds with interest calculated every thirty-five days, however, the Agency entered into a 29-year interest rate swap agreement for the entire amount of its 2007 A Subordinate Tax Allocation Bonds. In fiscal year 2010 the Agency experienced a significant decline in tax increment revenue. In order to bring debt service in line with current revenues and maintain compliance with the required 1.4:1 tax increment to debt service coverage ratio, the Agency suspended a number of projects originally funded by the 2007 A Bonds and applied approximately \$36 million of the unspent 2007 A proceeds and other available funds along with the proceeds from the issuance of the Subordinate Tax Allocation Refunding Bonds, Series 2010 A to refund the outstanding balance of the 2007 A Bonds. As part of the issuance of the 2010 A Bonds, the interest rate swap agreement associated with the 2007 A Bonds was amended and restated as discussed with the Series 2010 A Bonds below.

On July 12, 2007 the Redevelopment Agency issued Series 2007 B Housing Set-Aside Subordinate Tax Allocation Capital Appreciation Bonds in the amount of \$9,772,622 at interest rates ranging from 5.57% to 6.40%. The proceeds from the 2007 B Bonds will be used to finance certain low and moderate income housing activities of the Redevelopment Agency. The 2007 B Bonds mature annually through 2037, in amounts ranging from \$465,000 to \$2,020,000. The 2007 B Bonds are secured by a pledge of subordinated housing and non-housing tax revenues.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

At June 30, 2010, the 2007 B Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	\$23,460,000	\$618,228	(\$13,701,400)	\$10,376,828

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

For the Years Ending June 30,	Principal
2011	\$580,000
2012	625,000
2013	675,000
2014	725,000
2015	0
2016-2020	2,965,000
2021-2025	5,850,000
2026-2030	6,195,000
2031-2035	4,175,000
2036-2037	1,670,000
<b>Total</b>	<b>\$23,460,000</b>

**2010 Subordinate Tax Allocation Refunding Bonds Series A – Original Issue \$33,740,000**

The 2010 A Bonds were issued on March 31, 2010 by the Agency. The proceeds of the 2010 A Bonds were used to refund all of the outstanding Series 2007 A Subordinate Tax Allocation Bonds. Interest rates range from 3.00% to 6.125% and are payable semiannually on March 1 and September 1. The 2010 A Bonds mature annually through 2037 and are secured by a pledge of certain tax increment revenues derived from taxable property within the Merged Project Area.

In connection with the issuance of the Series 2007 A Subordinate Tax Allocation Bonds, the Agency entered into a swap agreement for \$65,400,000, the entire amount of the 2007 A Bonds. With the issuance of the 2010 A Bonds, the Agency amended and restated the swap agreement. The amended agreement requires the Agency to make and receive payments based on variable interest rates. The Agency will make payments based on a variable interest rate equal to 100% of SIFMA plus a fixed percentage of 0.83% and the Agency will receive variable rate interest payments equal to 68% of 1-month LIBOR from the swap counterparty.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

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

For the Years Ending June 30,	Principal	Interest	Total
2011	\$1,175,000	\$2,187,830	\$3,362,830
2012	890,000	2,221,379	3,111,379
2013	930,000	2,179,449	3,109,449
2014	980,000	2,135,538	3,115,538
2015	1,030,000	2,088,207	3,118,207
2016-2020	5,840,000	9,482,186	15,322,186
2021-2025	6,945,000	7,376,555	14,321,555
2026-2030	10,270,000	4,010,249	14,280,249
2031-2035	3,730,000	1,584,435	5,314,435
2036-2037	1,950,000	148,165	2,098,165
<b>Total</b>	<b>\$33,740,000</b>	<b>\$33,413,993</b>	<b>\$67,153,993</b>

**Pledge of Redevelopment Tax Increment Revenues**

The seven 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 \$217,992,580 remaining debt service on the Tax Allocation Bonds which is scheduled to occur in 2037. For fiscal year 2010, 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, 2010		
			Debt Service (1)	Tax Increment	Coverage
<b>Senior Non-Housing Obligations:</b>					
1991 Harbour Tax Allocation Refunding Bonds	Harbour Project Area	\$0	\$36,225		
1998 Harbour Tax Allocation Refunding Bonds	Harbour Project Area	32,228,762	2,175,571		
Subtotal		32,228,762	2,211,796	\$10,008,491	453%
<b>Senior Non-Housing Obligations:</b>					
2000 A JPFA Tax Allocation Revenue Bonds	All project areas except Harbour and Pilot	21,390,201	2,320,040	\$5,481,475	236%
<b>Senior Non-Housing Obligations:</b>					
2003 A & B JPFA Tax Allocation Revenue Bonds	All project areas except Pilot	42,523,370	2,282,834		
<b>Subordinate Non-Housing Obligations:</b>					
2004 A JPFA Tax Allocation Revenue Bonds (Two-thirds)	All project areas except Pilot	15,727,295	604,485		
2010 A Subordinate Tax Allocation Refunding Bonds	All project areas except Pilot	67,153,993	2,336,925		
Subtotal		125,404,658	\$5,224,244	\$15,489,966	297%
<b>Senior Housing Obligations:</b>					
2000 B JPFA Tax Allocation Revenue Bonds	Low and Moderate Income Housing Setaside Revenues	5,298,259	\$575,061		
<b>Subordinate Housing Obligations:</b>					
2004 B & One-third of 2004 A JPFA Tax Allocation Revenue Bonds	Low and Moderate Income Housing Setaside Revenues	10,210,700	548,947		
2007 B Subordinate Tax Allocation Bonds	Low and Moderate Income Housing Setaside Revenues	23,460,000	535,000		
Subtotal		38,968,959	\$1,659,008	\$3,893,046	235%
Total Outstanding Obligations		\$217,992,580			

(1) Excludes the current refunding of the 2007 A Subordinate Tax Allocation Bonds in the amount of \$64,275,000.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**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 8B 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 \$24,290,000 at June 30, 2010. The Series 2007 Bonds in the principal amount of \$97,790,000 were recorded as governmental activities debt, and \$3,630,000 were recorded as business-type activities as discussed in Note 8B below. The 2007 Lease Revenue Bonds were originally issued as variable rate Bonds, however, the Authority entered into a 31 year interest rate swap agreement for the entire amount of the 2007 Lease Revenue Bonds. The 2007 Bonds were refunded by the Series 2009 Lease Revenue Refunding Bonds, and the interest rate swap agreement was terminated as discussed below.

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

On November 10, 2009, the Authority issued Series 2009 Lease Revenue Refunding Bonds in the amount of \$89,795,000. The proceeds from the Bonds were used to refund the outstanding principal amount of the Authority's 2007 Lease Revenue Bonds. The Series 2009 Bonds in the principal amount of \$87,121,545 have been recorded as governmental activities debt, and \$2,673,455 has been recorded as business-type activities as discussed in Note 8B below.

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

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

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2011		\$5,396,298	\$5,396,298
2012		5,396,206	5,396,206
2013		5,396,069	5,396,069
2014		5,395,926	5,395,926
2015		5,395,774	5,395,774
2016-2020	\$9,806,545	25,788,259	35,594,804
2021-2025	12,995,000	22,578,053	35,573,053
2026-2030	17,580,000	17,814,916	35,394,916
2031-2035	26,435,000	10,867,935	37,302,935
2036-2038	20,305,000	1,954,130	22,259,130
<b>Total</b>	<b>\$87,121,545</b>	<b>\$105,983,566</b>	<b>\$193,105,111</b>

***Interest Rate Swap Agreements***

The City entered into interest swap agreements in connection with the 2010 A Subordinate Tax Allocation Refunding Bonds and the 2009 Lease Revenue Refunding 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 various risks associated with the swap agreements are disclosed below. For the swap agreements pertaining to the 2005B-1 and 2005B-2 Taxable Pension Funding Bonds, these disclosures are included below, but the swap agreements do not become effective until August 1, 2013 and August 1, 2023, respectively.

*Terms.* The terms, including the counterparty credit ratings of the outstanding swaps, as of June 30, 2010, are included below. The swap agreements contain scheduled reductions to the outstanding notional amount on an annual basis.

**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's/Fitch)	Fixed Rate Paid	Variable Rate Received	Fair Value at June 30, 2010	Termination Date
<b><i>2005B-1 Taxable Pension Funding Bonds</i></b>							
\$75,230,476	8/1/2013	JPMorgan Chase Co.	A+/Aa3/AA-	5.712%	100% of USD-3 Month LIBOR	(\$7,216,459)	8/1/2023
<b><i>2005B-2 Taxable Pension Funding Bonds</i></b>							
\$127,990,254	8/1/2023	JPMorgan Chase Co.	A+/Aa3/AA-	5.730%	100% of USD-3 Month LIBOR	(\$6,643,881)	8/1/2034

**Pay Variable, Receive Variable Swap Agreements**

The City entered into Pay-Variable, Receive-Variable swap agreements related to the 2010 A Subordinate Tax Allocation Refunding Bonds and the 2009 Lease Revenue Refunding Bonds under which, the City and Agency owe interest calculated at a variable rate to the counterparty of the swap and in return, the counterparty owes the City and Agency interest based on a variable rate. Debt principal is not exchanged; it or the outstanding notional amount, depending on the terms of the swap, are the basis on which the swap receipts and payments are calculated.

Outstanding Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's/Fitch)	Variable Rate Paid	Variable Rate Received	Fair Value at June 30, 2010	Termination Date
<b><i>2009 Lease Revenue Refunding Bonds</i></b>							
\$85,360,000	12/1/2009	Royal Bank of Canada	AA-/A1/AA	100% of SIFMA Municipal Swap Index	68% of USD-1 Month LIBOR	(\$15,750,517)	8/1/2037
<b><i>2010A Subordinate Tax Allocation Refunding Bonds</i></b>							
\$62,750,000	7/12/2007	Royal Bank of Canada	AA-/A1/AA	100% of SIFMA Municipal Swap Index	68% of USD-1 Month LIBOR	(\$10,367,801)	9/1/2036

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**NOTE 8 - 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, 2010, the fair value for the each of the outstanding swaps was in favor of the respective counterparties. The fair value represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. The City has accounted for the change in fair value of each of the hedges as noted below:

	Changes in Fair Value		Fair Value at June 30, 2010	
	Classification	Amount	Classification	Amount
<i>Governmental Activities</i>				
<b>Pay-Fixed, Receive-Variable</b>				
2005B-1 Taxable Pension Funding Bonds	Investment revenue	(\$3,646,017)	Investment	(\$7,216,459)
2005B-2 Taxable Pension Funding Bonds	Investment revenue	(1,492,631)	Investment	(6,643,881)
2007A Subordinate Tax Allocations Bonds	Investment revenue	9,238,547	Investment	0
2007 Lease Revenue Bonds	Investment revenue	11,465,441	Investment	0
<b>Pay-Variable, Receive-Variable</b>				
2009 Lease Revenue Refunding Bonds	Investment revenue	(15,281,152)	Investment	(15,281,152)
2010A Subordinate Tax Allocation Refunding Bonds	Investment revenue	(10,367,801)	Investment	(10,367,801)
<b>Pay-Variable, Receive-Fixed</b>				
2007 Lease Revenue Bonds	Investment revenue	(794,221)	Investment	0
<b>Totals</b>		(\$10,877,834)		(\$39,509,293)

Beginning net assets in Governmental Activities have been restated in the amount of \$28,631,459, to reflect the implementation of the provisions of GASB Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments* that requires the recording of the fair value of investment hedges.

*Credit risk.* The fair values of the swaps represent the City's credit exposure to the counterparties. As of June 30, 2010, the City was not exposed to credit risk on the outstanding swaps because the swaps had negative fair values. However, if *interest* rates change and the fair value of the swaps were to become positive, the City would be exposed to credit risk.

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

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

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

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

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

*Swap payments and associated debt.* Using rates as of June 30, 2010, debt service requirements of the City's outstanding fixed rate 2010 A Subordinate Tax Allocation Refunding Bonds and fixed rate 2009 Lease Revenue Refunding Bonds and net swap payments, assuming current interest rates remain the same for their term, are as follows. The 2005B-1 and 2005B-2 Bonds are not included in the tables, because the swaps are not effective until August 1, 2013 and August 1, 2034, respectively. As rates vary, net swap payments will vary. These payments below for each of the Bonds are included in the Debt Service Requirements above:

***2010 A Subordinate Tax Allocation Refunding Bonds***

For the Years Ending June 30,	Fixed-Rate Bonds		Interest Rate Swap, Net	Total
	Principal	Interest		
2011	\$1,175,000	\$1,670,702	\$517,128	\$3,362,830
2012	890,000	1,718,249	503,130	3,111,379
2013	930,000	1,690,949	488,500	3,109,449
2014	980,000	1,662,299	473,239	3,115,538
2015	1,030,000	1,630,861	457,346	3,118,207
2016-2020	5,840,000	7,459,597	2,022,589	15,322,186
2021-2025	6,945,000	5,895,232	1,481,323	14,321,555
2026-2030	10,270,000	3,130,639	879,610	14,280,249
2031-2035	3,730,000	1,200,097	384,338	5,314,435
2036-2037	1,950,000	121,887	26,278	2,098,165
<b>Total</b>	<b>\$33,740,000</b>	<b>\$26,180,512</b>	<b>\$7,233,481</b>	<b>\$67,153,993</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
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**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

*2009 Lease Revenue Refunding Bonds*

For the Years Ending June 30,	Fixed-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	
2011	\$405,000	\$5,017,800	\$486,136	\$5,908,936
2012	505,000	5,001,875	483,295	5,990,170
2013	525,000	4,982,538	480,301	5,987,839
2014	550,000	4,961,038	477,167	5,988,205
2015	575,000	4,938,538	473,890	5,987,428
2016-2020	9,920,000	23,582,340	2,208,188	35,710,528
2021-2025	12,995,000	20,701,933	1,876,120	35,573,053
2026-2030	17,580,000	16,380,626	1,434,290	35,394,916
2031-2035	26,435,000	10,040,228	827,707	37,302,935
2036-2038	20,305,000	1,839,022	115,108	22,259,130
<b>Total</b>	<b>\$89,795,000</b>	<b>\$97,445,938</b>	<b>\$8,862,202</b>	<b>\$196,103,140</b>

**Loans Payable**

Loans payable at June 30, 2010 consisted of the following:

Wells Fargo Loan	\$500,000
CalTrans Home Loans	686,308
CHFA Help Loans	2,917,155
HUD Section 108 Loans	6,357,000
<b>Total</b>	<u><u>\$10,460,463</u></u>

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

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

**City of Richmond**  
**Notes to Basic Financial Statements**  
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**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

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

For the Years Ending June 30,	Principal	Interest	Total
2011		\$7,500	\$7,500
2012		7,500	7,500
2013		7,500	7,500
2014		7,500	7,500
2015		7,500	7,500
2016-2017	\$500,000	15,000	515,000
<b>Total</b>	<b>\$500,000</b>	<b>\$52,500</b>	<b>\$552,500</b>

**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.

**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 2010 the interest accrued to principal totaled \$75,000.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**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
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	162,000	105,794	267,794
2016-2020	876,000	416,140	1,292,140
2021-2025	995,000	188,311	1,183,311
2026	215,000	5,697	220,697
<b>Total</b>	<b>\$2,857,000</b>	<b>\$1,199,387</b>	<b>\$4,056,387</b>

**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
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	190,000	72,240	262,240
2016-2020	1,100,000	278,640	1,378,640
2021-2025	1,360,000	117,132	1,477,132
2026	340,000		340,000
<b>Total</b>	<b>\$3,500,000</b>	<b>\$807,540</b>	<b>\$4,307,540</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**Capital Leases**

Capital leases payable at June 30, 2010 consisted of the following:

Municipal Finance Corporation - Viron	\$1,458,199
Sun Trust Leasing Corporation	5,078,111
<b>Total</b>	<u><u>\$6,536,310</u></u>

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

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

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

For the Years Ending June 30,	Principal	Interest	Total
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
<b>Total</b>	<u><u>\$1,458,199</u></u>	<u><u>\$108,160</u></u>	<u><u>\$1,566,359</u></u>

**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
2011	<u><u>\$578,982</u></u>	<u><u>\$19,045</u></u>	<u><u>\$598,027</u></u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**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
2011	\$812,189	\$180,478	\$992,667
2012	845,929	146,738	992,667
2013	881,073	111,593	992,666
2014	535,402	78,678	614,080
2015	558,481	55,600	614,081
2016-2018	866,055	57,320	923,375
<b>Total</b>	<b>\$4,499,129</b>	<b>\$630,407</b>	<b>\$5,129,536</b>

**B. Business-Type Activities**

The following is a summary of long-term debt of business-type activities during the fiscal year ended June 30, 2010:

	Balance July 01, 2009	Additions	Deletions	Balance June 30, 2010	Due Within One Year	Due in More than One Year
Bonds payable	\$45,138,214	\$49,783,455	(\$4,489,812)	\$90,431,857	\$1,325,000	\$89,106,857
Loans and leases payable	4,971,845		(470,113)	4,501,732	485,116	4,016,616
<b>Total</b>	<b>\$50,110,059</b>	<b>\$49,783,455</b>	<b>(\$4,959,925)</b>	<b>\$94,933,589</b>	<b>\$1,810,116</b>	<b>\$93,123,473</b>

Bonds payable at June 30, 2010 consisted of the following:

Wastewater Revenue Bonds Series 2006A	\$14,103,427
Wastewater Refunding Revenue Bonds 2008A	27,313,231
2009 Lease Revenue Bonds - Port Portion	2,578,822
2009A Point Potrero Lease Revenue Bonds	26,554,545
2009B Point Potrero Lease Revenue Bonds	19,881,832
<b>Total</b>	<b>\$90,431,857</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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**NOTE 8 - 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 defeased bonds were called during the fiscal year ended June 30, 2010. During the fiscal year ended June 30, 2009, the City issued \$33,015,000 of Wastewater Revenue Refunding Bonds, Series 2008A to refund the 2006B Bonds.

At June 30, 2010, the Bonds consisted of the following:

Bonds outstanding:	\$15,705,000
Unamortized deferred amount on refunding	(2,101,048)
Unamortized premium	499,475
<b>Net</b>	<u><u>\$14,103,427</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
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	1,090,000	491,625	1,581,625
2016-2020	6,295,000	1,620,675	7,915,675
2021-2023	4,440,000	298,038	4,738,038
<b>Total</b>	<u><u>\$15,705,000</u></u>	<u><u>\$4,875,739</u></u>	<u><u>\$20,580,739</u></u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

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

On October 17, 2008 the City issued Series 2008A Wastewater Revenue Refunding Bonds in the amount of \$33,015,000. The proceeds from the Bonds were used to refund the City’s 2006B Wastewater Revenue Bonds. The 2008A Bonds were issued as variable rate Bonds. The rate fluctuates according to the market conditions, but is capped at 12%. Along with the issuance, the City entered into an irrevocable, direct-pay letter of credit issued by Union Bank of California in order to remarket the bonds at lower interest rates. The Union Bank letter of credit is valid through October 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 3.735% at June 30, 2010.

At June 30, 2010, the Bonds consisted of the following:

Bonds outstanding	\$33,015,000
Unamortized discount	(202,541)
Unamortized deferred amount on refunding	(5,499,228)
<b>Net</b>	<u><u>\$27,313,231</u></u>

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

For the Years Ending June 30,	Principal	Interest	Total
2011	\$15,000	\$1,478,809	\$1,493,809
2012	15,000	1,478,643	1,493,643
2013	15,000	1,479,176	1,494,176
2014	15,000	1,478,267	1,493,267
2015	20,000	1,478,139	1,498,139
2016-2020	100,000	7,388,037	7,488,037
2021-2025	3,410,000	7,190,276	10,600,276
2026-2030	9,585,000	5,455,257	15,040,257
2031-2035	11,645,000	3,042,610	14,687,610
2036-2039	8,195,000	456,167	8,651,167
<b>Total</b>	<u><u>\$33,015,000</u></u>	<u><u>\$30,925,381</u></u>	<u><u>\$63,940,381</u></u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**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 \$84,521,120. The Municipal Sewer Enterprise Fund's principal and interest paid for the current year and total customer net revenues were \$2,614,365 and \$5,713,129 respectively.

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

On September 11, 2007 the Richmond Joint Powers Financing Authority issued Series 2007 Lease Revenue Bonds in the amount of \$101,420,000 as discussed in Note 8A above. A portion of the proceeds from the 2007 Bonds were used to refund the remaining \$3,865,000 principal amount of the 1996 Port Terminal Lease Revenue Bonds. The Series 2007 Bonds in the principal amount of \$97,790,000 were recorded as governmental activities debt, as discussed in Note 8A above, and \$3,630,000 were 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.

The 2007 Lease Revenue Bonds were originally issued as variable rate Bonds, however, the Authority entered into a 31-year interest rate swap agreement for the entire amount of the 2007 Lease Revenue Bonds. The 2007 Lease Revenue Bonds were refunded by the Series 2009 Lease Revenue Refunding Bonds, and the interest rate swap agreement was terminated as discussed below.

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

On November 10, 2009, the Authority issued Series 2009 Lease Revenue Refunding Bonds in the amount of \$89,795,000. The proceeds from the Bonds were used to refund all of the Authority's outstanding principal amount of its 2007 Lease Revenue Bonds. The Series 2009 Bonds in the principal amount \$87,121,545 have been recorded as governmental activities debt, and \$2,673,455 has been recorded as business-type activities in the Port of Richmond Enterprise Fund.

The Bonds bear interest rates that range from 3.50% to 5.875%. Principal payments are due annually on August 1 through 2017 and semi-annual interest payments are due August 1 and February 1 commencing on February 1, 2010.

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

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

At June 30, 2010, the Bonds consisted of the following:

Bonds outstanding:	\$2,673,455
Unamortized discount	(36,281)
Unamortized deferred amount on refunding	(58,352)
<b>Net</b>	<u><u>\$2,578,822</u></u>

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2011	\$405,000	\$107,638	\$512,638
2012	505,000	88,964	593,964
2013	525,000	66,770	591,770
2014	550,000	42,279	592,279
2015	575,000	16,654	591,654
2016-2017	113,455	2,269	115,724
<b>Total</b>	<u><u>\$2,673,455</u></u>	<u><u>\$324,574</u></u>	<u><u>\$2,998,029</u></u>

***Interest Rate Swap Agreements***

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

The City also entered into swap agreements associated with the 2007 Lease Revenue Bonds and the 2009 Lease Revenue Refunding Bonds, for which the terms and risks are disclosed in Note 8A above. Only disclosures related to the fair value of the 2007 Lease Revenue Bonds and 2009 Lease Revenue Refunding Bonds are included below.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

*Terms.* The terms, including the counterparty credit rating of the outstanding swap, as of June 30, 2010, are included below. The swap agreement contains scheduled reductions to the outstanding notional amount on an annual basis.

Outstanding Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's/Fitch)	Fixed Rate Paid	Variable Rate Received	Fair Value at June 30, 2010	Termination Date
\$32,260,000	11/23/2009	Royal Bank of Canada	AA-/A1/AA	3.897%	63.42% of USD-1 Month LIBOR plus 22 basis points	(\$7,479,160)	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; the outstanding notional amount of the swap is the basis on which the swap receipts and payments are calculated.

*Fair value.* Fair value of the swaps take into consideration the prevailing interest rate environment, the specific terms and conditions of each transaction and any upfront payments that may have been received. Fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swap. As of June 30, 2010, the fair value of the swaps were in favor of the counterparty.

As of June 30, 2010, the fair value for the each of the outstanding swaps were in favor of the respective counterparties. The fair value represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. The City has accounted for the change in fair value of each of the hedges as noted below:

	Changes in Fair Value		Fair Value at June 30, 2010	
	Classification	Amount	Classification	Amount
<b><i>Business-Type Activities</i></b>				
<b>Pay-Fixed, Receive-Variable</b>				
<i>2006B Wastewater Bonds</i>	Investment revenue	(\$2,950,182)	Investment	(\$7,479,160)
<i>2007 Lease Revenue Bonds</i>	Investment revenue	390,046	Investment	0
<b>Pay-Variable, Receive-Variable</b>				
<i>2009 Lease Revenue Refunding Bonds</i>	Investment revenue	(469,365)	Investment	(469,365)
<b>Pay-Variable, Receive-Fixed</b>				
<i>2007 Lease Revenue Bonds</i>	Investment revenue	(27,019)	Investment	0
<i>Totals</i>		<u>(\$3,056,520)</u>		<u>(\$7,948,525)</u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

Beginning net assets in the Municipal Sewer Enterprise Fund and the Port of Richmond Enterprise Fund have been restated in the amounts of \$4,528,978 and \$363,027, respectively, to reflect the implementation of the provisions of GASB Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments* that requires the recording of the fair value of investment hedges.

*Credit risk.* As of June 30, 2010, the City was not exposed to credit risk on the outstanding swap because the swap had a negative fair value. However, if *interest* rates increase and the fair value of the swap were to become positive, the City would be exposed to credit risk. The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

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

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

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

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

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

*Swap payments and associated debt.* Using rates as of June 30, 2010, 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	Total
	Principal	Interest	Swap, Net	
2011	\$15,000	\$364,216	\$1,114,593	1,493,809
2012	15,000	364,050	1,114,593	1,493,643
2013	15,000	364,583	1,114,593	1,494,176
2014	15,000	363,674	1,114,593	1,493,267
2015	20,000	363,546	1,114,593	1,498,139
2016-2020	100,000	1,815,072	5,572,965	7,488,037
2021-2025	3,410,000	1,786,954	5,403,322	10,600,276
2026-2030	9,585,000	1,405,099	4,050,158	15,040,257
2031-2035	11,645,000	829,318	2,213,292	14,687,610
2036-2039	8,195,000	171,127	285,040	8,651,167
<b>Total</b>	<b>\$33,015,000</b>	<b>\$7,827,639</b>	<b>\$23,097,742</b>	<b>\$63,940,381</b>

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

On July 13, 2009, the Authority issued Series 2009A and Series 2009B Point Potrero Lease Revenue Bonds in the amounts of \$26,830,000 and \$20,820,000, respectively. The proceeds from the Bonds 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 2025 for the Series 2009A and through 2020 for the Series 2009B Bonds.

At June 30, 2010 the Series 2009 A Bonds consisted of:

Bonds outstanding	\$26,830,000
Unamortized discount	(275,455)
<b>Net</b>	<b>\$26,554,545</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

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

For the Years Ending June 30,	Principal	Interest	Total
2011		\$1,676,875	\$1,676,875
2012		1,676,875	1,676,875
2013		1,676,875	1,676,875
2014		1,676,875	1,676,875
2015		1,676,875	1,676,875
2016-2020		8,384,375	8,384,375
2021-2025	\$26,830,000	4,948,125	31,778,125
<b>Total</b>	<b>\$26,830,000</b>	<b>\$21,716,875</b>	<b>\$48,546,875</b>

At June 30, 2010 the Series 2009 B Bonds consisted of:

Bonds outstanding	\$20,280,000
Unamortized discount	(398,168)
<b>Net</b>	<b>\$19,881,832</b>

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

For the Years Ending June 30,	Principal	Interest	Total
2011		\$1,605,465	\$1,605,465
2012		1,605,465	1,605,465
2013		1,605,465	1,605,465
2014	\$2,405,000	1,529,708	3,934,708
2015	2,450,000	1,374,325	3,824,325
2016-2020	15,425,000	3,443,863	18,868,863
<b>Total</b>	<b>\$20,280,000</b>	<b>\$11,164,291</b>	<b>\$31,444,291</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**Loans and Leases Payable**

Loans and leases payable at June 30, 2010, consisted of the following:

State Revolving Fund Loan Contract	\$1,297,856
California Department of Boating and Waterways	<u>3,203,876</u>
<b>Total</b>	<u><u>\$4,501,732</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			
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$422,475	\$38,936	\$461,411
2012	435,221	26,190	461,411
2013	440,160	13,205	453,365
<b>Total</b>	<u><u>\$1,297,856</u></u>	<u><u>\$78,331</u></u>	<u><u>\$1,376,187</u></u>

**California Department of Boating and Waterways**

The Agency has three loan agreements with the California Department of Boating and Waterways for total borrowings of \$9,427,000. Proceeds from the loans were used to finance marina construction projects. The loans bear interest at rates ranging from 4.5% to 7.9% and are due in annual installments through 2042. The total amount outstanding at June 30, 2010 was \$3,203,876.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

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

For the Years Ending June 30,	Principal	Interest	Total
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	74,700	132,115	206,815
2016-2020	427,052	607,024	1,034,076
2021-2025	532,184	501,891	1,034,075
2026-2030	663,198	370,877	1,034,075
2031-2035	694,591	213,369	907,960
2036-2040	532,588	76,613	609,201
2041-2043	11,575	1,055	12,630
<b>Total</b>	<u><u>\$3,203,876</u></u>	<u><u>\$2,462,216</u></u>	<u><u>\$5,666,092</u></u>

**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, 2010:

	Balance July 01, 2009	Deletions	Balance June 30, 2010	Due Within One Year	Due in More than One Year
Bonds payable	<u><u>\$32,918,540</u></u>	<u><u>(\$617,647)</u></u>	<u><u>\$32,300,893</u></u>	<u><u>\$700,000</u></u>	<u><u>\$31,600,893</u></u>

Bonds payable at June 30, 2010 consisted of the following:

RHA Properties Affordable Housing Agency Bonds Series 2003 A	\$20,800,000
JPFA Subordinate Multifamily Housing Revenue Bonds Series 2007	<u>11,500,893</u>
	<u><u>\$32,300,893</u></u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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**NOTE 8 - 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, 2010) 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
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	500,000	814,136	1,314,136
2016-2020	3,200,000	3,683,863	6,883,863
2021-2025	4,400,000	2,869,926	7,269,926
2026-2030	5,900,000	1,765,627	7,665,627
2031-2034	5,000,000	370,593	5,370,593
<b>Total</b>	<b>\$20,800,000</b>	<b>\$12,970,618</b>	<b>\$33,770,618</b>

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

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

On April 12, 2007, the Richmond Joint Powers Financing Authority issued \$12,540,000 of Subordinate Multifamily Housing Revenue Bonds (Westridge at Hilltop Apartments), Series 2007 to advance refund and defease \$11,345,000 of the Subordinate Multifamily Housing Revenue Bonds, 2003 Series A-S (Subordinated Bonds). The 2007 Series Subordinate Bonds bear interest from 3.850% to 5% per annum, payable semi-annually commencing June 15, 2007. Net proceeds 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	\$12,245,000
Deferred amount on refunding	<u>(744,107)</u>
<b>Net</b>	<b><u><u>\$11,500,893</u></u></b>

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
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	355,000	531,925	886,925
2016-2020	2,010,000	2,412,423	4,422,423
2021-2025	2,545,000	1,877,875	4,422,875
2026-2030	3,260,000	1,164,875	4,424,875
2031-2034	2,800,000	287,000	3,087,000
<b>Total</b>	<b><u><u>\$12,245,000</u></u></b>	<b><u><u>\$8,539,304</u></u></b>	<b><u><u>\$20,784,304</u></u></b>

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 \$54,514,922. The RHA properties principal and interest paid for the current fiscal year and total rental revenues were \$2,200,565 and \$2,963,668, respectively.

**City of Richmond**  
**Notes to Basic Financial Statements**  
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**NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)**

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

Special assessment districts have been established in various parts of the City to provide improvements to properties located in those districts. Properties in these districts are assessed for the cost of improvements; these assessments are payable solely by property owners over the term of the debt issued to finance these improvements. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties in these special assessment districts, nor is it obligated to advance City funds to repay these debts in the event of default by any of these districts. At June 30, 2010, the balances of these Districts' outstanding debt were as follows:

1999 JPFA Revenue Refunding Bonds, Series A, secured solely by revenues from Hilltop Area Development District F and Cutting Boulevard/Canal Boulevard	\$585,000
Richmond JPFA Reassessment Revenue Bonds, 2003 Series A, secured solely by revenues from Reassessment District 2003-1 (Atlas Interchange/Atlas Road West)	6,860,000
Harbor Navigation Improvement District	1,155,000
Community Facilities District No. 1998-1	3,660,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2006A (including Series 2006AT)	9,325,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2006B	1,845,000

**E. Conduit Debt**

The City has assisted private-sector entities by sponsoring their issuance of debt for purposes the City deems to be in the public interest. These debt issues are secured solely by the property financed by the debt. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties secured by these debts, nor is it obligated to advance City funds to repay these debts in the event of default by any of these issuers. At June 30, 2010, the balances of these issuers' outstanding debt were as follows:

Bridge Housing Acquisitions, Inc.	\$12,605,000
YMCA of the East Bay, 1996 Revenue Bonds	2,870,000
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**  
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**NOTE 9 - DEFERRED REVENUE AND UNEARNED REVENUE**

**Fund Financial Statements**

At June 30, 2010, the following deferred or unearned 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:

	Loans Receivable	Grants Receivable	Accounts Receivable	Interest on Interfund Advance	Prepaid Rent - Unearned	Park & Recreation Receivable - Unearned Rents	Total
General Fund	\$688,136		\$10,018,221	\$397,525		\$93,590	\$11,197,472
Redevelopment Agency Administration	2,644,838						2,644,838
Redevelopment Agency Administration Low/Mod Income Housing	15,545,452						15,545,452
Redevelopment Agency Projects	8,336,845	\$338,259					8,675,104
Civic Center Debt Service					\$3,718,208		3,718,208
Cost Recovery Special Revenue Fund		2,480,000					2,480,000
Non-Major Governmental Funds	8,403,782	2,140,180					10,543,962
Internal Service Funds					4,099,521		4,099,521
<b>Total</b>	<u>\$35,619,053</u>	<u>\$4,958,439</u>	<u>\$10,018,221</u>	<u>\$397,525</u>	<u>\$7,817,729</u>	<u>\$93,590</u>	<u>\$58,904,557</u>

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

**A. 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.

**B. 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**  
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**NOTE 10 - FUND BALANCES AND NET ASSETS (Continued)**

**C. Fund Reservations and Designations**

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

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, 2010**

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

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

At June 30, 2010, the following funds had deficit fund balance or deficit net assets, which will be eliminated by future services revenues:

Major Funds:	
Civic Center Debt Service	\$3,133,142
Cost Recovery Special Revenue Fund	9,367,283
Port of Richmond Enterprise Fund	1,232,048
Non Major Funds:	
Paratransit Operations Special Revenue Fund	640,413
Developer Impact Fees Special Revenue Fund	513,752
Internal Service Funds:	
Facilities Maintenance	3,309,799

**E. Restatements**

The Redevelopment Agency contributed \$22 million to the City's Civic Center Project in fiscal year 2008. Separate from that contribution, the Agency and the City entered into an agreement that allocated a portion of the contribution to prepaid rent for the Agency's portion of the City Hall complex for 30 years in the amount of \$7,974,345. The City accounts for the City Hall rental activities in the Civic Center Debt Service Fund and the Facilities Maintenance Internal Service Fund, but the prepaid rent had not been recorded in the Redevelopment Agency Administration Special Revenue Fund and deferred and unearned revenue had not been recorded in the Civic Center Debt Service Fund or the Facilities Maintenance Internal Service Fund. With the completion of the City Hall project at the end of fiscal year 2009, the lease commenced July 1, 2009. Therefore, the beginning fund balance of the Redevelopment Agency Administration Special Revenue Fund has been increased by \$7,974,346 and beginning fund balance of the Civic Center Debt Service Fund has been decreased by \$3,812,178 and the beginning net assets of the Facilities Maintenance Internal Service Fund has been decreased by \$4,162,168.

In addition the City made the restatements discussed in Note 8A and Note 8B above.

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

**A. Plan Description and Provisions**

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

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**B. 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 11.470% and 17.571% of annual covered payroll for miscellaneous and safety employees, respectively. Total employer contributions based on the actuarially determined rates amounted to \$10,130,432 for the year ended June 30, 2010.

**Annual Pension Cost and Net Pension Asset**

For 2009-2010, the City's annual pension cost of \$12,741,211 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, 2010, were 31 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>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Prepaid Pension Obligation</u>
6/30/2008	\$6,086,347	76%	\$62,354,249
6/30/2009	6,464,293	77%	60,876,710
6/30/2010	7,066,434	78%	59,351,151

***Miscellaneous Plan:***

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Prepaid Pension Obligation</u>
6/30/2008	\$5,690,141	82%	\$44,356,270
6/30/2009	5,483,856	81%	43,305,209
6/30/2010	5,674,777	81%	42,219,989

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

The City prepaid its pension contributions with proceeds from the 2005 Pension Obligation Bonds (See Note 8). These prepaid contributions are reflected in the accompanying financial statements as Net Pension Asset which amounted to \$101,571,140 at June 30, 2010. During fiscal 2010, the amortization of the prepayment increased the actuarially required contributions by \$2,610,779 to arrive at Annual Pension Costs of \$12,741,211 as shown below for each Plan:

	<u>Safety</u>	<u>Miscellaneous</u>	<u>Total</u>
Annual required contribution	\$5,540,875	\$4,589,557	\$10,130,432
Interest on net pension obligation	(4,717,945)	(3,356,154)	(8,074,099)
Adjustment to annual required contribution	6,243,504	4,441,374	10,684,878
Annual pension cost	7,066,434	5,674,777	12,741,211
Contributions made	<u>(5,540,875)</u>	<u>(4,589,557)</u>	<u>(10,130,432)</u>
(Decrease) increase in net pension obligations	1,525,559	1,085,220	2,610,779
Net pension obligation (asset) June 30, 2009	<u>(60,876,710)</u>	<u>(43,305,209)</u>	<u>(104,181,919)</u>
<b>Net pension obligation (asset) June 30, 2010</b>	<u><u>(\$59,351,151)</u></u>	<u><u>(\$42,219,989)</u></u>	<u><u>(\$101,571,140)</u></u>

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

**Safety Plan:**

Actuarial						
Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
06/30/06	\$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, 2010**

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**NOTE 12 – OTHER CITY PENSION PLANS**

**A. Plan Descriptions and Funding Policies**

The City maintains three, single-employer pension plans, which are funded entirely by City contributions. These are the General Pension Plan, Police and Firemen’s Pension Plan, and Garfield Pension Plan (collectively, the “Plans”). The General Pension Plan, a defined benefit pension plan, covering 28 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 75 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.

**B. Pension Plan Assets**

At June 30, 2010 the pension plans’ reported assets available for benefits of \$23,201,064. The composition of these assets at June 30, 2010 is shown below. For actuarial purposes, the value of the Plans’ assets was determined to be fair value.

City of Richmond Investment Pool	\$5,217,984
Local Agency Investment Fund	189,024
Wellington Trust Company Fund	<u>17,794,056</u>
Assets available for benefits at June 30, 2010	<u><u>\$23,201,064</u></u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
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**NOTE 12 – OTHER CITY PENSION PLANS (Continued)**

**C. Actuarially Determined Required Contributions**

**General Pension Plan** – As of July 1, 2009, the date of the most recent actuarial valuation available, the actuarial present value of pension benefits under the Plan was \$5,916,052 and the assets of the Plan at fair value were \$1,770,210 resulting in an unfunded actuarial liability of \$4,145,842. 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, 2010 was \$4,600,000. Pension benefits for the 2009/2010 fiscal year were \$4,545,417. The actuarial present value of future pension liabilities under the Plan at July 1, 2009 the date of the most recent actuarial valuation, was approximately \$40,786,586, representing principally prior service costs. Assets of the Plan were \$18,850,504 resulting in an unfunded actuarial liability of \$21,936,082. Actuarial assumptions included an assumed rate of return of 6.0%. 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, 2009, the date of the most recent actuarial valuation available, the actuarial present value of pension benefits under the Plan was \$893,734 and the assets of the Plan at fair value were \$336,274 resulting in an unfunded actuarial liability of \$557,460. In computing the actuarial valuation, Plan assets were assumed to yield a 4.5% return and benefit payments were assumed to increase 3.5% annually. Assumptions for retirement age, disability, withdrawal, and salary increases were not meaningful as the only participant had retired. The required contribution was determined by using the entry age normal actuarial cost method.

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

Fiscal Year	General Pension Plan			Police and Firemen's Pension Plan		
	Annual Required Contribution	Amount Contributed	Percent Contributed	Annual Required Contribution	Amount Contributed	Percent Contributed
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%
2009/10	486,092	486,092	100%	2,477,902	4,600,000	186%

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

Fiscal Year	Garfield Pension Plan		
	Annual	Amount	Percent
	Required Contribution	Contributed	Contributed
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%
2009/10	76,692	76,692	100%

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

**D. Significant Accounting Policies**

City contributions for all plans are recognized when due and the City has made a formal commitment to provide contributions. Benefit payments and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative costs for all plans, except the investment management fees of the Police and Fireman’s Pension Plan, are paid by the City’s General Fund. The investment management fees are financed through investment earnings. Assets are valued at fair value based on available market information obtained from independent sources.

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

The net pension liability (asset) was determined in accordance with the provisions of GASB Statement No. 27 and represents contributions in excess of actuarially required contributions (net pension asset), or actuarially required contributions in excess of actual contributions (net pension obligation or liability). At June 30, 2010, the Police and Firemen’s Pension Plan and the General Pension Plan had net pension assets of \$7,088,632 and \$1,556,770, respectively. At June 30, 2010, the Garfield Pension Plan had a net pension liability of \$158,063. 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, 2010, were thirteen, eleven, and seven 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**  
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**NOTE 12 – OTHER CITY PENSION PLANS (Continued)**

The Plans' annual pension cost and net pension obligation for Fiscal 2009-2010 were as follows:

	<b>Police and Firemen's Plan</b>	<b>General Pension Plan</b>	<b>Garfield Pension Plan</b>
Annual required contribution	\$2,477,902	\$486,092	\$76,692
Interest on net pension obligation	(314,656)	(75,034)	7,864
Adjustment to annual required contribution	397,287	195,503	(24,043)
Annual pension cost	2,560,533	606,561	60,513
Contributions made	(4,600,000)	(486,092)	(76,692)
(Decrease) increase in net pension obligations	(2,039,467)	120,469	(16,179)
Net pension obligation (asset) June 30, 2009	(5,049,165)	(1,677,239)	174,242
<b>Net pension obligation (asset) June 30, 2010</b>	<b>(\$7,088,632)</b>	<b>(\$1,556,770)</b>	<b>\$158,063</b>

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

<b>Fiscal Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
<b>Police and Fireman's Plan</b>			
June 30, 2008	\$2,184,062	229%	(\$2,433,227)
June 30, 2009	2,184,062	229%	(5,049,165)
June 30, 2010	2,560,533	180%	(7,088,632)
<b>General Pension Plan</b>			
June 30, 2008	418,265	74%	(\$1,787,556)
June 30, 2009	418,265	74%	(1,677,239)
June 30, 2010	606,561	80%	(1,556,770)
<b>Garfield Pension Plan</b>			
June 30, 2008	55,631	130%	\$191,095
June 30, 2009	55,631	130%	174,242
June 30, 2010	60,513	127%	158,063

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**F. Funding Progress**

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

***Police and Firemen's Plan:***

Actuarial						
Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
July 1, 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
July 1, 2008	N/A ( C )	22,117,407	N/A ( C )	N/A ( C )	(A)	N/A
July 1, 2009	40,786,586	18,850,504	21,936,082	46%	(A)	N/A

***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, 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
July 1, 2008	N/A ( C )	2,114,326	N/A ( C )	N/A ( C )	(B)	N/A
July 1, 2009	5,916,052	1,770,210	4,145,842	30%	(B)	N/A

***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, 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
July 1, 2008	N/A ( C )	334,456	N/A ( C )	N/A ( C )	(B)	N/A
July 1, 2009	893,734	336,274	557,460	38%	(A)	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, 2010**

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

**G. Plan Financial Statements**

The Statement of Net Assets for the Plans at June 30, 2010 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	\$1,517,352	\$3,553,477	\$147,155
Local Agency Investment Fund			189,024
Mutual Fund Investments		17,794,056	
Accounts receivable	22,462		
Interest receivable	347	198	282
	<u>1,540,161</u>	<u>21,347,731</u>	<u>336,461</u>
Total Assets			
NET ASSETS			
Held in trust for employees' pension benefits	<u>\$1,540,161</u>	<u>\$21,347,731</u>	<u>\$336,461</u>

The Statement of Changes in Plan Net Assets for the year ended June 30, 2010 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	\$2,111	\$1,705,099	
Interest income	39,059	840,194	\$3,859
Investment management fees		(102,649)	140
Contribution from the City	486,092		76,692
Contribution from Pension Reserve		4,600,000	
	<u>527,262</u>	<u>7,042,644</u>	<u>80,691</u>
Total Additions			
DEDUCTIONS			
Pension benefits	<u>757,311</u>	<u>4,545,417</u>	<u>80,504</u>
Total Deductions	<u>757,311</u>	<u>4,545,417</u>	<u>80,504</u>
Net Increase (Decrease)	(230,049)	2,497,227	187
NET ASSETS			
Beginning of year	<u>1,770,210</u>	<u>18,850,504</u>	<u>336,274</u>
End of year	<u>\$1,540,161</u>	<u>\$21,347,731</u>	<u>\$336,461</u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS**

**A. Plan Provisions**

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

<b>Plan Provisions for Future Retirees</b>		
<b>Classification</b>	<b>Eligibility (Age/Service)</b>	<b>Monthly Premium Paid by City Before/After Medicare Eligibility</b>
SEIU Local 1021	Service Retirement: 50/20, 51/18, 52/16, 53/14, 54/12, 55/10 Disability Retirement: any age/10	Retiree only or surviving spouse: \$414/\$414 Retiree +1 or more: \$540/\$540 On 1/1/10, rates changed to \$435 & \$567 respectively
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 \$750 per month, including dental and vision. Percentage is 50%, increased to 90% after 15 years of service, and 100% after 25 years of service
Police Widows	Death in line of duty	Full premium
Police Management and Police Executive Management	50/20, 51/18, 52/16, 53/14, 54/12, 55/10	Percentage of premium for retiree/dependents/surviving spouse up to Kaiser (1) (Pre Medicare) and 2nd highest premium plan (post Medicare). Percentage is 65%, increased to 75% after 20 years of service, and 100% after 25 years of service

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

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

<b>Plan Provisions for Current Retirees</b>		
<b>Classification</b>	<b>Subgroup</b>	<b>Monthly Premium Reimbursement Before/After Medicare Eligibility</b>
SEIU Local 1021	Retired July 1, 2007 or later	Retiree only or surviving spouse: \$414/\$414 Retiree +1 or more: \$540/\$540 On 1/1/10, rates changed to \$435 & \$567 respectively
	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)	Retire on or after 7/1/2008	Same as future retirees
	Retired between 7/1/2004 and 6/30/2008	Same as future retirees Reimbursement capped at \$614
	Retired between 7/1/1997 and 6/30/2004	Same as future retirees Reimbursement capped at \$550
	Retired between 7/1/1994 and 6/30/1997	Percentage of premium for retiree/dependents/surviving spouse including dental and vision. Percentage is 65%, increased to 75% after 20 years of service, and 100% after 27 years of service Reimbursement allowed towards dental and vision
	Retired before 7/1/1994	Percentage of premium for retiree/dependents/surviving spouse including dental and vision. Percentage is 65%, increased to 75% after 20 years of service, and 100% after 27 years of service Reimbursement capped at \$210 for single coverage and \$300 for 2-party coverage Reimbursement allowed towards dental and vision
Police Management and Police Executive Management	Retired on or after 7/1/2008	Same as future retirees
	Retired between 1/1/1995 and 6/30/2008	Percentage of premium for retiree/dependents/surviving spouse. Percentage is 65%, increased to 75% after 20 years of service, and 100% after 27 years of service. Retired after 1/1/2007 - Reimbursement capped at Kaiser premium for pre-Medicare and 2nd highest premium plan for post-Medicare for coverage selected Retired before 1/1/2007 - Reimbursement capped at 2nd highest premium plan for coverage selected Reimbursement allowed towards non-PERS plans Waived retirees allowed to opt back into PERS plan
	Retired before 1/1/1995	Single: \$120/\$85 2-Party: \$220/\$170

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**B. Funding Policy and Actuarial Assumptions**

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

The City's policy is to partially prefund these benefits by accumulating assets with PARS discussed above along with making pay-as-you-go payments pursuant to Resolution No. 52-06 of June 27, 2006. The annual required contribution (ARC) was determined as part of a July 1, 2009 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.25% investment rate of return, (b) 3.25% projected annual salary increase, and (c) health care cost trend rates of 5.00-9.30% for medical and 4.25% for dental. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period on a closed basis.

**C. Funding Progress and Funded Status**

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2010, the City contributed \$2,477,428 to the Plan for pay-as-you-go premiums, which represented 3.5% of the \$69,788,000 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	\$6,841,000
Interest on net OPEB obligation	(249,000)
Adjustment to annual required contribution	183,000
Annual OPEB cost	<u>6,775,000</u>
Contributions made	<u>(2,477,428)</u>
Change in net OPEB asset	4,297,572
Net OPEB obligation (asset) June 30, 2009	<u>(4,605,272)</u>
<b>Net OPEB obligation (asset) June 30, 2010</b>	<u><u>(\$307,700)</u></u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated July 1, 2009, amounted to \$82,883,000.

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

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2008	\$3,709,303	\$5,906,179	159%	(\$2,196,876)
6/30/2009	3,664,053	6,072,449	166%	(4,605,272)
6/30/2010	6,775,000	2,477,428	37%	(307,700)

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

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

**NOTE 14 – DEFERRED COMPENSATION PLAN**

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

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

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

**NOTE 15 - RISK MANAGEMENT**

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

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

Type of Coverage	Self-Insurance / Deductible	Coverage Limit	Insurance Carrier
Difference in Conditions	10% pre-1970, 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	National Union Fire Insurance Company of Pittsburgh, PA
Property	\$5,000 per claim	\$1,000,000,000 in excess of deductible	Lexington
Boiler and Machinery	\$5,000 per claim	\$100,000,000 in excess of deductible	Lexington
General Liability (Special Events Program)	\$1,000,000 per occurrence	\$2,000,000	Evanston Insurance

**CJPRMA**

The CJPRMA provides coverage against the following types of loss risks under the terms of a joint-powers agreement with the City as follows:

Type of Coverage (Deductible)	Coverage Limits
Liability (\$500,000)	\$40,000,000

Once the City's self-insured retention for general liability claims is met, CJPRMA becomes responsible for payment of all claims up to the limit. The City paid premiums of \$762,353 for the year ended June 30, 2010. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements for the CJPRMA are available from CJPRMA, 3252 Constitution Drive, Livermore, CA 94551.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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

**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 \$189,419 for the year ended June 30, 2010. 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 City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims is based on case reserves and include amounts for claims incurred but not reported (IBNR), and is recorded in the Insurance Reserves Internal Service Fund. At June 30, 2010, the estimated claims payable of \$23,880,210, 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 \$22,624,641, at June 30, 2010. Changes in the claims liabilities for the years ended June 30, 2010 and 2009 were as follows:

	<u>2010</u>	<u>2009</u>
Claims liabilities, beginning of year	\$22,401,000	\$20,264,000
Current year claims	3,371,123	3,328,035
Change in prior year claims	1,195,619	7,172,531
Claim payments	(2,553,183)	(4,850,265)
Legal, administrative and other expenses	<u>(4,955,045)</u>	<u>(3,513,301)</u>
<b>Claims liabilities, end of year</b>	<u><u>\$19,459,514</u></u>	<u><u>\$22,401,000</u></u>
<b>Claims liabilities, due in one year</b>	<u><u>\$4,420,696</u></u>	<u><u>\$9,918,000</u></u>

For the years ended June 30, 2010, 2009 and 2008 the amount of settlements did not exceed insurance coverage.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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**NOTE 16 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

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

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

Fiscal 2010 condensed financial information for the Richmond Marina Enterprise Fund is as follows:

**Condensed Statement of Net Assets**

Assets:	
Current assets	\$4,346,424
Capital assets	2,125,478
Total assets	<u>6,471,902</u>
Liabilities:	
Current liabilities	194,801
Long-term liabilities	3,141,235
Total liabilities	<u>3,336,036</u>
Net assets:	
Invested in capital assets, net of debt	(1,078,398)
Unrestricted	4,214,264
Total net assets	<u><u>\$3,135,866</u></u>

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

Operating revenues:	
Lease income	\$417,679
Depreciation expense	(88,457)
Operating income	<u>329,222</u>
Nonoperating revenues (expenses):	
Interest income	120,234
Interest expense	(144,398)
Change in net assets	305,058
Beginning net assets	2,830,808
Ending net assets	<u><u>\$3,135,866</u></u>

**Condensed Statement of Cash Flows**

Net cash provided (used) by:	
Operating activities	\$425,085
Capital and related financing activities	(206,815)
Investing activities	121,267
Net increase	339,537
Beginning cash and investments	3,953,353
Ending cash and investments	<u><u>\$4,292,890</u></u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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**NOTE 17 - COMMITMENTS AND CONTINGENCIES**

**Commitments**

The Police Department occupies leased premises owned by DiCon Fiberoptics, Inc. The City currently has a three year lease which expired on December 31, 2009, with an option to renew for five (5) one year periods until December 31, 2014. The lease calls for minimum monthly lease payments of \$94,800.

The City's future commitments under construction projects totaled approximately \$42,979,458 at June 30, 2010 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.

**Grant Programs**

The City participates in several federal and State grant programs. These programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, except as noted under Housing Authority-Disallowed Costs below.

**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. The balance outstanding as of June 30, 2010 is \$8,289,189.

**City of Richmond**  
**Notes to Basic Financial Statements**  
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**NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)**

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.

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.

Due to the City Council's recent action to not allow the Authority to retain the Fire Training site originally anticipated for phase III of the project, the third phase is being revised to include the Authority's Nystrom Village and Hacienda Public Housing sites. This will include the demolition and reconstruction of the 252 rental units presently existing at the two sites. As the proposal and conceptual plans are being developed, the final financial and construction plans are not determined at this time

**Housing Authority – Disallowed Costs**

During fiscal 2009-10, the Office of Inspector General (OIG) from the Department of Housing and Urban Development (HUD), conducted an extensive audit of the Authority's procurement activities. In its report, OIG listed twenty four findings covering procurement activities performed over a ten year period, applicable to three programs and disallowed costs approximating \$2.5 million. Staff and a consultant prepared responses to the findings, including assembling and providing additional documentation to HUD as well as performing numerous corrective actions and meeting to negotiate a settlement with HUD.

On November 19, 2010, staff and the HUD San Francisco Field Office Director met to discuss the matter further and resolve HUD's remaining concerns. As of that date, HUD agreed to recommend to OIG that cost disallowances totaling \$605,866 be waived and cost disallowances totaling \$548,575 be repaid. HUD requested additional documentation for the remaining findings and remaining cost disallowances included in the OIG audit and has stated that ultimate resolution is conditioned upon the Authority successfully following through with HUD's request for additional data and completing certain corrective actions. However, OIG has not issued a final report to formally close these matters. A final payment plan and the final disallowance amount has not been formally communicated by OIG. Management believes that the amount agreed to by HUD for repayment of \$548,575 is the best estimate of the final disallowance amount and has recorded a liability in the accompanying financial statements.

**Point Molate – Pollution Remediation**

In September 2008, the City entered into an Early Transfer Cooperative Agreement (ETCA) with the United States Department of the Navy the (Navy) to facilitate the transfer of 41 acres of property that was formerly the Naval Fuel Depot Point Molate (Point Molate). The ETCA identifies certain known pollution issues with the property, and the Navy is the responsible party. However, under the provisions of the ETCA, the Navy advanced \$28 million to the City representing the estimated cost of cleanup, and the City committed to manage the project. Any pollution found that was not caused by the Navy's use of the land is to be paid by the City, however, as of June 30, 2010, no additional pollution has been identified.

**City of Richmond**  
**Notes to Basic Financial Statements**  
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**NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)**

The City also entered into an agreement in September 2008 with a Developer to sell approximately 134 acres of land located at Point Molate along with the 41 acres of which the Navy is to transfer to the City. The Developer is to complete the cleanup on behalf of the City in accordance with the requirements of the ETCA. The City committed to pass-through the funds received from the Navy to the Developer.

In April 2010, the City and Developer entered into an agreement to establish a fiscal agent escrow account to maintain the funds held for the remediation of Point Molate. The funds advanced by the Navy are to be held in escrow with a fiscal agent and the agent is responsible for disbursing funds to the Developer as costs are incurred. The terms of the agreement are effective until a certificate of completion is issued for the remediation of the property.

Under the terms of the agreements with the Navy and the Developer, the City does not retain responsibility for the cleanup of the known pollution. The City is merely acting as a pass-thru of the grant funds from the Navy to the Developer.

**Mira Flores – Pollution Remediation**

The City through the Redevelopment Agency intends to undertake a known pollution remediation project at the proposed Miraflores Housing Development site. The Agency plans to clean up the 14 acre former flower nursery site located at South 45<sup>th</sup> Street and Wall Avenue, to provide for future residential and open space land uses. The property is currently owned by the Redevelopment Agency and final remediation costs and the method of remediation will be determined in fiscal year 2011 and fiscal year 2012.

**Other – Major Property Taxpayer**

In fiscal year 2007, a major property taxpayer filed an appeal with Contra Costa County challenging the assessed valuation of their property, and in June 2010 the Contra Costa Assessment Appeals Board ruled that the County Assessor over-valued the property from fiscal years 2005 to 2007, and awarded the property taxpayer a refund of \$17.8 million. The County will make the payment to the property taxpayer by withholding the payment in two installments from fiscal year 2011 and fiscal year 2012 property tax payments. The City's share of the settlement is a total of \$2.3 million. The City's property tax payments will be reduced in each of the next two fiscal years in the amounts of \$759,000 in fiscal year 2011 and \$1,541,000 in fiscal year 2012, however the City has recorded the entire amount as a liability in the Statement of Net Assets as of June 30, 2010.

The property taxpayer has filed an additional appeal with the California Superior Court to challenge the ruling of the Contra Costa Assessment Appeals Board and has also filed an appeal for the assessed valuations for fiscal years 2008 through 2010, however the final ruling has not been completed and the impacts, if any, on City property tax revenues could not be determined.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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**NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)**

In fiscal year 2009, a major business license taxpayer filed a complaint challenging the legality of Measure T, a voter initiative that took effect on January 1, 2009. Measure T amended the City's business license tax calculation for manufacturers. Although the City believed Measure T to be lawful, the court ruled on December 17, 2009 that the tax was unconstitutional. The court ruled in favor of the business license taxpayer awarding a refund of the \$20.5 million Measure T taxes paid. The City filed an appeal, however, in May 2010 the taxpayer and the City entered into a settlement agreement in order to achieve certainty in the tax revenue that the City will receive from the taxpayer over the next 15 years. The agreement provides for annual payments ranging from \$4 million to \$13 million starting July 1, 2011, with payments totaling \$114 million. In addition, the agreement incorporated the prior settlement of a dispute over fiscal year 2006, 2007 and 2008 utility users taxes totaling \$28 million that are to be paid in four installments beginning in fiscal year 2009. Payments totaling \$5,000,000 were received under the settlement agreements in fiscal year 2010, and the City has recorded a receivable of \$10,000,000 for the remaining amount of the utility users taxes portion of the settlement agreement as of June 30, 2010.

**NOTE 18 - TAX INCREMENT SHIFT TO SUPPLEMENTAL EDUCATIONAL REVENUE  
AUGMENTATION FUND (SERAF)**

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 determines each agency's SERAF payment by November 15 of each year, and payments are due by May 10 of the applicable year. While the Agency can use any legally available funds to make the SERAF payments, the obligation to make the SERAF payment is subordinate to obligations to repay bonds.

The Agency's obligation due May 10, 2010 was \$10,118,826, but the Agency did not make the payment. In compliance with Health and Safety Code Section 33691, the Agency made findings that the tax increment allocated to the Agency was necessary for the payments on existing indebtedness, the Agency has no other funds that can be used to pay this existing indebtedness, the Agency has no other funds to make the Agency's SERAF payment, the Agency has agreements that would be impaired if the Agency reduced the amount allocated to the Low and Moderate Income Housing Fund, and the City does not have resources available to assist the Agency with the SERAF payment. As a result of the non-payment, the Agency may not encumber or expend funds other than to pay pre-existing indebtedness and contractual obligations as specified in the Code, may not add or expand its project areas, may not issue debt, and must reduce administrative expenditures beginning July 1, 2010 to 75% of fiscal year 2010 total administrative expenditures. These sanctions continue until the Agency makes the SERAF payment. In addition, beginning July 1, 2010 the Agency must allocate an additional 5% of all property taxes received to the Low and Moderate Income Housing Fund. This sanction continues as long as the Agency receives property taxes and is not repealed when the SERAF payment is made. The Agency has accounted for the liability as a current liability in the Redevelopment Agency Administration Fund as of June 30, 2010.

Based on the calculations in AB26 4X, the Agency's SERAF payment is estimated to be \$2,081,255 in fiscal year 2010-11.

The requirement to make the SERAF payment was been challenged in court by an action filed by the California Redevelopment Association (CRA) and the SERAF was declared to be valid and enforceable by a judgment of the Sacramento County Superior court on May 4, 2010. The CRA has appealed the decision. It is anticipated that the Court of Appeal will render its decision before the May 10, 2011 SERAF payment is due.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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**NOTE 19 – PROPOSITION 1A BORROWING BY THE STATE OF CALIFORNIA AND SECURITIZATION**

Under the provisions of Proposition 1A and as part of the fiscal year 2009-10 budget package passed by the California State legislature on July 28, 2009, the State of California borrowed 8% of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fees, triple flip in lieu sales taxes, and supplemental property taxes, apportioned to the City. The State is required to repay the \$3,637,694 it borrowed from the City, plus interest, by June 30, 2013.

Authorized with the 2009-10 State budget package was the Proposition 1A Securitization Program (Program), administered by the California Statewide Communities Development Authority (California Communities), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities. Under the Program, the participating cities receive cash equal to their share of State borrowings and forgo interest they otherwise would have received from the State on the unpaid borrowings. The City is a participant in the Program.

California Communities simultaneously purchased the Proposition 1A receivables from the City and other participants, and issued bonds to provide participants with proceeds to be remitted in two equal installments due on January 15, 2010 and May 3, 2010. All costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. As of June 30, 2010, the City received both installments due under the Program and recorded them as property taxes in the same manner as if the State had not exercised its rights under Proposition 1A. Since sales proceeds to the City equal the book value of State borrowings no gain or loss was incurred.

**NOTE 20 - SUBSEQUENT EVENTS**

**Tax and Revenue Anticipation Notes, Series 2010-2011**

On July 8, 2010, the City issued Series 2010-2011 Tax and Revenue Anticipation Note in the amount of \$10,850,000. 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, 2011. The Note bears an interest rate of 2.00%. Principal and accrued interest on the Note is payable when the Note matures on July 14, 2011.

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

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

**City of Richmond**  
**Notes to Basic Financial Statements**  
**June 30, 2010**

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**NOTE 20 - SUBSEQUENT EVENTS (Continued)**

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

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**City of Richmond**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2010**

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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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property tax-current collections	\$36,851,138	\$31,816,829	\$29,746,915	(\$2,069,914)
Sales tax	29,463,739	24,163,338	25,000,182	836,844
Utility user fees	39,935,044	39,035,044	40,298,719	1,263,675
Other taxes	8,379,575	7,585,215	6,092,050	(1,493,165)
Licenses, permits and fees	4,001,170	1,303,769	2,635,258	1,331,489
Fines, forfeitures and penalties	303,623	303,623	245,099	(58,524)
Use of money and property	1,073,750	300,000	352,132	52,132
Intergovernmental	4,218,762	2,923,302	1,580,801	(1,342,501)
Charges for services	7,736,908	3,442,466	3,462,912	20,446
Rent	669,705	669,705	746,217	76,512
Other	8,881,704	7,647,508	2,527,264	(5,120,244)
<b>Total Revenues</b>	<b>141,515,118</b>	<b>119,190,799</b>	<b>112,687,549</b>	<b>(6,503,250)</b>
<b>EXPENDITURES:</b>				
Current				
General government	18,339,826	9,317,232	7,291,519	2,025,713
Public safety	91,523,455	90,073,506	87,548,895	2,524,611
Public works	16,433,420	14,310,460	13,355,265	955,195
Cultural and recreational	14,410,404	14,364,554	13,735,412	629,142
Capital outlay	34,000	19,841	5,958	13,883
Debt Service:				
Principal	430,469	448,155	446,191	1,964
Interest and fiscal charges	77,539	99,636	570,804	(471,168)
<b>Total Expenditures</b>	<b>141,249,113</b>	<b>128,633,384</b>	<b>122,954,044</b>	<b>5,679,340</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>266,005</b>	<b>(9,442,585)</b>	<b>(10,266,495)</b>	<b>(823,910)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond premium			214,846	214,846
Proceeds from sale of property	25,000			
Transfers in	2,479,403	7,089,804	8,952,371	1,862,567
Transfers (out)	(2,770,408)	(4,079,458)	(5,231,987)	(1,152,529)
<b>Total other financing sources (uses)</b>	<b>(266,005)</b>	<b>3,010,346</b>	<b>3,935,230</b>	<b>924,884</b>
<b>NET CHANGE IN FUND BALANCE</b>		<b>(6,432,239)</b>	<b>(6,331,265)</b>	<b>100,974</b>
Fund balance, July 1	45,537,678	45,537,678	45,537,678	
Fund balance, June 30	<u>\$45,537,678</u>	<u>\$39,105,439</u>	<u>\$39,206,413</u>	<u>\$100,974</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, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses, permits and fees			\$222,459	\$222,459
Use of money and property			95,101	95,101
Intergovernmental			169,842	169,842
Other			291,909	291,909
			<u>779,311</u>	<u>779,311</u>
Total Revenues			<u>779,311</u>	<u>779,311</u>
EXPENDITURES				
Current:				
Housing and redevelopment	\$6,656,325	\$6,812,425	4,830,073	1,982,352
SERAF			10,118,826	(10,118,826)
Debt service:				
Principal	810,000	810,000	810,000	
Interest and fiscal charges	1,472,834	1,472,834	1,478,454	(5,620)
			<u>17,237,353</u>	<u>(8,142,094)</u>
Total Expenditures	<u>8,939,159</u>	<u>9,095,259</u>	<u>17,237,353</u>	<u>(8,142,094)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,939,159)</u>	<u>(9,095,259)</u>	<u>(16,458,042)</u>	<u>(7,362,783)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,925,529	8,281,099	5,693,403	(2,587,696)
Transfers (out)	(464,116)		(144,589)	(144,589)
			<u>5,548,814</u>	<u>(2,732,285)</u>
Total other financing sources (uses)	<u>10,461,413</u>	<u>8,281,099</u>	<u>5,548,814</u>	<u>(2,732,285)</u>
NET CHANGE IN FUND BALANCE	1,522,254	(814,160)	(10,909,228)	(10,095,068)
Fund balance, July 1, as restated	<u>13,910,405</u>	<u>13,910,405</u>	<u>13,910,405</u>	
Fund balance, June 30	<u>\$15,432,659</u>	<u>\$13,096,245</u>	<u>\$3,001,177</u>	<u>(\$10,095,068)</u>

CITY OF RICHMOND  
 COST RECOVERY SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses, permits and fees	\$9,427,063	\$3,020,586	\$3,948,780	\$928,194
Fines, forfeitures and penalties	383,800	383,800	210,599	(173,201)
Use of money and property			(119,732)	(119,732)
Intergovernmental	100,000	6,180,000	3,433,497	(2,746,503)
Charges for services	2,083,354	2,285,214	1,012,232	(1,272,982)
Other	16,278		11,570	11,570
<b>Total Revenues</b>	<b>12,010,495</b>	<b>11,869,600</b>	<b>8,496,946</b>	<b>(3,372,654)</b>
<b>EXPENDITURES:</b>				
Current				
General government		7,677,519	6,105,033	1,572,486
Public safety	2,740,203	4,130,536	2,375,261	1,755,275
Public works	10,891,852	5,062,526	3,992,253	1,070,273
Capital outlay		11,602,642	5,327,508	6,275,134
<b>Total Expenditures</b>	<b>13,632,055</b>	<b>28,473,223</b>	<b>17,800,055</b>	<b>10,673,168</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,621,560)</b>	<b>(16,603,623)</b>	<b>(9,303,109)</b>	<b>7,300,514</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	821,670		443,133	443,133
Transfers (out)		(91,200)	(91,200)	
<b>Total other financing sources (uses)</b>	<b>821,670</b>	<b>(91,200)</b>	<b>351,933</b>	<b>443,133</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(799,890)</b>	<b>(16,694,823)</b>	<b>(8,951,176)</b>	<b>7,743,647</b>
Fund balance, July 1	(416,107)	(416,107)	(416,107)	
<b>Fund balance, June 30</b>	<b>(\$1,215,997)</b>	<b>(\$17,110,930)</b>	<b>(\$9,367,283)</b>	<b>\$7,743,647</b>

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**City of Richmond**  
**Required Supplementary Information**  
**June 30, 2010**

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**NOTES TO BUDGETARY COMPARISON SCHEDULES**

**Budgets and Budgetary Accounting**

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

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

An operating budget is adopted each fiscal year on a basis consistent with Generally Accepted Accounting Principles (GAAP) for the General Fund, certain Special Revenue Funds (Redevelopment Agency Administration, State Gas Tax, General Purpose, Paratransit Operations, Special Programs, Public Safety, Cost Recovery, Lighting and Landscaping Districts, Developer Impact Fees and Housing and Community Development) 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 with in the City. This is the level at which expenditures may not legally exceed appropriations. Budgeted amounts for the Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual include budget amendments approved by City Council.

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**City of Richmond  
Supplementary Information  
June 30, 2010**

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

CITY OF RICHMOND  
OTHER MAJOR FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010

	REDEVELOPMENT AGENCY DEBT SERVICE FUND			CIVIC CENTER DEBT SERVICE FUND		
	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES						
Property taxes	\$17,841,606	\$18,559,284	\$717,678			
Charges for services				\$2,877,998	\$2,619,427	(\$258,571)
Use of money and property		259,366	259,366		141,083	141,083
Total Revenues	17,841,606	18,818,650	977,044	2,877,998	2,760,510	(117,488)
EXPENDITURES						
Debt service:						
Principal	2,550,000	3,550,000	(1,000,000)		96,260,000	(96,260,000)
Interest and fiscal charges	2,651,663	2,633,047	18,616	5,535,612	9,462,986	(3,927,374)
Total Expenditures	5,201,663	6,183,047	(981,384)	5,535,612	105,722,986	(100,187,374)
EXCESS OF REVENUES OVER EXPENDITURES	12,639,943	12,635,603	(4,340)	(2,657,614)	(102,962,476)	(100,304,862)
OTHER FINANCING SOURCES (USES)						
Issuance of debt					87,121,545	87,121,545
Transfers in	6,201,664	2,170,467	(4,031,197)	2,657,614	8,572,863	5,915,249
Transfers (out)	(21,463,804)	(16,747,619)	4,716,185		(1,836,735)	(1,836,735)
Total Other Financing Sources (Uses)	(15,262,140)	(14,577,152)	684,988	2,657,614	93,857,673	91,200,059
NET CHANGE IN FUND BALANCE	(2,622,197)	(1,941,549)	680,648		(9,104,803)	(9,104,803)
Fund Balance, July 1	16,051,310	16,051,310		5,971,661	5,971,661	
Fund Balance June 30	\$13,429,113	\$14,109,761	\$680,648	\$5,971,661	(\$3,133,142)	(\$9,104,803)

**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.

**Lighting and Landscaping Districts Fund** was set up to account for maintenance services in the nature of landscaping, lighting, cleaning provided to the Hilltop parking lot area, the Marina Way Development area, and the Marina Bay area.

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

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

**Housing and Community Development Fund** – The Housing and Community Development Fund is set up to record the receipt of Community Development Block Grant, HOME Investment Partnership Program, and Neighborhood Stabilization Program grant monies and the use of the grants. The grants are to be used to provide, within the City of Richmond, new affordable housing, improve existing housing conditions, assist homeless and disabled with housing, and to expand economic opportunities in business, and employment for low and moderate income residents.

## **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.

## **CAPITAL PROJECTS FUNDS**

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

**Measure C/J Fund** was set up when the voters of Contra Costa County approved Measure C providing for the creation of the Contra Costa County Transportation Authority. The half-cent transportation sales tax was renewed under Measure J, effective April 1, 2009. The Authority collects one-half of one percent sales and use tax. Twenty percent of this tax is allocated to the City of Richmond to be used for the improvement of local transportation, including streets and roads in accordance with Measure C and Measure J compliance.

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

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

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CITY OF RICHMOND  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2010

	SPECIAL REVENUE FUNDS				
	State Gas Tax	General Purpose	Paratransit Operations	Special Programs	Employment and Training
<b>ASSETS</b>					
Cash and investments	\$5,622,555	\$3,456,003	\$8,179		\$643,577
Restricted cash and investments					
Receivables:					
Accounts, net	287,710		\$28,220		232,906
Interest	1,553	1,107	(327)		
Grants		297,569	594		871,304
Loans					
Due from other funds					
Prepays and other assets			10,942		16,025
Total Assets	\$5,911,818	\$3,754,679	\$47,608		\$1,763,812
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$168,591	\$212,507	\$6,219		\$309,780
Due to other funds			681,802		
Advance from other funds					
Deferred revenue					341,378
Total Liabilities	168,591	212,507	688,021		651,158
<b>FUND EQUITY</b>					
Fund balances (deficits)					
Reserved for encumbrances	4,886,244	60,718			1,185,196
Reserved for prepaids and other assets			10,942		16,025
Unreserved, undesignated	856,983	3,481,454	(651,355)		(88,567)
Total Fund Balances (Deficits)	5,743,227	3,542,172	(640,413)		1,112,654
Total Liabilities and Fund Balances	\$5,911,818	\$3,754,679	\$47,608		\$1,763,812

SPECIAL REVENUE FUNDS					DEBT SERVICE FUNDS	
Public Safety	Lighting and Landscaping Districts	Developer Impact Fees	Secured Pension Override	Housing and Community Development	2005 Pension Obligation Bonds	General Debt Service
\$526,590	\$795,484		\$2,212,998	\$552,735 2,869,197	\$51,927 7,790,024	\$106,981 612,749
86,309						
122	66	(\$57)	1,516	799,896	15	33
35,009				8,403,782 2,457		
<u>\$648,030</u>	<u>\$795,550</u>	<u>(\$57)</u>	<u>\$2,214,514</u>	<u>\$12,628,067</u>	<u>\$7,841,966</u>	<u>\$719,763</u>
\$10,429	\$60,708	\$46,241 255,768 211,686		\$162,664 1,940,393		
				10,202,584		
<u>10,429</u>	<u>60,708</u>	<u>513,695</u>		<u>12,305,641</u>		
72,992	63,080	440,044		746,081		
<u>564,609</u>	<u>671,762</u>	<u>(953,796)</u>	<u>\$2,214,514</u>	<u>(423,655)</u>	<u>\$7,841,966</u>	<u>\$719,763</u>
<u>637,601</u>	<u>734,842</u>	<u>(513,752)</u>	<u>2,214,514</u>	<u>322,426</u>	<u>7,841,966</u>	<u>719,763</u>
<u>\$648,030</u>	<u>\$795,550</u>	<u>(\$57)</u>	<u>\$2,214,514</u>	<u>\$12,628,067</u>	<u>\$7,841,966</u>	<u>\$719,763</u>

CITY OF RICHMOND  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2010

	<u>CAPITAL PROJECTS FUNDS</u>				Total Nonmajor Governmental Funds
	<u>General Capital Improvement</u>	<u>Measure C / J</u>	<u>Harbor Navigation</u>	<u>Civic Center Project</u>	
<b>ASSETS</b>					
Cash and investments	\$8,285,164	\$532,770	\$714,899	\$980,976	\$24,490,838
Restricted cash and investments	2,787,417		345,093	2,235,436	16,639,916
Receivables:					
Accounts, net	87				635,232
Interest	2,387	167	202	189	6,973
Grants	245,213				2,249,585
Loans					8,403,782
Due from other funds					2,457
Prepays and other assets	2,539				29,506
	<u>\$11,322,807</u>	<u>\$532,937</u>	<u>\$1,060,194</u>	<u>\$3,216,601</u>	<u>\$52,458,289</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$657,345	\$129,693		\$69,255	\$1,833,432
Due to other funds					2,877,963
Advance from other funds				2,000,000	2,211,686
Deferred revenue					10,543,962
	<u>657,345</u>	<u>129,693</u>		<u>2,069,255</u>	<u>17,467,043</u>
<b>FUND EQUITY</b>					
Fund balances (deficits)					
Reserved for encumbrances	5,637,782	141,764		294,555	13,528,456
Reserved for prepaids and other assets	2,539				29,506
Unreserved, undesignated	5,025,141	261,480	\$1,060,194	852,791	21,433,284
	<u>10,665,462</u>	<u>403,244</u>	<u>1,060,194</u>	<u>1,147,346</u>	<u>34,991,246</u>
<b>Total Fund Balances (Deficits)</b>	<u>\$11,322,807</u>	<u>\$532,937</u>	<u>\$1,060,194</u>	<u>\$3,216,601</u>	<u>\$52,458,289</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$11,322,807</u>	<u>\$532,937</u>	<u>\$1,060,194</u>	<u>\$3,216,601</u>	<u>\$52,458,289</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, 2010

	<u>SPECIAL REVENUE FUNDS</u>				
	<u>State Gas Tax</u>	<u>General Purpose</u>	<u>Paratransit Operations</u>	<u>Special Programs</u>	<u>Employment and Training</u>
REVENUES					
Property taxes					
Licenses, permits and fees		\$324,650			\$55,775
Fines, forfeitures and penalties		25,566			
Use of money and property	\$125,364	70,416	(\$25,767)	\$904	
Intergovernmental	2,663,921	3,140,920	480,650		5,235,956
Charges for services		820,350	73,365		448,952
Pension stabilization revenue					
Other		12,799	984		639,367
		<u>4,394,701</u>	<u>529,232</u>	<u>904</u>	<u>6,380,050</u>
Total Revenues	<u>2,789,285</u>	<u>4,394,701</u>	<u>529,232</u>	<u>904</u>	<u>6,380,050</u>
EXPENDITURES					
Current:					
General government		822,104			
Public safety		494,031			
Public works	135,951	753,812			
Community development					7,532,936
Cultural and recreational		192,373	1,134,728		
Housing and redevelopment					
Capital outlay	512,387	843,604			
Debt Service:					
Principal					
Interest and fiscal charges					
		<u>3,105,924</u>	<u>1,134,728</u>		<u>7,532,936</u>
Total Expenditures	<u>648,338</u>	<u>3,105,924</u>	<u>1,134,728</u>		<u>7,532,936</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,140,947</u>	<u>1,288,777</u>	<u>(605,496)</u>	<u>904</u>	<u>(1,152,886)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets					
Transfers in		876,478	526,302		1,078,034
Transfers (out)	(373,032)	(213,230)		(883,168)	(99,085)
		<u>663,248</u>	<u>526,302</u>	<u>(883,168)</u>	<u>978,949</u>
Total Other Financing Sources (Uses)	<u>(373,032)</u>	<u>663,248</u>	<u>526,302</u>	<u>(883,168)</u>	<u>978,949</u>
NET CHANGE IN FUND BALANCE	1,767,915	1,952,025	(79,194)	(882,264)	(173,937)
BEGINNING FUND BALANCES (DEFICITS)	<u>3,975,312</u>	<u>1,590,147</u>	<u>(561,219)</u>	<u>882,264</u>	<u>1,286,591</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$5,743,227</u>	<u>\$3,542,172</u>	<u>(\$640,413)</u>		<u>\$1,112,654</u>

SPECIAL REVENUE FUNDS					DEBT SERVICE FUNDS	
Public Safety	Lighting and Landscaping Districts	Developer Impact Fees	Secured Pension Override	Housing and Community Development	2005 Pension Obligation Bonds	General Debt Service
	\$1,238,141	\$411,485	\$8,873,986		\$5,439,817	
\$9,030 364,909	6,513	(1,356)	39,243	\$30,302 2,580,109	55,544	\$25,021
85,740				219,675	2,728,314	
459,679	1,244,654	410,129	8,913,229	2,830,086	8,223,675	25,021
140,374	1,315,849	13,279 85,668	4,748,186	151,609		
17,820		55,311		3,288,354 10,000		
		912,253			3,785,000	1,910,000
					1,223,660	1,491,123
158,194	1,315,849	1,066,511	4,748,186	3,449,963	5,008,660	3,401,123
301,485	(71,195)	(656,382)	4,165,043	(619,877)	3,215,015	(3,376,102)
	390,000		(2,974,450)	(10,500)	(5,289,804)	3,353,032
	390,000		(2,974,450)	(10,500)	(5,289,804)	3,353,032
301,485	318,805	(656,382)	1,190,593	(630,377)	(2,074,789)	(23,070)
336,116	416,037	142,630	1,023,921	952,803	9,916,755	742,833
<u>\$637,601</u>	<u>\$734,842</u>	<u>(\$513,752)</u>	<u>\$2,214,514</u>	<u>\$322,426</u>	<u>\$7,841,966</u>	<u>\$719,763</u>

(Continued)

CITY OF RICHMOND  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>CAPITAL PROJECTS FUNDS</u>				Total Nonmajor Governmental Funds
	General Capital Improvement	Measure C / J	Harbor Navigation	Civic Center Projects	
<b>REVENUES</b>					
Property taxes					\$15,551,944
Licenses, permits and fees					791,910
Fines, forfeitures and penalties					25,566
Use of money and property	\$239,619	\$13,912	\$20,468	\$62,918	672,131
Intergovernmental	372,526	32,918			14,871,909
Charges for services	80,000				1,422,667
Pension stabilization revenue					2,728,314
Other	<u>649,648</u>				<u>1,608,213</u>
Total Revenues	<u>1,341,793</u>	<u>46,830</u>	<u>20,468</u>	<u>62,918</u>	<u>37,672,654</u>
<b>EXPENDITURES</b>					
Current:					
General government	194,315				1,016,419
Public safety	669,027				6,064,897
Public works	947,938	284,629		126,482	3,650,329
Community development	8,000				7,692,545
Cultural and recreational	19,824				1,402,236
Housing and redevelopment					3,288,354
Capital outlay	3,503,368	1,433,838		7,980,322	15,213,592
Debt Service:					
Principal					5,695,000
Interest and fiscal charges	<u>2,171</u>		<u>1,783</u>		<u>2,718,737</u>
Total Expenditures	<u>5,344,643</u>	<u>1,718,467</u>	<u>1,783</u>	<u>8,106,804</u>	<u>46,742,109</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,002,850)</u>	<u>(1,671,637)</u>	<u>18,685</u>	<u>(8,043,886)</u>	<u>(9,069,455)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	23,300				23,300
Transfers in	5,255,605			1,638	11,481,089
Transfers (out)	<u>(71,938)</u>			<u>(6,757,882)</u>	<u>(16,673,089)</u>
Total Other Financing Sources (Uses)	<u>5,206,967</u>			<u>(6,756,244)</u>	<u>(5,168,700)</u>
NET CHANGE IN FUND BALANCE	1,204,117	(1,671,637)	18,685	(14,800,130)	(14,238,155)
BEGINNING FUND BALANCES (DEFICITS)	<u>9,461,345</u>	<u>2,074,881</u>	<u>1,041,509</u>	<u>15,947,476</u>	<u>49,229,401</u>
ENDING FUND BALANCES (DEFICITS)	<u><u>\$10,665,462</u></u>	<u><u>\$403,244</u></u>	<u><u>\$1,060,194</u></u>	<u><u>\$1,147,346</u></u>	<u><u>\$34,991,246</u></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, 2010

	STATE GAS TAX			GENERAL PURPOSE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes						
Licenses, permits and fees				\$637,000	\$324,650	(\$312,350)
Fines, forfeitures and penalties				26,000	25,566	(434)
Use of money and property		\$125,364	\$125,364		70,416	70,416
Intergovernmental	\$1,700,000	2,663,921	963,921	1,828,427	3,140,920	1,312,493
Charges for services				630,000	820,350	190,350
Pension stabilization revenue						
Other					12,799	12,799
<b>Total Revenues</b>	<b>1,700,000</b>	<b>2,789,285</b>	<b>1,089,285</b>	<b>3,121,427</b>	<b>4,394,701</b>	<b>1,273,274</b>
<b>EXPENDITURES</b>						
Current:						
General government				759,109	822,104	(62,995)
Public safety				1,065,812	494,031	571,781
Public works	27,500	135,951	(108,451)	810,246	753,812	56,434
Community development						
Cultural and recreational				358,233	192,373	165,860
Housing and redevelopment						
Capital outlay	5,520,951	512,387	5,008,564	900,000	843,604	56,396
Debt Service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>	<b>5,548,451</b>	<b>648,338</b>	<b>4,900,113</b>	<b>3,893,400</b>	<b>3,105,924</b>	<b>787,476</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(3,848,451)</b>	<b>2,140,947</b>	<b>5,989,398</b>	<b>(771,973)</b>	<b>1,288,777</b>	<b>2,060,750</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in				35,000	876,478	841,478
Transfers (out)	(423,541)	(373,032)	50,509	(378,395)	(213,230)	165,165
<b>Total Other Financing Sources (Uses)</b>	<b>(423,541)</b>	<b>(373,032)</b>	<b>50,509</b>	<b>(343,395)</b>	<b>663,248</b>	<b>1,006,643</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(\$4,271,992)</b>	<b>1,767,915</b>	<b>\$6,039,907</b>	<b>(\$1,115,368)</b>	<b>1,952,025</b>	<b>\$3,067,393</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<b>3,975,312</b>			<b>1,590,147</b>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<b>\$5,743,227</b>			<b>\$3,542,172</b>	

PARATRANSIT OPERATIONS			SPECIAL PROGRAMS			PUBLIC SAFETY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	(\$25,767)	(\$25,767)		\$904	\$904	\$11,347	\$9,030	(\$2,317)
\$511,284	480,650	(30,634)				326,799	364,909	38,110
95,500	73,365	(22,135)						
19,850	984	(18,866)				96,954	85,740	(11,214)
626,634	529,232	(97,402)		904	904	435,100	459,679	24,579
						382,449	140,374	242,075
1,147,452	1,134,728	12,724				114,570	17,820	96,750
1,147,452	1,134,728	12,724				497,019	158,194	338,825
(520,818)	(605,496)	(84,678)		904	904	(61,919)	301,485	363,404
526,302	526,302		(\$50,683)	(883,168)	(832,485)			
526,302	526,302		(50,683)	(883,168)	(832,485)			
\$5,484	(79,194)	(\$84,678)	(\$50,683)	(882,264)	(\$831,581)	(\$61,919)	301,485	\$363,404
	(561,219)			882,264			336,116	
	(\$640,413)						\$637,601	

(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, 2010

	LIGHTING AND LANDSCAPING DISTRICTS			DEVELOPER IMPACT FEES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$1,245,078	\$1,238,141	(\$6,937)			
Licenses, permits and fees					\$411,485	\$411,485
Fines, forfeitures and penalties						
Use of money and property	10,812	6,513	(4,299)		(1,356)	(1,356)
Intergovernmental						
Charges for services						
Pension stabilization revenue						
Other						
<b>Total Revenues</b>	<b>1,255,890</b>	<b>1,244,654</b>	<b>(11,236)</b>		<b>410,129</b>	<b>410,129</b>
<b>EXPENDITURES</b>						
Current:						
General government						
Public safety				\$14,711	13,279	1,432
Public works	1,908,077	1,315,849	592,228	137,680	85,668	52,012
Community development						
Cultural and recreational				44,638	55,311	(10,673)
Housing and redevelopment						
Capital outlay	6,060		6,060	1,289,395	912,253	377,142
Debt Service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>	<b>1,914,137</b>	<b>1,315,849</b>	<b>598,288</b>	<b>1,486,424</b>	<b>1,066,511</b>	<b>419,913</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(658,247)</b>	<b>(71,195)</b>	<b>587,052</b>	<b>(1,486,424)</b>	<b>(656,382)</b>	<b>830,042</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	390,000	390,000				
Transfers (out)						
<b>Total Other Financing Sources (Uses)</b>	<b>390,000</b>	<b>390,000</b>				
<b>NET CHANGE IN FUND BALANCES</b>	<b>(\$268,247)</b>	<b>318,805</b>	<b>\$587,052</b>	<b>(\$1,486,424)</b>	<b>(656,382)</b>	<b>\$830,042</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<b>416,037</b>			<b>142,630</b>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<b>\$734,842</b>			<b>(\$513,752)</b>	

HOUSING AND COMMUNITY DEVELOPMENT			2005 PENSION OBLIGATION BONDS			GENERAL DEBT SERVICE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$3,954,562	\$5,439,817	\$1,485,255			
\$2,905,608	\$30,302 2,580,109	\$30,302 (325,499)	400,000	55,544	(344,456)		\$25,021	\$25,021
	219,675	219,675	2,728,314	2,728,314				
<u>2,905,608</u>	<u>2,830,086</u>	<u>(75,522)</u>	<u>7,082,876</u>	<u>8,223,675</u>	<u>1,140,799</u>		<u>25,021</u>	<u>25,021</u>
559,735	151,609	408,126						
3,773,781	3,288,354	485,427						
432,468	10,000	422,468						
			3,785,000	3,785,000		\$1,914,804	1,910,000	4,804
			1,220,244	1,223,660	(3,416)	1,483,187	1,491,123	(7,936)
<u>4,765,984</u>	<u>3,449,963</u>	<u>1,316,021</u>	<u>5,005,244</u>	<u>5,008,660</u>	<u>(3,416)</u>	<u>3,397,991</u>	<u>3,401,123</u>	<u>(3,132)</u>
<u>(1,860,376)</u>	<u>(619,877)</u>	<u>1,240,499</u>	<u>2,077,632</u>	<u>3,215,015</u>	<u>1,137,383</u>	<u>(3,397,991)</u>	<u>(3,376,102)</u>	<u>21,889</u>
			1,811,017		(1,811,017)	2,556,409	3,353,032	796,623
	(10,500)	(10,500)	(5,289,804)	(5,289,804)				
	(10,500)	(10,500)	(3,478,787)	(5,289,804)	(1,811,017)	2,556,409	3,353,032	796,623
<u>(\$1,860,376)</u>	<u>(630,377)</u>	<u>\$1,229,999</u>	<u>(\$1,401,155)</u>	<u>(2,074,789)</u>	<u>(\$673,634)</u>	<u>(\$841,582)</u>	<u>(23,070)</u>	<u>\$818,512</u>
	952,803			9,916,755			742,833	
	<u>\$322,426</u>			<u>\$7,841,966</u>			<u>\$719,763</u>	

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**NON-MAJOR ENTERPRISE FUNDS**

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

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

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

CITY OF RICHMOND  
NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Richmond Marina	Storm Sewer	Cable TV	Total
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$4,292,890		\$550,336	\$4,843,226
Receivables:				
Accounts	52,326	\$138,194	351,019	541,539
Interest	1,208	(293)	160	1,075
Notes		15,689		15,689
<b>Total Current Assets</b>	<b>4,346,424</b>	<b>153,590</b>	<b>901,515</b>	<b>5,401,529</b>
Noncurrent Assets				
Capital assets:				
Nondepreciable		233,253		233,253
Depreciable, net	2,125,478	6,797,496	219,335	9,142,309
<b>Total Noncurrent Assets</b>	<b>2,125,478</b>	<b>7,030,749</b>	<b>219,335</b>	<b>9,375,562</b>
<b>Total Assets</b>	<b>6,471,902</b>	<b>7,184,339</b>	<b>1,120,850</b>	<b>14,777,091</b>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable and accrued liabilities		218,347	11,145	229,492
Interest payable	132,160			132,160
Due to other funds		1,299,128		1,299,128
Compensated absences		16,323	60,847	77,170
Current portion of long term debt	62,641			62,641
<b>Total Current Liabilities</b>	<b>194,801</b>	<b>1,533,798</b>	<b>71,992</b>	<b>1,800,591</b>
Noncurrent Liabilities:				
Advance from other funds		1,787,556		1,787,556
Long-term debt	3,141,235			3,141,235
<b>Total Noncurrent Liabilities</b>	<b>3,141,235</b>	<b>1,787,556</b>		<b>4,928,791</b>
<b>Total Liabilities</b>	<b>3,336,036</b>	<b>3,321,354</b>	<b>71,992</b>	<b>6,729,382</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	(1,078,398)	7,030,749	219,335	6,171,686
Unrestricted	4,214,264	(3,167,764)	829,523	1,876,023
<b>Total Net Assets</b>	<b>\$3,135,866</b>	<b>\$3,862,985</b>	<b>\$1,048,858</b>	<b>\$8,047,709</b>

CITY OF RICHMOND  
NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010

	Richmond Marina	Storm Sewer	Cable TV	Total
<b>OPERATING REVENUES</b>				
Service charges		\$1,587,456	\$976,769	\$2,564,225
Lease income	\$417,679	3,600		421,279
Other		2,736	180,733	183,469
Total Operating Revenues	<u>417,679</u>	<u>1,593,792</u>	<u>1,157,502</u>	<u>3,168,973</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits		127,000	548,246	675,246
General and administrative		1,455,775	402,566	1,858,341
Depreciation	88,457	915,849	40,694	1,045,000
Total Operating Expenses	<u>88,457</u>	<u>2,498,624</u>	<u>991,506</u>	<u>3,578,587</u>
Operating Income (Loss)	<u>329,222</u>	<u>(904,832)</u>	<u>165,996</u>	<u>(409,614)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	120,234	(33,943)	25,390	111,681
Interest (expense)	(144,398)	(29,214)		(173,612)
Total Nonoperating Revenues (Expenses)	<u>(24,164)</u>	<u>(63,157)</u>	<u>25,390</u>	<u>(61,931)</u>
Income (Loss) Before Transfers	<u>305,058</u>	<u>(967,989)</u>	<u>191,386</u>	<u>(471,545)</u>
Transfers (out)			(500,000)	(500,000)
Net Transfers			<u>(500,000)</u>	<u>(500,000)</u>
Change in Net Assets	305,058	(967,989)	(308,614)	(971,545)
BEGINNING NET ASSETS	<u>2,830,808</u>	<u>4,830,974</u>	<u>1,357,472</u>	<u>9,019,254</u>
ENDING NET ASSETS	<u><u>\$3,135,866</u></u>	<u><u>\$3,862,985</u></u>	<u><u>\$1,048,858</u></u>	<u><u>\$8,047,709</u></u>

CITY OF RICHMOND  
NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010

	Richmond Marina	Storm Sewer	Cable TV	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$425,085	\$1,510,157	\$1,071,335	\$3,006,577
Payments to suppliers		(1,411,231)	(449,504)	(1,860,735)
Payments to employees		(130,577)	(547,700)	(678,277)
<b>Cash Flows from Operating Activities</b>	<b>425,085</b>	<b>(31,651)</b>	<b>74,131</b>	<b>467,565</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund receipts		328,680		328,680
Transfers out			(500,000)	(500,000)
<b>Cash Flows from Noncapital Financing Activities</b>		<b>328,680</b>	<b>(500,000)</b>	<b>(171,320)</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>				
Acquisition of capital assets		(233,253)		(233,253)
Repayment of long-term borrowing	(59,943)			(59,943)
Interest paid	(146,872)	(29,214)		(176,086)
<b>Cash flows from capital financing activities</b>	<b>(206,815)</b>	<b>(262,467)</b>		<b>(469,282)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	121,267	(34,562)	25,786	112,491
<b>Cash Flows from Investing Activities</b>	<b>121,267</b>	<b>(34,562)</b>	<b>25,786</b>	<b>112,491</b>
<b>Net Cash Flows</b>	<b>339,537</b>		<b>(400,083)</b>	<b>(60,546)</b>
Cash and investments at beginning of period	3,953,353		950,419	4,903,772
Cash and investments at end of period	<u>\$4,292,890</u>		<u>\$550,336</u>	<u>\$4,843,226</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>				
Operating income (loss)	\$329,222	(\$904,832)	\$165,996	(\$409,614)
<b>Adjustments to reconcile operating income to net cash flows from operating activities:</b>				
Depreciation	88,457	915,849	40,694	1,045,000
<b>Change in assets and liabilities:</b>				
Accounts receivable	7,406	(83,635)	(86,167)	(162,396)
Accounts payable and accrued liabilities and other accrued expenses		44,544	(46,938)	(2,394)
Compensated absences		(3,577)	546	(3,031)
<b>Cash Flows from Operating Activities</b>	<b>\$425,085</b>	<b>(\$31,651)</b>	<b>\$74,131</b>	<b>\$467,565</b>

### 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, 2010

	Insurance Reserves	Information Technology	Equipment Services and Replacement	Police Tele- communications	Facilities Maintenance	Total
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and investments	\$11,955,231	\$1,701,451	\$3,757,143	\$4,766,590	\$1,420,879	\$23,601,294
Restricted cash and investments			691,409			691,409
Receivables:						
Accounts	4,675			688,065		692,740
Interest	6,884	641	1,176	1,345	464	10,510
Prepays and supplies		146,855	471,632			618,487
Due from other funds	12,385,381					12,385,381
<b>Total Current Assets</b>	<b>24,352,171</b>	<b>1,848,947</b>	<b>4,921,360</b>	<b>5,456,000</b>	<b>1,421,343</b>	<b>37,999,821</b>
<b>Noncurrent Assets</b>						
Capital assets:						
Nondepreciable	698,081					698,081
Depreciable, net		2,261,128	9,030,507	531,208		11,822,843
Advances to other funds	4,287,556					4,287,556
<b>Total Noncurrent Assets</b>	<b>4,985,637</b>	<b>2,261,128</b>	<b>9,030,507</b>	<b>531,208</b>		<b>16,808,480</b>
<b>Total Assets</b>	<b>29,337,808</b>	<b>4,110,075</b>	<b>13,951,867</b>	<b>5,987,208</b>	<b>1,421,343</b>	<b>54,808,301</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable and accrued liabilities	533,261	184,502	468,181	3,083	423,357	1,612,384
Interest payable		1,054	2,097			3,151
Refundable deposits	111					111
Accrued claims liabilities	4,420,696					4,420,696
Current portion of long-term debt		578,982	812,189			1,391,171
<b>Total Current Liabilities</b>	<b>4,954,068</b>	<b>764,538</b>	<b>1,282,467</b>	<b>3,083</b>	<b>423,357</b>	<b>7,427,513</b>
<b>Noncurrent Liabilities</b>						
Compensated absences	46,388	219,486	87,831	179,488	208,264	741,457
Unearned revenue					4,099,521	4,099,521
Accrued claims liabilities	15,038,818					15,038,818
Long-term debt			3,686,940			3,686,940
<b>Total Noncurrent Liabilities</b>	<b>15,085,206</b>	<b>219,486</b>	<b>3,774,771</b>	<b>179,488</b>	<b>4,307,785</b>	<b>23,566,736</b>
<b>Total Liabilities</b>	<b>20,039,274</b>	<b>984,024</b>	<b>5,057,238</b>	<b>182,571</b>	<b>4,731,142</b>	<b>30,994,249</b>
<b>NET ASSETS (DEFICIT)</b>						
Invested in capital assets	698,081	1,682,146	5,222,787	531,208		8,134,222
Unrestricted	8,600,453	1,443,905	3,671,842	5,273,429	(3,309,799)	15,679,830
<b>Total Net Assets (Deficit)</b>	<b>\$9,298,534</b>	<b>\$3,126,051</b>	<b>\$8,894,629</b>	<b>\$5,804,637</b>	<b>(\$3,309,799)</b>	<b>\$23,814,052</b>

CITY OF RICHMOND  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010

	Insurance Reserves	Information Technology	Equipment Services and Replacement	Police Tele- communications	Facilities Maintenance	Total
<b>OPERATING REVENUES</b>						
Charges for services-internal	\$18,786,318	\$6,642,097	\$7,124,175	\$3,382,286	\$5,684,046	\$41,618,922
Charges for services-external				1,523,615		1,523,615
Total Operating Revenues	<u>18,786,318</u>	<u>6,642,097</u>	<u>7,124,175</u>	<u>4,905,901</u>	<u>5,684,046</u>	<u>43,142,537</u>
<b>OPERATING EXPENSES</b>						
Salaries and benefits	2,892,228	2,002,760	1,713,676	3,594,291	3,800,464	14,003,419
General and administrative	1,196,193	2,617,941	624,942	172,067	2,303,192	6,914,335
Maintenance	468	512,092	2,019,299	656,651	144,105	3,332,615
Depreciation		393,293	1,560,798	81,988		2,036,079
Claims losses	7,712,123					7,712,123
Other	7,895	82,109	17,957		12,533	120,494
Total Operating Expenses	<u>11,808,907</u>	<u>5,608,195</u>	<u>5,936,672</u>	<u>4,504,997</u>	<u>6,260,294</u>	<u>34,119,065</u>
Operating Income (Loss)	<u>6,977,411</u>	<u>1,033,902</u>	<u>1,187,503</u>	<u>400,904</u>	<u>(576,248)</u>	<u>9,023,472</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Loss from sale of property			(55,830)			(55,830)
Interest income	698,790	31,635	111,437	140,265	7,829	989,956
Interest expense		(42,565)	(212,554)			(255,119)
Total Nonoperating Revenues (Expenses)	<u>698,790</u>	<u>(10,930)</u>	<u>(156,947)</u>	<u>140,265</u>	<u>7,829</u>	<u>679,007</u>
Income Before Transfers	<u>7,676,201</u>	<u>1,022,972</u>	<u>1,030,556</u>	<u>541,169</u>	<u>(568,419)</u>	<u>9,702,479</u>
Transfers in			145,286		1,082,075	1,227,361
Transfers (out)			(7,130,000)			(7,130,000)
Net Transfers			<u>(6,984,714)</u>		<u>1,082,075</u>	<u>(5,902,639)</u>
Change in Net Assets	7,676,201	1,022,972	(5,954,158)	541,169	513,656	3,799,840
<b>BEGINNING NET ASSETS (DEFICIT), AS RESTATED</b>	<u>1,622,333</u>	<u>2,103,079</u>	<u>14,848,787</u>	<u>5,263,468</u>	<u>(3,823,455)</u>	<u>20,014,212</u>
<b>ENDING NET ASSETS (DEFICIT)</b>	<u>\$9,298,534</u>	<u>\$3,126,051</u>	<u>\$8,894,629</u>	<u>\$5,804,637</u>	<u>(\$3,309,799)</u>	<u>\$23,814,052</u>

CITY OF RICHMOND  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010

	Insurance Reserves	Information Technology	Equipment Services and Replacement	Police Tele- communications	Facilities Maintenance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$18,782,734	\$6,642,097	\$7,124,175	\$4,426,522	\$5,621,399	\$42,596,927
Payments to employees	(2,883,773)	(2,150,598)	(1,737,359)	(3,559,888)	(3,877,477)	(14,209,095)
Payments to suppliers	(896,662)	(4,161,157)	(3,062,906)	(830,203)	(2,606,896)	(11,557,824)
Insurance premiums and claims paid	(10,653,609)					(10,653,609)
<b>Cash Flows from Operating Activities</b>	<b>4,348,690</b>	<b>330,342</b>	<b>2,323,910</b>	<b>36,431</b>	<b>(862,974)</b>	<b>6,176,399</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Interfund payments	(8,966,006)					(8,966,006)
Transfers in			145,286		1,082,075	1,227,361
Transfers (out)			(7,130,000)			(7,130,000)
<b>Cash Flows from Noncapital Financing Activities</b>	<b>(8,966,006)</b>		<b>(6,984,714)</b>		<b>1,082,075</b>	<b>(14,868,645)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets		(504,673)	(2,140,788)			(2,645,461)
Principal payments on capital debt		(554,386)	(779,798)			(1,334,184)
Proceeds from sale of property			69,967			69,967
Interest and fiscal charges paid		(43,540)	(212,872)			(256,412)
<b>Cash Flows from Capital and Related Financing Activities</b>		<b>(1,102,599)</b>	<b>(3,063,491)</b>			<b>(4,166,090)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest	705,210	32,464	114,014	141,493	8,107	1,001,288
<b>Cash Flows from Investing Activities</b>	<b>705,210</b>	<b>32,464</b>	<b>114,014</b>	<b>141,493</b>	<b>8,107</b>	<b>1,001,288</b>
<b>Net Cash Flows</b>	<b>(3,912,106)</b>	<b>(739,793)</b>	<b>(7,610,281)</b>	<b>177,924</b>	<b>227,208</b>	<b>(11,857,048)</b>
Cash and investments at beginning of period	15,867,337	2,441,244	12,058,833	4,588,666	1,193,671	36,149,751
Cash and investments at end of period	\$11,955,231	\$1,701,451	\$4,448,552	\$4,766,590	\$1,420,879	\$24,292,703
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>						
Operating income (loss)	\$6,977,411	\$1,033,902	\$1,187,503	\$400,904	(\$576,248)	\$9,023,472
<b>Adjustments to reconcile operating income to net cash flows from operating activities:</b>						
Depreciation		393,293	1,560,798	81,988		2,036,079
<b>Change in assets and liabilities:</b>						
Receivables, net	(3,695)			(479,379)		(483,074)
Inventories		(109,565)	(43,489)			(153,054)
Accounts and other payables	307,894	(839,450)	(357,219)	(1,485)	(147,066)	(1,037,326)
Refundable deposits	111					111
Unearned revenue					(62,647)	(62,647)
Compensated absences	8,455	(147,838)	(23,683)	34,403	(77,013)	(205,676)
Claims payable	(2,941,486)					(2,941,486)
<b>Cash Flows from Operating Activities</b>	<b>\$4,348,690</b>	<b>\$330,342</b>	<b>\$2,323,910</b>	<b>\$36,431</b>	<b>(\$862,974)</b>	<b>\$6,176,399</b>
<b>Non cash transactions</b>						
Capital asset retirements			(\$125,797)			(\$125,797)

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

**Police and Fireman's Pension Fund** records the activity of the Police and Fireman's Pension Plan, a defined benefit pension plan that covers 75 police and fire personnel employed prior to October 1964.

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

CITY OF RICHMOND  
STATEMENT OF PENSION TRUST FUNDS NET ASSETS  
JUNE 30, 2010

	<u>General Pension</u>	<u>Police and Fireman's Pension</u>	<u>Garfield Pension</u>	<u>Total</u>
ASSETS				
Pension plan cash and investments:				
City of Richmond investment pool	\$1,517,352	\$3,553,477	\$147,155	\$5,217,984
Local Agency Investment Fund			189,024	189,024
Mutual Fund Investments		17,794,056		17,794,056
Accounts receivable	22,462			22,462
Interest receivable	<u>347</u>	<u>198</u>	<u>282</u>	<u>827</u>
Total Assets	<u>1,540,161</u>	<u>21,347,731</u>	<u>336,461</u>	<u>23,224,353</u>
NET ASSETS				
Held in trust for employees' pension benefits	<u><u>\$1,540,161</u></u>	<u><u>\$21,347,731</u></u>	<u><u>\$336,461</u></u>	<u><u>\$23,224,353</u></u>

CITY OF RICHMOND  
PENSION TRUST FUNDS  
STATEMENT OF CHANGES IN PENSION TRUST FUNDS NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>General Pension</u>	<u>Police and Fireman's Pension</u>	<u>Garfield Pension</u>	<u>Total</u>
ADDITIONS				
Net investment income:				
Net increase (decrease) in the fair value of investments	\$2,111	\$1,705,099	\$140	\$1,707,350
Interest income	39,059	840,194	3,859	883,112
Investment management fees		(102,649)		(102,649)
Contribution from the City	486,092		76,692	562,784
Contribution from Pension Reserve		<u>4,600,000</u>		<u>4,600,000</u>
Total Additions	<u>527,262</u>	<u>7,042,644</u>	<u>80,691</u>	<u>7,650,597</u>
DEDUCTIONS				
Pension benefits	<u>757,311</u>	<u>4,545,417</u>	<u>80,504</u>	<u>5,383,232</u>
Total Deductions	<u>757,311</u>	<u>4,545,417</u>	<u>80,504</u>	<u>5,383,232</u>
Net Increase (Decrease)	<u>(230,049)</u>	<u>2,497,227</u>	<u>187</u>	<u>2,267,365</u>
NET ASSETS				
Beginning of year	<u>1,770,210</u>	<u>18,850,504</u>	<u>336,274</u>	<u>20,956,988</u>
End of year	<u>\$1,540,161</u>	<u>\$21,347,731</u>	<u>\$336,461</u>	<u>\$23,224,353</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, 2010

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010
<u>Special Assessment</u>				
Cash and investments	\$1,765,760	\$628,112	\$609,581	\$1,784,291
Restricted cash and investments	651,345	776		652,121
Accounts receivable	16,296	16,282	16,296	16,282
Interest receivable	1,006	499	1,006	499
Total Assets	<u>\$2,434,407</u>	<u>\$645,669</u>	<u>\$626,883</u>	<u>\$2,453,193</u>
Due to assessment district bondholders	<u>\$2,434,407</u>	<u>\$645,669</u>	<u>\$626,883</u>	<u>\$2,453,193</u>
<u>General Agency</u>				
Cash and investments	\$850,744	\$33,942	\$62,882	\$821,804
Interest receivable	468	237	468	237
Total Assets	<u>\$851,212</u>	<u>\$34,179</u>	<u>\$63,350</u>	<u>\$822,041</u>
Accounts payable and accrued liabilities	\$9,651	\$33,711	\$9,651	\$33,711
Refundable Deposits	841,561	468	53,699	788,330
Total Liabilities	<u>\$851,212</u>	<u>\$34,179</u>	<u>\$63,350</u>	<u>\$822,041</u>
<u>Johnson Library</u>				
Cash and investments	\$9,438	\$279		\$9,717
Interest receivable	5	3	\$5	3
Total Assets	<u>\$9,443</u>	<u>\$282</u>	<u>\$5</u>	<u>\$9,720</u>
Refundable deposits	<u>\$9,443</u>	<u>\$282</u>	<u>\$5</u>	<u>\$9,720</u>
<u>Senior Center</u>				
Cash and investments	\$59,744	\$2,797	\$1,213	\$61,328
Interest receivable	33	18	33	18
Total Assets	<u>\$59,777</u>	<u>\$2,815</u>	<u>\$1,246</u>	<u>\$61,346</u>
Accounts payable and accrued liabilities	\$2,389	\$2,426	\$1,213	\$3,602
Refundable Deposits	57,388	389	33	57,744
Total Liabilities	<u>\$59,777</u>	<u>\$2,815</u>	<u>\$1,246</u>	<u>\$61,346</u>

(Continued)

CITY OF RICHMOND  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010
<u>JPFA Reassessment</u>				
Cash and investments	\$1,407,527	\$1,148,608	\$1,062,270	\$1,493,865
Restricted cash and investments	1,261,731	15,005		1,276,736
Interest receivable	784	409	784	409
Investment in reassessment bonds	<u>7,022,500</u>		<u>592,500</u>	<u>6,430,000</u>
Total Assets	<u>\$9,692,542</u>	<u>\$1,164,022</u>	<u>\$1,655,554</u>	<u>\$9,201,010</u>
Due to assessment district bondholders	<u>\$9,692,542</u>	<u>\$1,164,022</u>	<u>\$1,655,554</u>	<u>\$9,201,010</u>
<u>1999 Revenue Refunding Bonds</u>				
Cash investments	\$1,403,036	\$30,565	\$687,134	\$746,467
Restricted cash and investments	2,555,447	63,408		2,618,855
Interest receivable	<u>789</u>	<u>210</u>	<u>789</u>	<u>210</u>
Total Assets	<u>\$3,959,272</u>	<u>\$94,183</u>	<u>\$687,923</u>	<u>\$3,365,532</u>
Due to assessment district bondholders	<u>\$3,959,272</u>	<u>\$94,183</u>	<u>\$687,923</u>	<u>\$3,365,532</u>
<u>Payroll Benefits</u>				
Cash and investments	\$451,875	\$414,972	\$103,873	\$762,974
Accounts receivable	<u>286,349</u>		<u>131,839</u>	<u>154,510</u>
Total Assets	<u>\$738,224</u>	<u>\$414,972</u>	<u>\$235,712</u>	<u>\$917,484</u>
Accounts payable and accrued liabilities	<u>\$738,224</u>	<u>\$414,972</u>	<u>\$235,712</u>	<u>\$917,484</u>
<u>2006 A&amp;B Reassessment District</u>				
Cash and investments	\$877,939	\$674,316	\$912,714	\$639,541
Restricted cash and investments	571,396	262,311		833,707
Interest receivable	482	170	482	170
Investment in reassessment bonds	<u>10,312,500</u>		<u>222,500</u>	<u>10,090,000</u>
Total Assets	<u>\$11,762,317</u>	<u>\$936,797</u>	<u>\$1,135,696</u>	<u>\$11,563,418</u>
Due to assessment district bondholders	<u>\$11,762,317</u>	<u>\$936,797</u>	<u>\$1,135,696</u>	<u>\$11,563,418</u>

(Continued)

CITY OF RICHMOND  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010
<hr/>				
Total Agency Funds				
Cash and investments	\$6,826,063	\$2,933,591	\$3,439,667	\$6,319,987
Restricted cash and investments	5,039,919	341,500		5,381,419
Investment in reassessment bonds	17,335,000		815,000	16,520,000
Accounts receivable	302,645	16,282	148,135	170,792
Interest receivable	3,567	1,546	3,567	1,546
Total Assets	<u>\$29,507,194</u>	<u>\$3,292,919</u>	<u>\$4,406,369</u>	<u>\$28,393,744</u>
Accounts payable and accrued liabilities	\$750,264	\$451,109	\$246,576	\$954,797
Refundable Deposits	908,392	1,139	53,737	855,794
Due to assessment district bondholders	27,848,538	2,840,671	4,106,056	26,583,153
Total Liabilities	<u>\$29,507,194</u>	<u>\$3,292,919</u>	<u>\$4,406,369</u>	<u>\$28,393,744</u>

**City of Richmond**  
**June 30, 2010**

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**STATISTICAL SECTION**

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

***Financial Trends***

These schedules contain trend information to help the reader understand how the City's financial performance and 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:

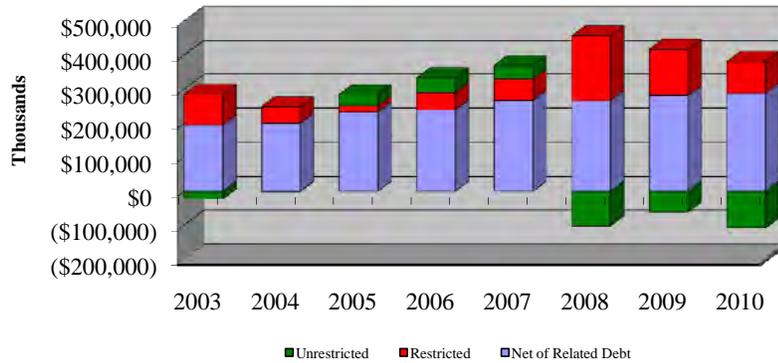
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

***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 Eight Fiscal Years**  
**(accrual basis of accounting)**



	<b>Fiscal Year Ended June 30,</b>							
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Governmental activities</b>								
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	\$201,197,639
Restricted	90,011,285	45,358,192	16,193,394	49,291,795	60,271,169	188,950,882	135,801,179	72,114,985
Unrestricted	(40,308,547)	19,096,845	42,225,569	44,525,862	48,795,188	(101,295,871)	(57,236,422)	(66,103,671)
<b>Total governmental activities net assets</b>	<b>\$211,506,108</b>	<b>\$188,196,299</b>	<b>\$214,118,962</b>	<b>\$249,748,571</b>	<b>\$279,325,214</b>	<b>\$276,122,611</b>	<b>\$280,172,125</b>	<b>\$207,208,953</b>
<b>Business-type activities</b>								
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	\$86,432,590
Restricted		3,156,207	2,246,548	2,283,065	1,427,804	1,526,840	612,613	21,150,740
Unrestricted	17,733,546	(19,724,085)	(8,865,682)	(1,351,641)	(8,084,756)	(519,625)	(3,963,417)	(42,004,396)
<b>Total business-type activities net assets</b>	<b>\$50,352,856</b>	<b>\$59,349,439</b>	<b>\$70,051,822</b>	<b>\$83,351,098</b>	<b>\$90,507,349</b>	<b>\$78,566,021</b>	<b>\$76,189,839</b>	<b>\$65,578,934</b>
<b>Primary government</b>								
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	\$287,630,229
Restricted	90,011,285	48,514,399	18,439,942	51,574,860	61,698,973	190,477,722	136,413,792	93,265,725
Unrestricted	(22,575,001)	(627,240)	33,359,887	43,174,221	40,710,432	(101,815,496)	(61,199,839)	(108,108,067)
<b>Total primary government net assets</b>	<b>\$261,858,964</b>	<b>\$247,545,738</b>	<b>\$284,170,784</b>	<b>\$333,099,669</b>	<b>\$369,832,563</b>	<b>\$354,688,632</b>	<b>\$356,361,964</b>	<b>\$272,787,887</b>

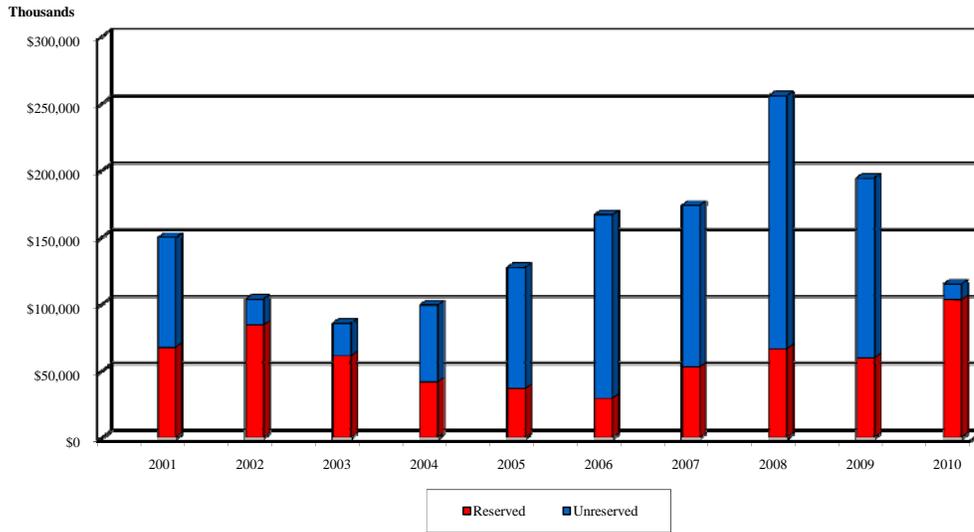
**CITY OF RICHMOND**  
**Changes in Net Assets**  
**Last Eight Fiscal Years**  
**(Accrual Basis of Accounting)**

	<b>Fiscal Year Ended June 30,</b>							
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Expenses</b>								
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	\$19,044,449
Public Safety	51,888,399	55,122,382	46,320,116	64,704,505	69,145,528	80,140,357	91,432,506	95,147,888
Public Works	32,986,223	39,509,425	36,743,774	40,119,182	25,265,766	31,252,681	43,289,943	43,342,529
Community Development	8,494,108	5,771,490	4,487,223	6,400,700	5,446,357	5,046,846	4,316,710	7,698,693
Cultural and Recreational	11,150,363	11,426,024	7,120,024	10,516,483	15,637,748	19,624,717	16,618,663	14,952,438
Housing and Redevelopment	26,645,808	9,610,845	10,883,850	14,587,522	11,338,512	17,471,811	19,209,243	18,014,624
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	30,251,260
Total Governmental Activities Expenses	<u>173,587,572</u>	<u>169,263,285</u>	<u>127,516,656</u>	<u>171,056,058</u>	<u>166,982,337</u>	<u>204,604,964</u>	<u>216,574,497</u>	<u>228,451,881</u>
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	27,709,496
Port of Richmond	2,811,056	2,911,772	2,545,842	2,896,324	3,690,733	4,589,789	4,739,269	8,611,216
Richmond Marina	578,370	272,694	248,045	245,732	331,099	240,542	235,571	232,855
Municipal Sewer	10,035,988	10,047,198	9,020,928	9,599,570	12,236,185	15,084,727	14,290,536	13,611,098
Storm Sewer	2,446,743	2,461,223	2,142,358	2,953,974	3,590,975	4,685,796	4,466,645	2,527,838
Cable TV	763,738	699,809	646,770	702,849	798,758	853,646	898,370	991,506
Convention Center	319,066	291,078	269,595	274,542				
Total Business-Type Activities Expenses	<u>42,473,663</u>	<u>44,604,713</u>	<u>42,928,198</u>	<u>42,434,754</u>	<u>42,550,233</u>	<u>49,778,834</u>	<u>47,966,014</u>	<u>53,684,009</u>
Total Primary Government Expenses	<u>\$216,061,235</u>	<u>\$213,867,998</u>	<u>\$170,444,854</u>	<u>\$213,490,812</u>	<u>\$209,532,570</u>	<u>\$254,383,798</u>	<u>\$264,540,511</u>	<u>\$282,135,890</u>
<b>Program Revenues</b>								
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	\$6,612,893
Public Safety	697,659	22,300	1,061,832	2,674,213	3,337,186	3,435,021	3,931,893	5,674,457
Public Works	3,848,741	5,133,200	6,829,231	2,017,908	1,641,139	952,330	1,669,681	1,656,353
Community Development	1,682,781	17	1,488,832	2,488,628	562,647	393,878	170,872	504,726
Cultural and Recreational	364,665	234,308	230,187	1,230,022	277,523	257,258	594,205	1,294,976
Housing and Redevelopment	(680)	26	54	3,145,276	320,165	1,037,112	7,000	222,459
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	12,286,127
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	9,685,942
Total Government Activities Program Revenues	<u>44,042,510</u>	<u>30,721,663</u>	<u>27,343,472</u>	<u>36,457,802</u>	<u>38,609,098</u>	<u>32,845,691</u>	<u>29,587,677</u>	<u>37,937,933</u>
Business-Type Activities:								
Charges for Services:								
Richmond Housing Authority	2,064,716	2,234,580	1,822,316	1,663,345	1,630,745	1,776,252	3,096,831	2,100,519
Port of Richmond	2,265,785	2,491,147	5,913,472	6,130,166	5,392,626	5,900,126	5,095,840	3,882,153
Richmond Marina	366,288	458,473	456,142	579,581	448,630	484,212	476,588	417,679
Municipal Sewer	8,020,968	10,008,499	9,099,788	11,009,699	12,410,236	13,864,120	14,432,849	15,991,488
Storm Sewer	1,477,853	1,478,790	1,546,345	1,545,977	1,655,799	1,637,151	1,579,698	1,593,792
Cable TV	677,314	911,227	840,773	944,693	930,168	974,924	1,084,389	1,157,502
Convention Center	172,793	202,246	273,008	326,715	37,659			
Operating Grants and Contributions	24,072,750	9,498					18,683,329	21,549,967
Capital Grants and Contributions		33,845,368	32,707,460	33,223,130	23,789,008	24,675,667	50,027	2,429,709
Total Business-Type Activities Program Revenue	<u>39,118,467</u>	<u>51,639,828</u>	<u>52,659,304</u>	<u>55,423,306</u>	<u>46,294,871</u>	<u>49,312,452</u>	<u>44,499,551</u>	<u>49,122,809</u>
Total Primary Government Program Revenues	<u>\$83,160,977</u>	<u>\$82,361,491</u>	<u>\$80,002,776</u>	<u>\$91,881,108</u>	<u>\$84,903,969</u>	<u>\$82,158,143</u>	<u>\$74,087,228</u>	<u>\$87,060,742</u>
<b>Net (Expense)/Revenue</b>								
Governmental Activities	(\$129,545,062)	(\$138,541,622)	(\$100,173,184)	(\$134,598,256)	(\$128,373,239)	(\$171,759,273)	(\$186,986,820)	(\$190,513,948)
Business-Type Activities	(3,355,196)	7,035,115	9,731,106	12,988,552	3,744,638	(466,382)	(3,466,463)	(4,561,200)
Total Primary Government Net Expense	<u>(\$132,900,258)</u>	<u>(\$131,506,507)</u>	<u>(\$90,442,078)</u>	<u>(\$121,609,704)</u>	<u>(\$124,628,601)</u>	<u>(\$172,225,655)</u>	<u>(\$190,453,283)</u>	<u>(\$195,075,148)</u>

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

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Revenues and Other Changes in Net Assets</b>								
<b>Governmental Activities:</b>								
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	\$62,620,002
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	25,000,182
Utility user taxes		29,322,850	29,721,091	30,199,388	27,007,410	29,553,243	48,953,004	50,298,719
Other Taxes	44,665,215	9,421,142	13,847,030	14,690,034	12,042,215	8,802,995	7,959,683	6,092,050
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	(7,618,093)
Unrestricted Intergovernmental	978,228	4,157,098	3,031,587	954,905	438,625	4,330,572	2,197,148	957,140
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	5,465,467
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	2,728,314
Developer revenue sharing				3,254,620	591,051	201,270	51,767	138,454
Settlement reimbursement				4,226,289				
Transfers	(2,116,594)	49,486	167,153	375,740	(2,346,906)	(1,706,880)	(692,391)	500,000
Reimbursement from Pension Fund	3,928,959							
<b>Total Government Activities</b>	<u>104,876,201</u>	<u>113,153,915</u>	<u>129,696,268</u>	<u>170,227,865</u>	<u>157,949,882</u>	<u>168,556,670</u>	<u>191,036,334</u>	<u>146,182,235</u>
<b>Business-Type Activities:</b>								
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	(2,768,103)
Investment Income	2,281,921							
Settlement								1,922,260
Other			1,956,342			313,863	7,701	188,143
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	(500,000)
<b>Total Business-Type Activities</b>	<u>4,388,988</u>	<u>1,759,763</u>	<u>3,021,795</u>	<u>882,995</u>	<u>4,016,914</u>	<u>(11,474,946)</u>	<u>1,090,281</u>	<u>(1,157,700)</u>
<b>Total Primary Government</b>	<u>\$109,265,189</u>	<u>\$114,913,678</u>	<u>\$132,718,063</u>	<u>\$171,110,860</u>	<u>\$161,966,796</u>	<u>\$157,081,724</u>	<u>\$192,126,615</u>	<u>\$145,024,535</u>
<b>Change in Net Assets</b>								
Governmental Activities	(\$24,668,861)	(\$25,387,707)	\$29,523,084	\$35,629,609	\$29,576,643	(\$3,202,603)	\$4,049,514	(\$44,331,713)
Business-Type Activities	1,033,792	8,794,878	12,752,901	13,871,547	7,761,552	(11,941,328)	(2,376,182)	(5,718,900)
<b>Total Primary Government</b>	<u>(\$23,635,069)</u>	<u>(\$16,592,829)</u>	<u>\$42,275,985</u>	<u>\$49,501,156</u>	<u>\$37,338,195</u>	<u>(\$15,143,931)</u>	<u>\$1,673,332</u>	<u>(\$50,050,613)</u>

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



	Fiscal Year Ended June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund</b>										
Reserved	\$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	\$24,370,076
Unreserved	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	14,836,337
<b>Total General Fund</b>	<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>	<u>\$39,206,413</u> (a)
<b>All Other Governmental Funds</b>										
Reserved	\$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	\$78,641,755
Unreserved, reported in:										
Special revenue funds	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	(14,101,274)
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	9,483,965
Capital project funds	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	1,367,063
<b>Total all other governmental funds</b>	<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>	<u>\$75,391,509</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,					
	2001	2002	2003	2004	2005	2006
<b>Revenues</b>						
Property taxes	\$37,220,187	\$37,152,483	\$39,816,120	\$36,475,512	\$48,148,871	\$76,431,421
Sales taxes	14,255,927	13,199,899	12,282,691	12,352,198	20,273,363	25,402,253
Utility user fees	21,094,681	21,144,888	23,463,409	29,322,850	29,721,091	30,199,388
Other taxes	9,755,617	7,578,673	10,810,643	9,421,142	13,847,030	14,690,034
Licenses, permits and fees	3,854,140	6,459,773	5,267,568	8,414,668	8,347,868	14,272,803
Developer revenue sharing						3,254,620
Fines, forfeitures and penalties	759,782	454,786	570,823	435,057	522,015	396,257
Use of money and property	8,521,642	11,950,076	9,710,818	2,628,566	2,496,624	5,149,718
Intergovernmental	19,539,785	15,391,085	26,727,129	15,892,578	15,980,671	16,303,188
Charges for services	4,824,336	6,158,955	6,775,324	6,775,449	3,864,491	4,421,803
Pension stabilization revenue						4,175,381
Settlement reimbursement						4,226,289
Lease income	1,306,391	3,013,488	3,017,548			
Reimbursement from pension fund		4,017,246	3,928,959			
Rent	2,793,821	4,244,780	2,629,861	2,560,987	237,568	414,716
Other	3,971,315	2,364,500	6,184,893	23,152,932	3,191,685	3,496,107
<b>Total Revenues</b>	<b>127,897,624</b>	<b>133,130,632</b>	<b>151,185,786</b>	<b>147,431,939</b>	<b>146,631,277</b>	<b>202,833,978</b>
<b>Expenditures</b>						
Current:						
General government	19,657,294	17,316,203	17,981,557		12,871,884	18,986,723
Public safety	40,336,645	44,309,105	53,169,844		52,859,724	64,006,470
Public works					20,947,719	20,371,718
Highway and streets	7,793,120	24,689,873	18,345,397			
Health and sanitation	955,873					
Community development	9,600,033	6,139,781	8,556,636		4,542,606	6,306,343
Cultural and recreational	9,740,773	10,707,305	11,585,860		7,362,852	10,300,456
Housing and redevelopment	1,990,502	9,861,172	24,940,122		11,971,460	20,778,294
Salaries and wages				86,240,536		
General and administrative				40,886,151		
Maintenance				2,182,381		
Other	11,165,647	81,095	75,785	601,026		
SERAF						
Capital outlay	15,894,297	8,461,827	13,170,857	12,570,471	10,630,365	17,479,290
Debt service:						
Principal repayment	13,436,978	12,988,661	6,245,552	7,989,730	7,639,995	6,515,045
Interest and fiscal charges	12,003,575	13,939,372	13,930,315	12,102,434	9,206,783	11,257,775
<b>Total Expenditures</b>	<b>142,574,737</b>	<b>148,494,394</b>	<b>168,001,925</b>	<b>162,572,729</b>	<b>138,033,388</b>	<b>176,002,114</b>
Excess (deficiency) of revenues over (under) expenditures	(14,677,113)	(15,363,762)	(16,816,139)	(15,140,790)	8,597,889	26,831,864
<b>Other Financing Sources (Uses)</b>						
Transfers in	52,731,159	29,129,749	37,541,392	66,659,138	27,587,164	53,092,947
Transfers out	(52,846,008)	(30,137,487)	(42,657,986)	(69,609,652)	(34,410,933)	(54,131,970)
Sale of property	308,775	223,115	61,624	578,907	9,071,591	3,167,685
Payment to refund bond escrow agent			6,556,686			
Proceeds of long-term debt	60,720,000	7,437,213		29,145,759	17,356,100	124,111,809
Payment to retirement plan						(113,877,017)
<b>Total other financing sources (uses)</b>	<b>60,913,926</b>	<b>6,652,590</b>	<b>1,501,716</b>	<b>26,774,152</b>	<b>19,603,922</b>	<b>12,363,454</b>
<b>Net Change in fund balances</b>	<b>\$46,236,813</b>	<b>(\$8,711,172)</b>	<b>(\$15,314,423)</b>	<b>\$11,633,362</b>	<b>\$28,201,811</b>	<b>\$39,195,318</b>
Debt service as a percentage of noncapital expenditures	(a)	19.2%	13.0%	13.4%	13.2%	11.2%

**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.
- (b) Debt service in 2010 includes the current refunding of the 2007 Tax Allocation Bonds of \$64,275,000.

**Fiscal Year Ended June 30,**

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$73,983,141	\$77,764,608	\$79,047,050	\$63,858,143
28,217,895	29,005,711	27,922,698	25,000,182
27,007,410	29,553,243	48,953,004	40,298,719
12,042,215	8,342,809	7,959,683	6,092,050
8,379,660	8,164,006	6,415,896	7,598,407
591,051	201,270	51,767	138,454
312,723	312,706	359,870	481,264
6,879,814	10,360,029	5,278,605	1,849,884
24,439,246	18,092,672	15,753,684	21,627,513
4,488,092	6,026,165	5,585,383	8,517,238
4,240,135	4,256,500	5,292,746	2,728,314
605,207	336,617	312,096	766,017
<u>3,009,820</u>	<u>3,407,481</u>	<u>11,685,170</u>	<u>4,766,408</u>
<u>194,196,409</u>	<u>195,823,817</u>	<u>214,617,652</u>	<u>183,722,593</u>
22,646,791	26,022,760	19,044,304	14,412,971
72,869,340	86,716,916	93,507,626	95,989,053
12,207,805	18,121,576	20,513,373	20,997,847
5,449,106	5,196,860	4,334,599	7,692,545
15,142,703	20,814,698	16,796,528	15,137,648
11,345,178	22,828,774	22,049,876	12,098,783
34,281,457	62,742,853	80,466,151	10,118,826
9,079,459	6,300,998	9,684,582	25,142,692
<u>10,129,575</u>	<u>15,612,543</u>	<u>14,038,265</u>	<u>171,714,191 (b)</u>
<u>193,151,414</u>	<u>264,357,978</u>	<u>280,435,304</u>	<u>21,418,597</u>
<u>1,044,995</u>	<u>(68,534,161)</u>	<u>(65,817,652)</u>	<u>(211,000,560)</u>
33,071,479	184,513,795	79,414,731	49,963,245
(31,800,296)	(185,857,975)	(80,148,188)	(43,560,606)
4,747,114	4,287,517	5,040,000	23,300
	(32,897,515)		
	172,962,622		121,076,391
<u>6,018,297</u>	<u>143,008,444</u>	<u>4,306,543</u>	<u>127,502,330</u>
<u>\$7,063,292</u>	<u>\$74,474,283</u>	<u>(\$61,511,109)</u>	<u>(\$83,498,230)</u>
11.9%	10.7%	11.1%	51.9%

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>ASSESSED VALUE <sup>(1)</sup></b>										
Land	\$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	\$3,541,992
Improvements	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	8,071,718
Total Real Property	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	11,613,710
Personal Property	491,488	496,737	522,772	558,698	563,253	538,693	572,948	333,505	632,670	683,995
<b>TOTAL</b>	<b>\$7,195,368</b>	<b>\$8,224,495</b>	<b>\$8,474,004</b>	<b>\$8,925,193</b>	<b>\$10,144,424</b>	<b>\$11,222,993</b>	<b>\$12,475,546</b>	<b>\$13,243,376</b>	<b>\$14,127,018</b>	<b>\$12,297,705</b>
<b>EXEMPTIONS <sup>(2)</sup></b>										
Homeowners <sup>(a)</sup>	\$114,012	\$115,472	\$116,607	\$116,687	\$115,580	\$117,722	\$111,746	\$113,417	\$113,296	\$111,793
Other <sup>(b)</sup>	208,302	240,583	245,704	243,788	267,660	317,429	332,611	338,751	364,531	432,140
<b>TOTAL</b>	<b>\$322,314</b>	<b>\$356,055</b>	<b>\$362,311</b>	<b>\$360,475</b>	<b>\$383,240</b>	<b>\$435,151</b>	<b>\$444,357</b>	<b>\$452,168</b>	<b>\$477,827</b>	<b>\$543,933</b>
<b>ASSESSED VALUE</b>										
(Net of Exemptions)	\$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	\$11,753,772
<b>Less:</b>										
<b>Redevelopment Tax</b>										
<b>Increments <sup>(3)</sup></b>	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	1,736,546
<b>NET ASSESSED</b>										
<b>VALUE</b>	<b>\$6,081,008</b>	<b>\$6,965,210</b>	<b>\$7,091,306</b>	<b>\$7,462,219</b>	<b>\$8,560,934</b>	<b>\$9,441,403</b>	<b>\$10,048,259</b>	<b>\$10,457,437</b>	<b>\$11,244,866</b>	<b>\$10,017,226</b>
<b>NET INCREASE</b>										
<b>(DECREASE)</b>	\$314,766	\$884,202	\$126,096	\$370,913	\$1,098,715	\$880,469	\$606,856	\$409,178	\$787,429	(\$1,227,640)
<b>% OF INCREASE</b>										
<b>(DECREASE)</b>	5.46%	14.54%	1.81%	5.23%	14.72%	10.28%	6.43%	4.07%	7.53%	-10.92%
<b>Total Direct Tax Rate <sup>(4)</sup></b>	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

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

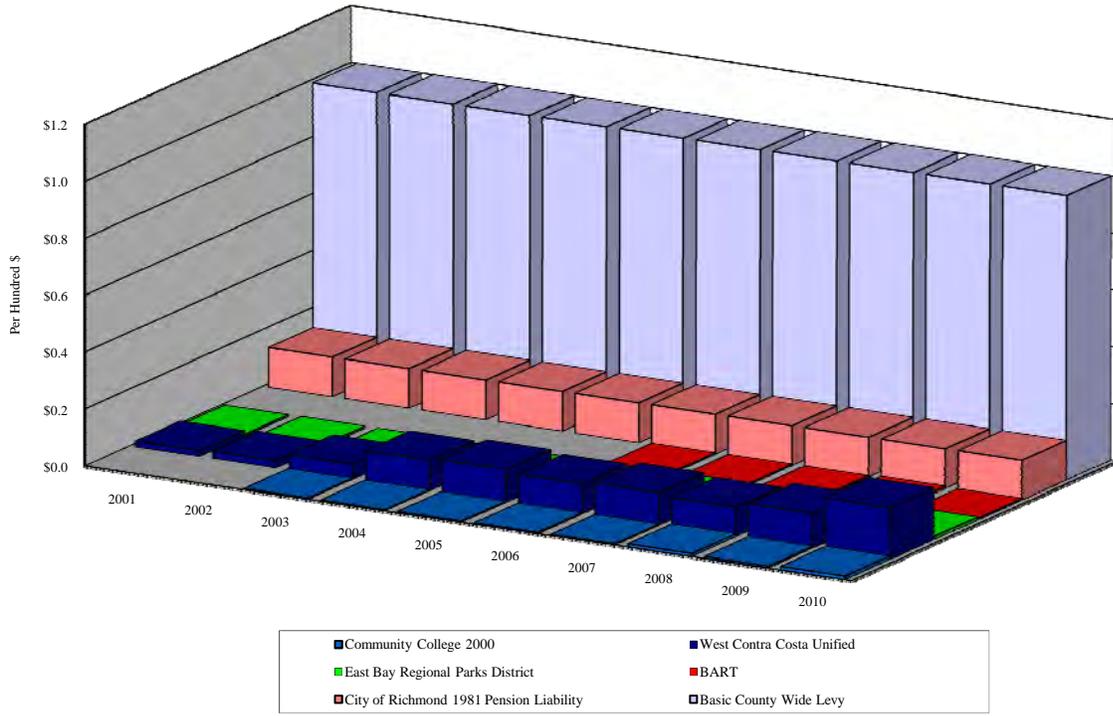
<sup>(2)</sup> Exemptions are summarized as follows:  
(a) Homeowners' exemption arises from Article XIII(25) which reimburses local governments for revenues lost through the homeowners' exemption in Article XIII(3)(k).  
(b) Other exemptions are revenues lost to the City because of provisions of California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

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

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

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

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



<u>Fiscal Year</u>	<u>Basic County Wide Levy</u>	<u>City of Richmond 1981 Pension Liability (1)</u>	<u>BART</u>	<u>East Bay Regional Parks District</u>	<u>West Contra Costa Unified</u>	<u>Community College 2000</u>	<u>Total</u>
2001	\$1.0000	\$0.1400		\$0.0065	\$0.0204		\$1.1669
2002	1.0000	0.1400		0.0072	0.0250		1.1722
2003	1.0000	0.1400		0.0065	0.0526	\$0.0040	1.2031
2004	1.0000	0.1400		0.0057	0.1064	0.0038	1.2559
2005	1.0000	0.1400		0.0057	0.1153	0.0042	1.2652
2006	1.0000	0.1400	\$0.0048	0.0057	0.1041	0.0047	1.2593
2007	1.0000	0.1400	0.0050	0.0085	0.1143	0.0043	1.2721
2008	1.0000	0.1400	0.0053	0.0080	0.1035	0.0108	1.2676
2009	1.0000	0.1400	0.0090	0.0100	0.1230	0.0066	1.2886
2010	1.0000	0.1400	0.0057	0.0108	0.1828	0.0126	1.3519

(1) Voter approved debt.

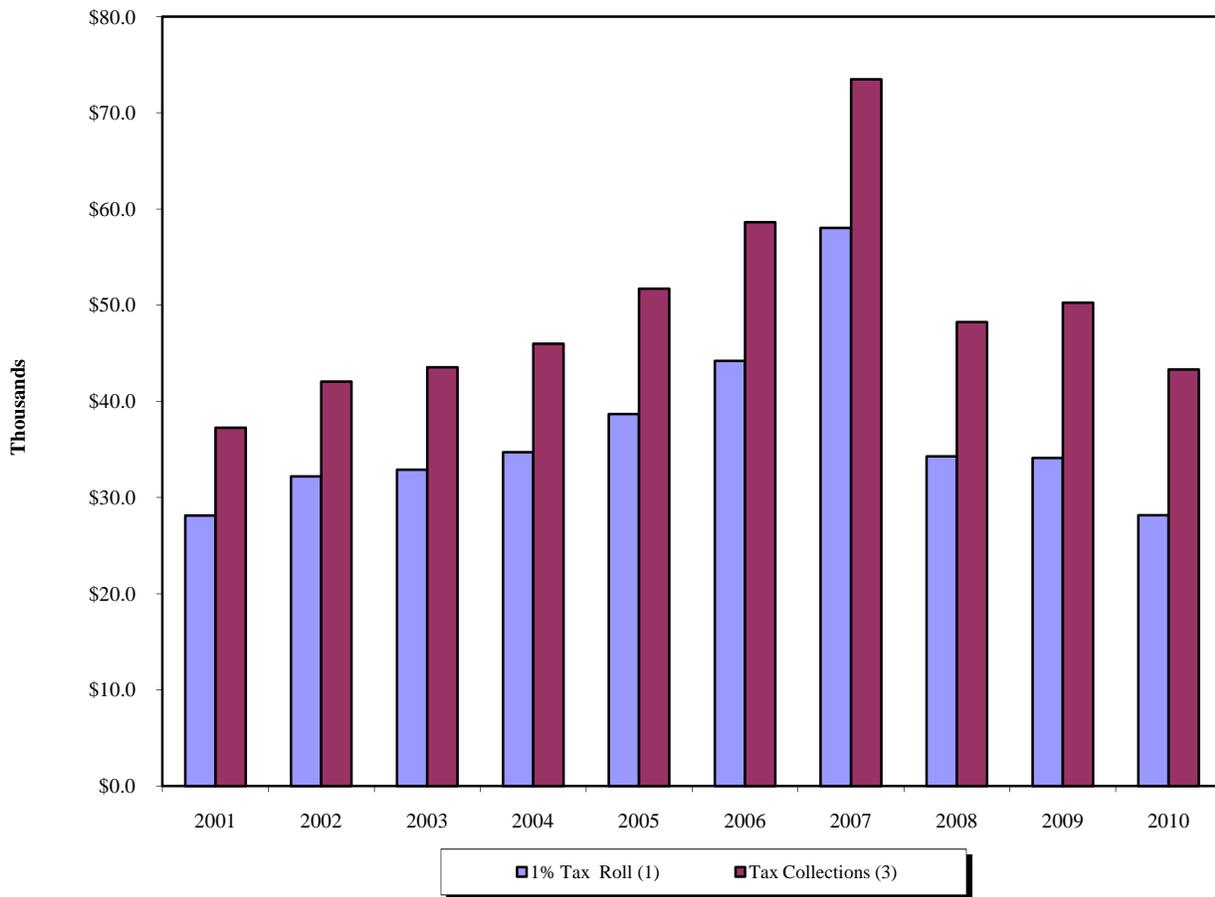
Source: County of Contra Costa, Office of the Auditor-Controller

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

Taxpayer	Type of Business	2009-10			2000-01		
		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	\$3,454,010	1	29%	\$1,790,070	1	26.04%
Richmond Parkway Associates	Residential	125,115	2	1.06%	N/A		N/A
Berlex Laboratories, Inc.	Industrial	112,147	3	0.95%	127,824	2	1.86%
DDRM Hilltop Plaza, LP	Commercial	90,635	4	0.77%	N/A		
Lennar Emerald Marina Shores	Residential	68,993	5	0.59%	N/A		N/A
Praxair, Inc.	Unsecured	67,750	6	0.58%	N/A		N/A
Kaiser Foundation Hospitals	Institutional	66,223	7	0.56%	N/A		N/A
Richmond Associates	Commercial	64,888	8	0.55%	N/A		N/A
Richmond Pinole PT Industrial	Industrial	52,823	9	0.45%	N/A		N/A
Richmond Essex, LP	Residential	51,961	10	0.44%	N/A		N/A
Cremco-Richmond	Unsecured	N/A		N/A	122,437	3	1.78%
ICI Americas, Inc.	Industrial	N/A		N/A	71,823	4	1.04%
Burnham Pacific Operating Partners	Commercial	N/A		N/A	67,665	5	0.98%
Watch Holdings, LLC.	Residential	N/A		N/A	52,878	6	0.77%
Security Capital Pacific Trust	Residential	N/A		N/A	41,865	7	0.61%
Chronicle Publishing Company	Industrial	N/A		N/A	38,584	8	0.56%
California Fats & Oils	Industrial	N/A		N/A	32,779	9	0.48%
Pt Richmond R & D Associates	Industrial	N/A		N/A	30,292	10	0.44%
Subtotal		<u>\$4,154,545</u>		<u>27.66%</u>	<u>\$2,376,217</u>		<u>34.24%</u>
Total Net Assessed Valuation:							
Fiscal Year 2009-2010		\$11,753,772					
Fiscal Year 2000-2001		6,873,054					

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

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

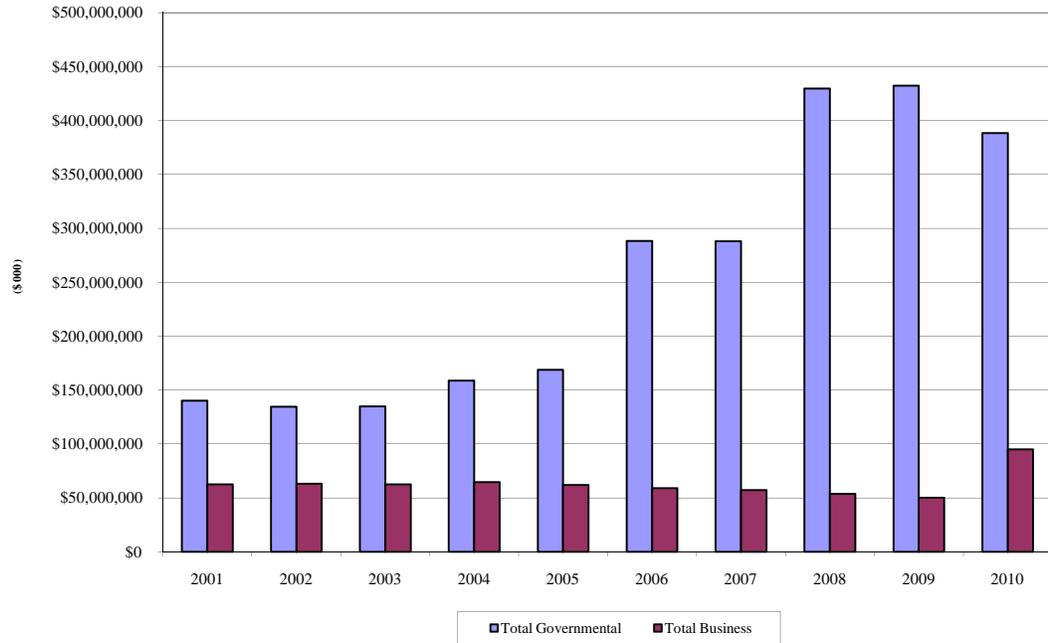


<b>Fiscal Year</b>	<b>1% Tax Roll (1)</b>	<b>Voter Approve Debt Tax Rolls (2)</b>	<b>Total Tax Collections (3)</b>	<b>Percent of Total Tax Collections to Tax Levy</b>
2001	\$28,125	\$9,129	\$37,254	100%
2002	32,193	9,867	42,060	100%
2003	32,890	10,656	43,546	100%
2004	34,721	11,282	46,003	100%
2005	38,687	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%
2010	28,147	15,155	43,302	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
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
2010	130,953,999	152,059,727	88,271,545	10,460,463	6,536,310	388,282,044

**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)
2001	\$38,345,972	\$15,680,703	\$8,418,185	\$62,444,860	\$202,494,935	10.20%	\$2,040.95
2002	38,904,150	14,501,865	9,682,769	63,088,784	197,587,413	9.73%	1,968.53
2003	39,422,497	13,273,027	9,704,142	62,399,666	197,209,429	9.62%	1,953.75
2004	39,903,191	11,989,189	12,543,740	64,436,120	222,965,194	10.63%	2,204.59
2005	39,218,632	10,650,351	11,877,513	61,746,496	230,514,561	(A)	2,267.51
2006	38,516,264	9,251,513	11,195,682	58,963,459	347,165,507	(A)	3,393.37
2007	41,857,327	7,782,675	7,419,009	57,059,011	344,974,276	(A)	3,376.08
2008	42,152,480	5,933,813	5,427,429	53,513,722	482,967,537	(A)	4,675.12
2009	41,934,902	3,203,312	4,971,846	50,110,060	482,399,002	(A)	4,643.14
2010	41,416,658	49,015,199	4,501,732	94,933,589	483,215,633	(A)	4,619.56

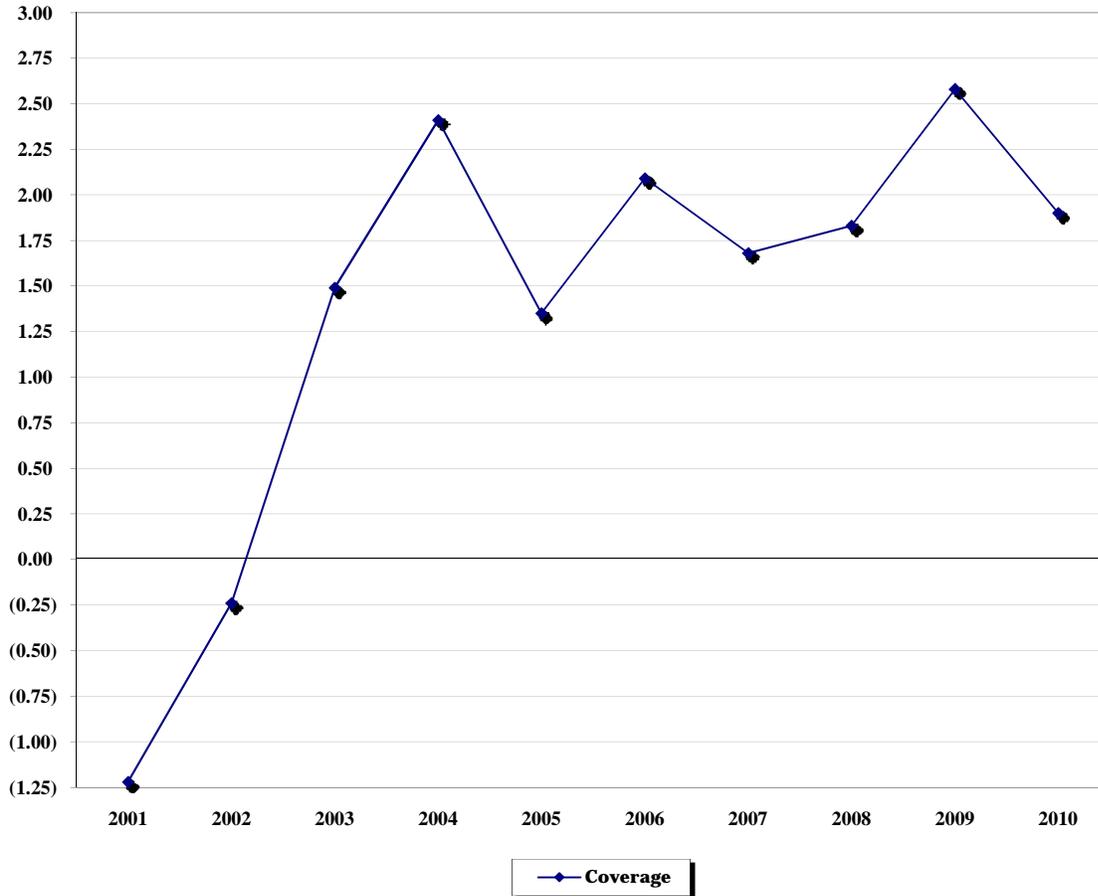
Notes: Debt amounts exclude any premiums, discounts, or other amortization amounts.

(A) Data not available.

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

Sources: City of Richmond  
 State of California, Department of Finance (population)  
 U.S. Department of commerce, Bureau of the Census (income)

**CITY OF RICHMOND  
REVENUE BOND COVERAGE  
1999, 2006 AND 2008 WASTEWATER REVENUE BONDS  
LAST TEN FISCAL YEARS**



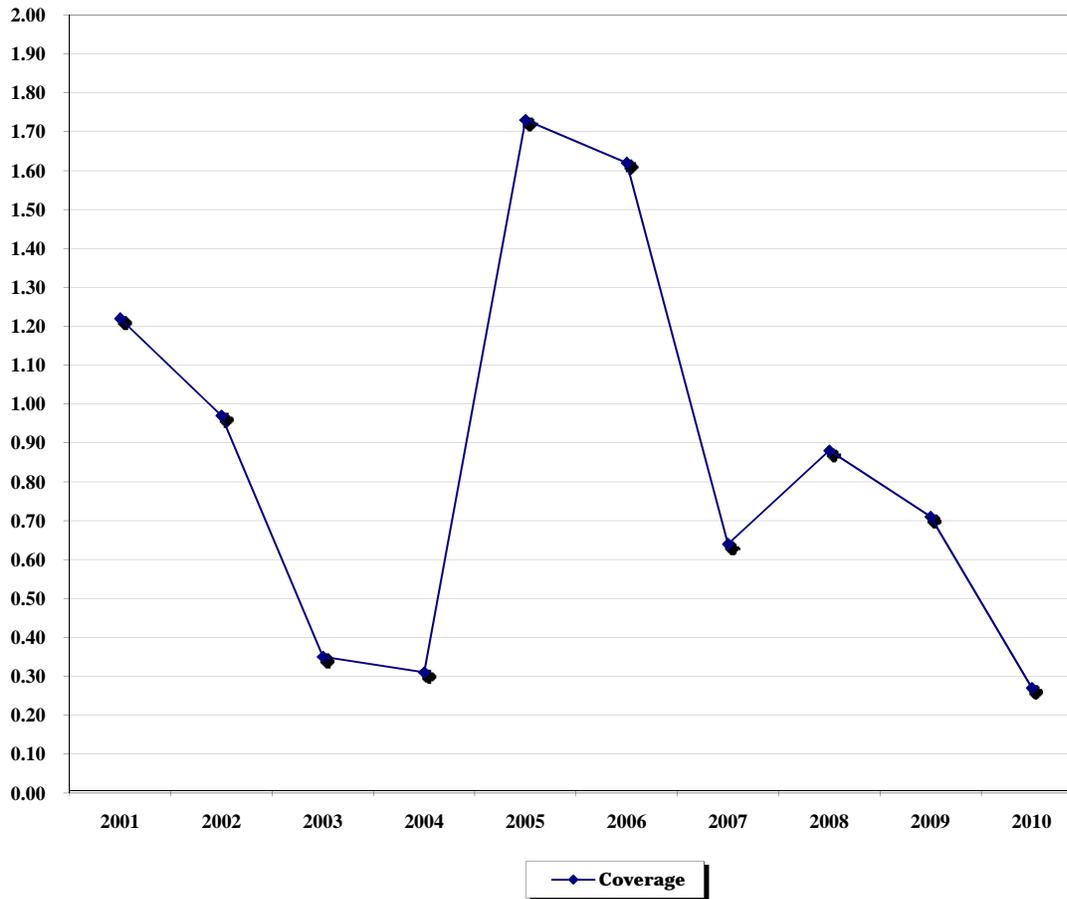
Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2001	\$7,765,103	\$9,665,875	(\$1,900,772)		\$1,559,561	\$1,559,561	(1.22)
2002	9,690,868	10,059,777	(368,909)		1,559,561	1,559,561	(0.24)
2003	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
2010	16,075,782	10,362,653	5,713,129	865,000	2,146,974	3,011,974	1.90

Notes: (1) Includes all Municipal Sewer Operating Revenues and Non-operating Interest Revenue excluding Derivative Investment Interest

(2) Includes all Municipal Sewer Operating Expenses less Depreciator

Source: City of Richmond Annual Financial Statements

**CITY OF RICHMOND  
REVENUE BOND COVERAGE  
1996, 1999, 2004, AND 2007 PORT TERMINAL LEASE REVENUE BONDS, NOTE  
AND POINT POTRERO LEASE REVENUE BONDS  
LAST TEN FISCAL YEARS**

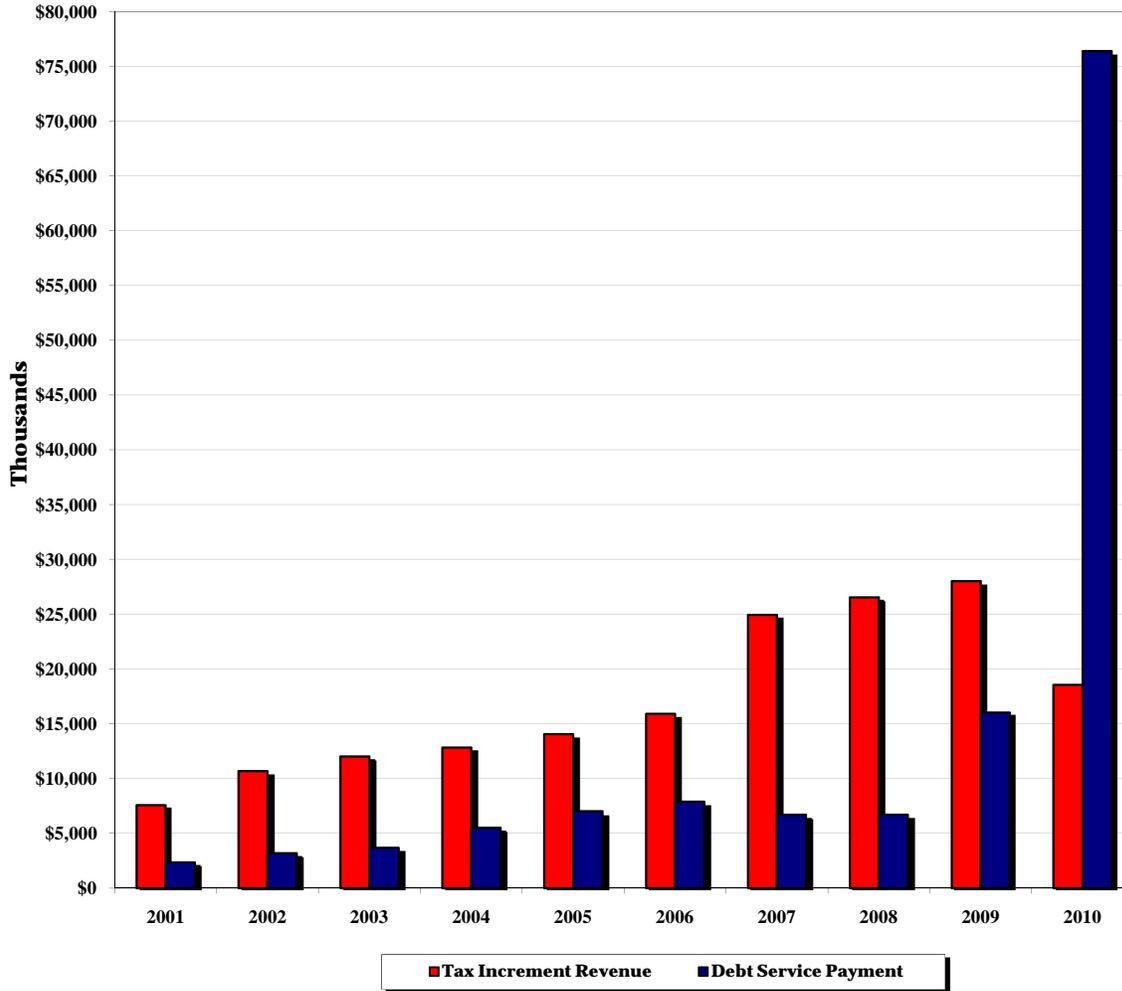


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2001	\$5,078,601	\$2,664,299	\$2,414,302	\$1,140,000	\$836,379	\$1,976,379	1.22
2002	3,698,781	1,785,720	1,913,061	1,185,000	790,037	1,975,037	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
2010	4,334,422	3,007,455	1,326,967	3,270,000	1,671,265	4,941,265	0.27

Notes: (1) Includes all Municipal Sewer Operating Revenues and Non-operating Interest Revenue excluding Derivative Investment Interest  
(2) Includes all Municipal Sewer Operating Expenses less Depreciator

Source: City of Richmond Annual Financial Statements

**CITY OF RICHMOND  
 BONDED DEBT PLEDGED REVENUE COVERAGE  
 TAX ALLOCATION BONDS (1)  
 LAST TEN FISCAL YEARS**

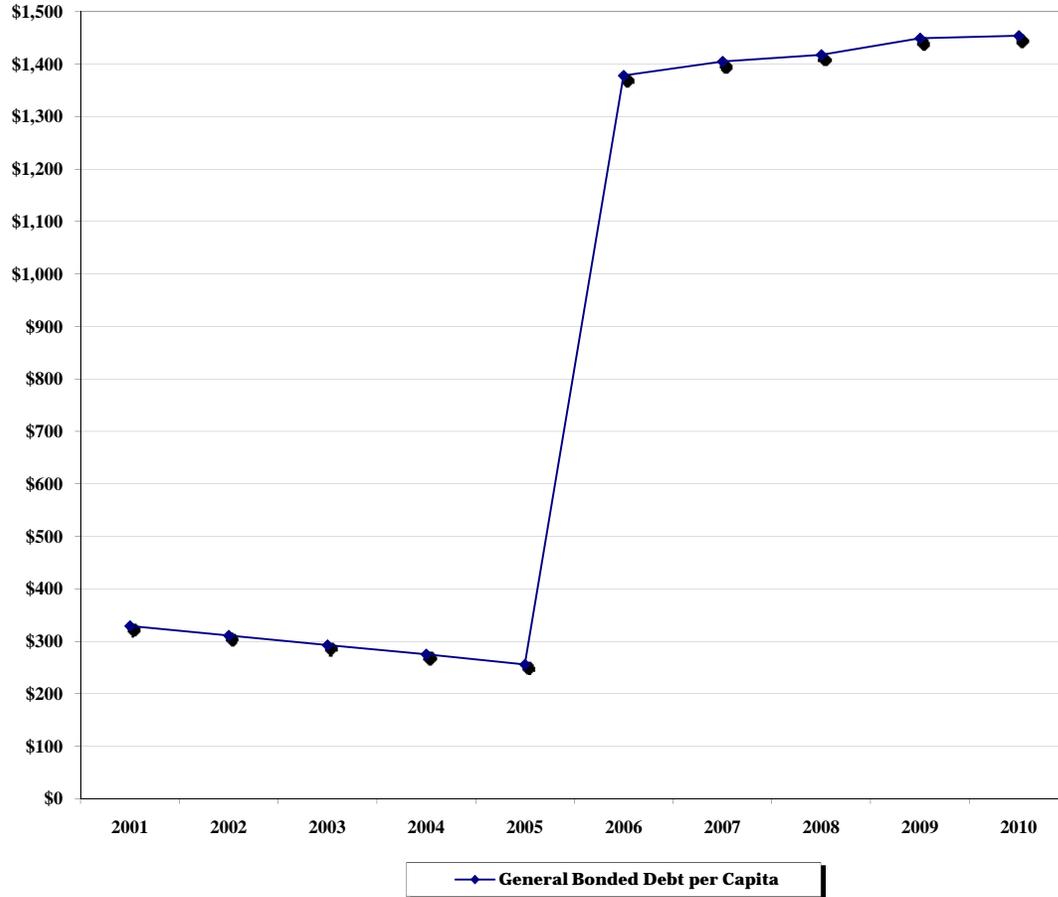


Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2001	\$7,583,609	\$630,000	\$1,711,896	\$2,341,896	3.24
2002	10,699,505	346,000	2,850,068	3,196,068	3.35
2003	12,010,629	895,000	2,794,504	3,689,504	3.26
2004	12,835,207	2,035,000	3,491,256	5,526,256	2.32
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
2010	18,559,284	69,170,000 (2)	7,220,349	76,390,349	0.24

Note: (1) Includes the 1991, 1998, 2000, 2003, 2004, 2007 and 2010 Bonds.  
 (2) Includes current refunding of the 2007 Bonds of \$64,275,000

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>
2001	\$33,040,000	\$6,081,008,000	0.54%	\$329
2002	31,360,000	6,965,210,000	0.45%	311
2003	29,660,000	7,091,306,000	0.42%	293
2004	27,945,000	7,462,219,000	0.37%	275
2005	26,225,000	8,560,934,000	0.31%	256
2006	140,799,775	9,441,403,000	1.49%	1,378
2007	143,575,313	10,048,259,000	1.43%	1,405
2008	146,453,616	10,457,437,000	1.40%	1,418
2009	150,493,392	11,244,866,000	1.34%	1,449
2010	152,059,727	10,017,226,000	1.52%	1,454

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, 2010**

2009-2010 Assessed Valuation:	\$11,865,462,874
Redevelopment Incremental Valuation:	<u>1,736,546,065</u>
Adjusted Assessed Valuation:	\$10,128,916,809

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt June 30, 2010	% Applicable (1)	City's Share of Debt June 30, 2010
Bay Area Rapid Transit District	\$420,000,000	2.319%	\$9,739,800
Contra Costa Community College District	245,795,000	7.848%	19,289,992
West Contra Costa Unified School District	731,132,876	55.429%	405,259,642
West Contra Costa Healthcare District Parcel Tax Obligations	23,175,000	50.674%	11,743,700
East Bay Municipal Utility District, Special District No. 1	27,255,000	0.841%	229,215
East Bay Regional Park District	196,775,000	3.535%	6,955,996
City of Richmond Community Facilities District No. 1998-1	3,660,000	100%	3,660,000
City of Richmond 1915 Act Bonds	19,570,000	100%	19,570,000
<b>TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<u>476,448,345</u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Contra Costa County General Fund Obligations	\$270,430,000	7.819%	\$21,144,922
Contra Costa County Pension Obligations	435,310,000	7.819%	34,036,889
Alameda-Contra Costa Transit District Certificates of Participation	40,335,000	7.094%	2,861,365
Contra Costa Community College District Certificates of Participation	990,000	7.848%	77,695
West Contra Costa Unified School District Certificates of Participation	21,830,000	55.429%	12,100,151
<b>City of Richmond General Fund Obligations</b>	<b>136,905,000</b>	<b>100%</b>	<b>136,905,000</b>
<b>City of Richmond Pension Obligations</b>	<b>125,460,133</b>	<b>100%</b>	<b>125,460,133</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>			<u>332,586,155</u>
Less: Contra Costa County general fund obligations supported by revenue funds			9,856,815
<b>City of Richmond obligations supported from port revenues</b>			<b>47,110,000</b>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>			<u>275,619,340</u>
 GROSS COMBINED TOTAL DEBT			<u>\$809,034,500 (2)</u>
NET COMBINED TOTAL DEBT			<u>\$752,067,685</u>

- (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 2009-10 Assessed Valuation:

Total Net Overlapping Tax and Assessment Debt	4.02%
---	-------

Ratios to Adjusted Assessed Valuation:

<b>Gross Combined Direct Debt (\$262,365,133)</b>	<b>2.59%</b>
<b>Net Combined Direct Debt (\$215,255,133)</b>	<b>2.13%</b>
Combined Total Debt	7.99%
Net Combined Total Debt	7.42%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$0

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

**CITY OF RICHMOND  
COMPUTATION OF LEGAL BONDED DEBT MARGIN  
JUNE 30, 2010**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$11,753,772,000
---	------------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$440,766,450
---	---------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$0
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Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	0
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Amount of debt subject to limit	0
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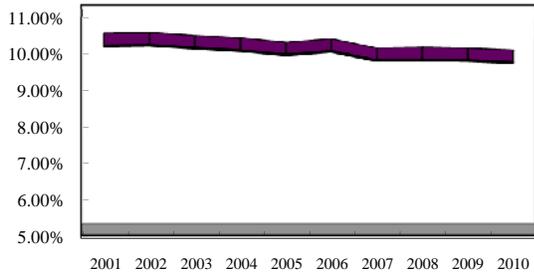
LEGAL BONDED DEBT MARGIN	\$440,766,450
--------------------------	---------------

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
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%
2010	440,766,450	0	440,766,450	0.00%

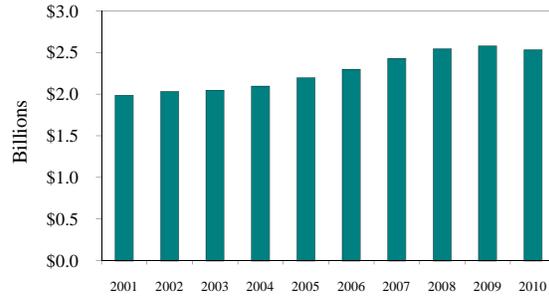
NOTE:

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

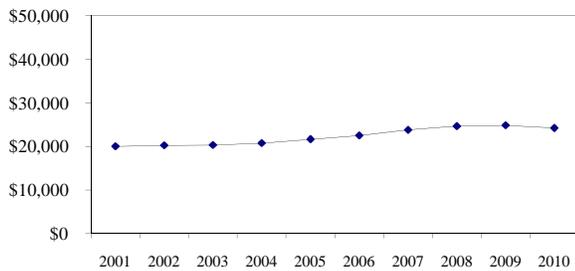
**CITY OF RICHMOND  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**



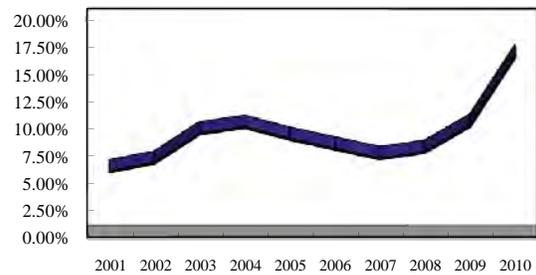
■ City Population as a % of County Population



■ Total Personal Income



◆ Per Capita Personal Income



■ Unemployment Rate (%)

Calendar Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%)	Contra Costa County Population	City Population % of County
2001	99,216	\$1,985,377,000	\$20,011	6.0%	972,103	10.21%
2002	100,373	2,030,996,000	20,234	6.8%	981,600	10.23%
2003	100,939	2,048,955,000	20,299	9.5%	994,900	10.15%
2004	101,137	2,096,562,000	20,730	10.1%	1,003,900	10.07%
2005	101,660	2,198,664,000	21,628	9.0%	1,020,898	9.96%
2006	102,307	2,301,226,000	22,493	8.1%	1,029,377	10.05%
2007	102,182	2,429,855,000	23,780	7.2%	1,042,341	9.80%
2008	103,306	2,544,898,000	24,635	7.8%	1,051,674	9.82%
2009	103,895	2,579,939,000	24,832	10.2%	1,060,435	9.80%
2010	104,602	2,532,776,000	24,213	16.6%	1,073,055	9.75%

Source: HDL Coren & Cone

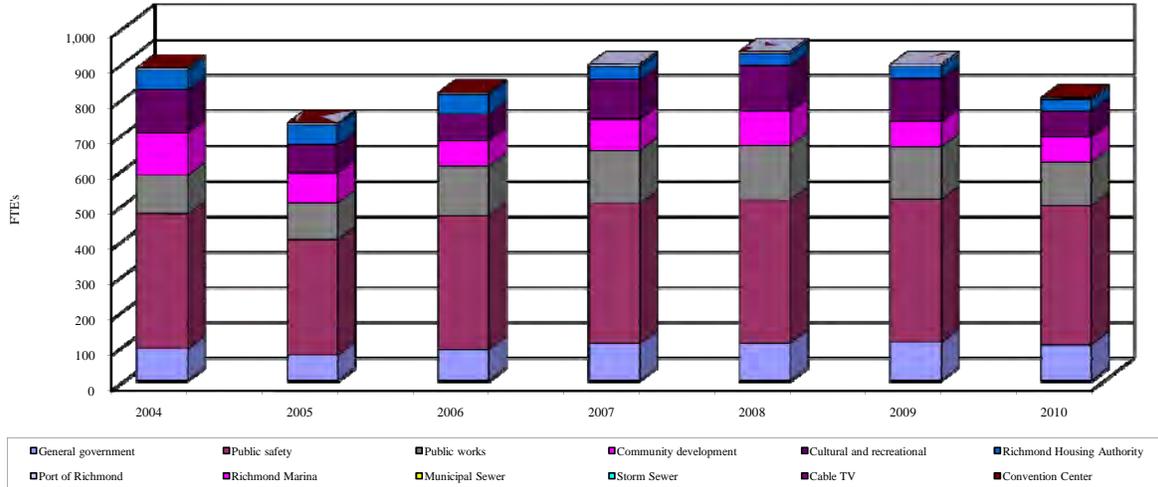
**CITY OF RICHMOND**  
**Principal Employers**  
**Current Year**

<u>Employer</u>	<u>2009-10</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
West Contra Costa Unified School District	2,568	1	2.5%
Chevron Refinery	1,950	2	1.9%
City of Richmond	911	3	0.9%
Kaiser Permanente	600	4	0.6%
Sun Power	500	5	0.5%
Pacific Gas & Electric	299	6	0.3%
U.S. Postal Service	294	7	0.3%
Richmond Health Center	250	8	0.2%
Target	245	9	0.2%
Galaxy Desserts	<u>190</u>	10	<u>0.2%</u>
Subtotal	<u><u>7,807</u></u>		<u><u>7.5%</u></u>
Total City Day Population	<u><u>104,602</u></u>		

Source: City of Richmond Community Development Department

Notes: Data for fiscal year 2000/01 is not available

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



**Adopted for Fiscal Year Ended June 30.**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Function</b>							
General government	89.0	71.5	87.2	104.0	105.5	107.2	100.2
Public safety	382.0	327.0	378.5	396.5	405.0	405.0	394.0
Public works	109.0	103.0	139.5	150.0	154.0	149.0	123.0
Community development	120.9	84.9	73.0	88.0	96.0	71.0	72.0
Cultural and recreational	121.6	80.8	74.4	113.2	130.4	121.5	72.2
Housing and redevelopment	38.2	39.2	39.0	39.0	41.0	40.0	19.0
Richmond Housing Authority and RHA Properties	56.0	56.0	56.0	36.5	34.0	33.0	32.0
Port of Richmond	6.1	5.1	5.0	6.0	6.0	7.0	6.0
Richmond Marina	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Municipal Sewer	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Storm Sewer	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Cable TV	(1)	(1)	(1)	(1)	(1)	(1)	(3)
Convention Center	(1)	(1)	(1)	(2)	(2)	(2)	(3)
<b>Total</b>	<b>922.80</b>	<b>767.50</b>	<b>852.60</b>	<b>933.20</b>	<b>971.90</b>	<b>933.70</b>	<b>818.40</b>

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.
- (3) Staff that perform these functions are included under General Government and Cultural and Recreational.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Function/Program</b>						
Public safety:						
Fire:						
Fire calls for service	10,068	10,068	11,006	10,677	9,861	11,723
Primary fire inspections conducted	5,502	5,502	9,795	5,581	6,201	5,752
Number of firefighters	77.5	93	99	99	98	109
Number of firefighters and civilians per thousand population	0.8	0.9	1.0	1.0	1.1	1.0
Police:						
Number of police officers per thousand population	1.6	1.7	1.7	1.7	1.7	1.9
Number of sworn officers	164	179	179	187	176	200
Water						
Daily average consumption in gallons per family	250	250	250	250	250	250

**Source:** City of Richmond

**Note:** Data prior to 2005 is not available

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

<b>Function/Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Public safety:</b>					
Fire stations	7	7	7	7	7
Police stations	6	6	6	6	6
Library (#) of Locations	1	1	3 *	3 *	3
(* two branch library sites were refurbished and opened in January 2008)					
<b>Public works</b>					
Miles of streets	280	280	280	280	280
Street lights	7,000	7,000	7,000	7,000	7,000
Urban Forest (trees)	39,900	40,200	40,200	40,200	40,757
<b>Culture and recreation:</b>					
<b>Community services:</b>					
City parks	53	55	55	55	55
City parks acreage	280.0	336.6	336.6	336.6	336.6
Open Space & Public Landscapes acreage	562.0	510.0	510.0	510.0	510.0
Lawn bowling	1	1	1	1	1
Recreation centers	8	8	8	8	8
Auditorium/Theater	1	1	1	1	1
Gymnasiums	3	3	3	3	3
Senior centers	2	2	2	2	2
Headstart centers/day cares	10	6	6	6	6
Putting green	1	1	1	1	1
Basketball courts	28	28	28	28	28
Swimming pools	1	1	1	1	1
Tennis courts	17	20	20	20	20
Baseball/softball diamonds	26	26	26	26	26
Soccer/football fields	17	17	17	17	17
Cricket fields	2	2	2	2	2
<b>Water</b>					
Fire hydrants	3,153	3,153	3,153	3,153	3,153
<b>Wastewater</b>					
Miles of sanitary sewers	230	230	230	230	230
Miles of storm sewers	310	310	310	310	310
Land Area (square miles)	33.7	33.7	33.7	33.7	33.7
Miles of waterfront	32	32	32	32	32

**Source:** City of Richmond  
**Note:** Data prior to 2006 is not available

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