

2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011

RICHMOND, CALIFORNIA

CITY OF RICHMOND, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prepared by
THE FINANCE DEPARTMENT

This Page Left Intentionally Blank

**CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

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

FINANCIAL SECTION

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

BASIC FINANCIAL STATEMENTS:

Government-wide Financial Statements:

Statement of Net Assets	27
Statement of Activities.....	28

Fund Financial Statements:

Balance Sheet – Governmental Funds	32
Reconciliation of the Governmental Funds – Balance Sheet with the Statement of Net Assets	35
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	36
Reconciliation of the Net Change in Fund Balances—Total Governmental Funds with the Statement of Activities	38
Statement of Net Assets – Proprietary Funds	40
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	41
Statement of Cash Flows – Proprietary Funds.....	42
Statement of Fiduciary Net Assets – Fiduciary Funds.....	44
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	45

Notes to Financial Statements:

(1) Organization and Definition of Reporting Entity	47
(2) Summary of Significant Accounting Policies.....	49
(3) Cash and Investments	55
(4) Interfund Transactions	60
(5) Notes and Loans Receivable.....	64
(6) Capital Assets	70

**CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

Page

Notes to Financial Statements (Continued):

(7)	Note Payable.....	73
(8)	Long Term Obligations.....	73
(9)	Deferred Revenue and Unearned Revenue	109
(10)	Fund Balances and Net Assets.....	110
(11)	California Public Employees’ Retirement System	113
(12)	Other City Pension Plans	115
(13)	Other Postemployment Benefits	122
(14)	Deferred Compensation Plan	125
(15)	Risk Management	126
(16)	Segment Information for Enterprise Funds.....	128
(17)	Commitments and Contingencies	129
(18)	Tax Increment Shift to Supplemental Educational Revenue Augmentation Fund SERAF.....	133
(19)	Proposed Dissolution of Redevelopment	134
(20)	Subsequent Event.....	134

REQUIRED SUPPLEMENTAL INFORMATION:

Budgetary Comparison Schedule – General Fund.....	137
Budgetary Comparison Schedule – Redevelopment Agency Administration Special Revenue Fund	138
Budgetary Comparison Schedule – Cost Recovery Special Revenue fund	139
Notes to Budgetary Comparison Schedules.....	141

SUPPLEMENTARY INFORMATION:

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

Budgetary Comparison Schedule.....	144
------------------------------------	-----

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheets – Nonmajor Governmental Funds	148
Combining Statements of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	152
Combining Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Funds	156
Combining Statement of Net Assets – Nonmajor Enterprise Funds.....	162
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Enterprise Funds.....	163
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	164
Combining Statement of Net Assets – Internal Service Funds.....	166
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	167
Combining Statement of Cash Flows – Internal Service Funds	168

**CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

Page

SUPPLEMENTARY INFORMATION: (Continued)

Statement of Pension Trust Funds Net Assets	170
Statement of Changes in Pension Trust Funds Net Assets	171
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	174

STATISTICAL SECTION

Net Assets by Component Last Ten Fiscal Years	179
Changes in Net Assets Last Ten Fiscal Years	180
Fund Balances of Governmental Funds Last Ten Fiscal Years	183
Changes in Fund Balance of Governmental Funds Last Ten Fiscal Years	184
Assessed and Estimated Actual Value of Taxable Property	186
Property Tax Rates	187
Principal Property Tax Payers	188
Property Tax Levies and Collections	189
Ratio of Outstanding Debt by Type	190
Revenue Bond Coverage 1999, 2006, 2008, 2010A and 2010B Wastewater Revenue Bonds Last Ten Fiscal Years	191
Revenue Bond Coverage 1996, 1999, 2004, 2007 and 2009 Port Terminal Lease Revenue Bonds, Note and Point Potrero Lease Revenue Bonds Last Ten Fiscal Years	192
Bonded Debt Pledged Revenue Coverage Tax Allocation Bonds Last Ten Fiscal Years	193
General Bonded Debt – Pension Obligation Bonds Last Ten Fiscal Years	194
Computation of Direct and Overlapping Debt	195
Computation of Legal Bonded Debt Margin	196
Demographic and Economic Statistics Last Ten Calendar Years	197
Principal Employers	198
Full-Time Equivalent City Government Employees by Function Last Eight Fiscal Years	199

**CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

Page

STATISTICAL SECTION (Continued)

Operating Indicators by Function/Program.....	200
Capital Asset Statistics by Function/Program.....	201

FINANCE DEPARTMENT



450 CIVIC CENTER PLAZA
RICHMOND, CA 94804
(510) 620-6740

February 15, 2012

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, 2011, 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, 2011, 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, 2011. The Independent Auditors' Report is presented as the first component of the Financial Section of this report.

Accounting standards require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The Reporting Entity and Its Services

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

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

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

Profile of the Government

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

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

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

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

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

The mission of the City of Richmond is:

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

Factors Affecting Financial Condition

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

Local economy

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

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

- The ongoing development and leasing of light industrial/business park property at Hilltop and along the relatively new I-580 freeway along Richmond's South Shoreline evidence that an active market for this kind of space exists in the Richmond area;
- Availability of fairly extensive vacant or under-utilized land areas zoned for industrial use;
- Relatively lower land costs than most of the Bay Area;
- Richmond's central location in western Contra Costa County; within a short distance of San Francisco, Oakland, other East Bay cities and Marin County, and a relatively easy commute to and from the State's capitol, Sacramento;
- Proximity to the University of California, Berkeley, one of the major scientific universities and library systems in the world;
- Good access and transportation (Richmond has two Interstate freeways as well as good rail and water transportation facilities, including Southern Pacific and Santa Fe Railroads, Santa Fe western terminal and the Port of Richmond and the recent Richmond Transit Village featuring an inter-modal station providing easy access to Bay Area Rapid Transit (BART, Amtrak and buses); and
- Availability of relatively affordable housing for employees in a variety of neighborhoods, housing types and price ranges.

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

Public policy decisions have been made that will improve the quality and quantity of the technical workforce ready to meet the challenges of the technological labor market. The Richmond area policy makers are working as a team to accomplish the common goal of retaining components of the current economic base and creating an economic environment that will attract and retain new businesses in growth industries. Some of the special programs and projects that have been created to accomplish this goal are as follows:

Richmond Enterprise Zone: This City of Richmond program offers businesses within its boundaries the opportunity to reduce their state business income taxes through a variety of tax credits. Most commercial and industrial areas of the City are within the Enterprise zone. Incentives include: a Hiring Tax Credit, Sales and Use Tax Credit, Business Expense Deduction for Real Property, Net Operating Loss Carry-over, Net

Interest Deduction for Lenders and Employer Tax Credit for hiring Low-Income Employees.

Workforce Investment Board: The Richmond Workforce Investment Board (WIB) is the official oversight and policy-making body for federally-funded employer services and employment and training programs in Richmond. The mission of the Richmond WIB is to oversee the articulation and implementation of comprehensive workforce development strategies, policies and performance outcomes of the City of Richmond's integrated service delivery system.

Significant Events and Accomplishments

The City of Richmond is committed to providing excellent municipal services to its diverse residents and visitors. Highlights of the City's activities and accomplishments for the fiscal year ended June 30, 2011 include the following:

Public Safety

- Organized 14 new Neighborhood Watch programs.
- Held 74 Crime Prevention Education and Training events.
- Held 40 public education programs about Fire Prevention.
- West County Community Emergency Response Team (CERT) Consortium (C4) was awarded the California Emergency Services Association's (CESA) Silver Award.
- 21 Office of Neighborhood Safety fellows completed the first block of Financial Literacy sessions in partnership with Erwin Reeves and Mechanics Bank.

Economic & Neighborhood Development

- 21 businesses participated and contributed to the Summer Youth Employment Program by providing 657 jobs.
- City of Richmond Environmental Initiatives Team won First place at the Sustainable Contra Costa Awards September 29, 2010, in the Government Award Category for their holistic approach to sustainability.
- The City received an "A" grade in the Annual State of Tobacco Control Report.
- Planted 375 trees in public right of ways and parks.
- The Richmond Memorial Civic Center Rehabilitation Project was selected for a 2010 Preservation Design Award in the Large Rehabilitation category.
- Metropolitan Transportation Commission awarded Richmond \$2.7 million in construction funding for the streetscape work on Nevin Avenue between 19th and 27th Streets.
- Qualified for further consideration as a site for the Lawrence Berkeley National Laboratory (LBNL) second campus. A final decision on the location of the second LBNL campus is expected in winter 2011.

Recreation & Cultural Services

- Grand Opening of Martin Luther King Park celebrated May 7, 2011.
- Grand re-opening of the Richmond Plunge celebrated August 14, 2010.
- Grand re-opening of the Nevin Community Center celebrated March 5, 2011.
- Grand opening of the Martin Luther King Track and Field celebrated May 7, 2011.
- 36 new computers set-up in various areas of the Main Library.
- Over 40 families received literacy support.
- The Richmond Art Center started its 75th Anniversary Celebration.
- Over 1,250 summer reading program participants.
- Over 660 adults receiving pre-GED and English literacy instruction.

Public Works

- Doubled the Sewer Lateral Grant Program administered through Engineering from \$100,000 to \$240,000.
- Resurfaced 71 City blocks.
- Completed the draft Pedestrian Master Plan.

Strategic Support

- Completed the Qualified Energy Conservation Bonds (QECCB) for energy efficiency for City facilities and street lights.
- Completed the Recovery Zone Economic Development Bonds (RZEDB) for the improvements to various City facilities.
- 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, 2010.
- Received the Achievement of Excellence in Procurement (AEP) Award from the National Purchasing Institute - July 2010.
- Received the Distinguished Budget Presentation Award for fiscal year 2010-11 from the Government Finance Officers Association (GFOA).
- Received the California Society of Municipal Finance Officers (CSFMO) Excellence Award in Budgeting for fiscal year 2010-11.
- Developed process procedures for the Land Development Division to increase efficiencies.

Long-Term Financial Plan

- Adopted and adhered to a structurally balanced budget for 2010-11 that resulted in the continued designation of \$10 million for contingency reserves.
- City Council Long-Term Financial Plan Retreat held July 20, 2010.

- Completed comprehensive analysis of five-year historical revenue and expenditure trends.
- Developed five-year financial forecasts based on historical trends and other known factors.
- Updated Debt Policy in December 2010 which reflects General debt service cannot exceed 10% of General Fund revenue; and set forth detailed debt service and refunding practices.
- Continued to use one-time moneys for one-time uses, and ensured revenues are adequate to finance the city's operations.

CASH MANAGEMENT POLICIES AND PRACTICES

Public funds held by the City Treasury were invested in accordance with established investment procedures and with the Investment Policy adopted by the City Council on July 22, 2003. An updated Investment Policy was adopted by the City Council on 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, 2011 was 1.82 percent. The City Council receives reports on the City's pooled investment program on a monthly basis. Please see note 3 for a detailed discussion of the City's cash and investments.

RISK MANAGEMENT

The Risk Management Division, a component of the Human Resources Department, is responsible for managing and controlling the City's overall cost of risk. This entails a number of components including exposure assessment, loss control and mitigation, loss funding and claims management. The Division's pre-loss efforts include safety training and employee education programs, operational, financial and transactional risk and hazard evaluation, implementation of regulatory and legislative requirements and the evaluation and use of risk financing methods including self-insured retentions, risk transfer opportunities and the purchase of insurance.

Up until April 17, 2009, the City self-insured the first \$1 million of its Workers' Compensation program and purchased excess commercial insurance coverage for claims up to \$25 million in excess of the annually determined self-insured retention (\$1 million). Effective April 18, 2009, the City became a member of the California State Associate of Counties – Excess Insurance Authority (CSAC-EIA) to participate in their excess workers' compensation risk pool. The City's self-insured retention was reduced to \$750,000 effective with this change. The excess workers' compensation coverage will now be renewed on a fiscal year basis on July 1st. Risk Management is instrumental in evaluating retention and insurance costs to optimize the City's cash flow and manage its overall Workers' Compensation costs.

The City also self-insures 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.

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.

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

The City established the Secured Pension Override Special Revenue Fund to which proceeds of a special incremental property tax levy voted by the citizens of the City of Richmond are credited for the payment of benefits under the Plans.

In addition to the pension benefits described 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, 2011, 457 retirees met those eligibility requirements. The City has funded these benefits on a pay-as-you-go basis. During fiscal year 2011, expenditures of \$2,849,394 were recognized for post employment health care benefits. Also during fiscal year 2008, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than pensions. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB) The provisions of this statement are applied prospectively and do not affect prior year's financial statements. Please see notes 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, 2010. 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,

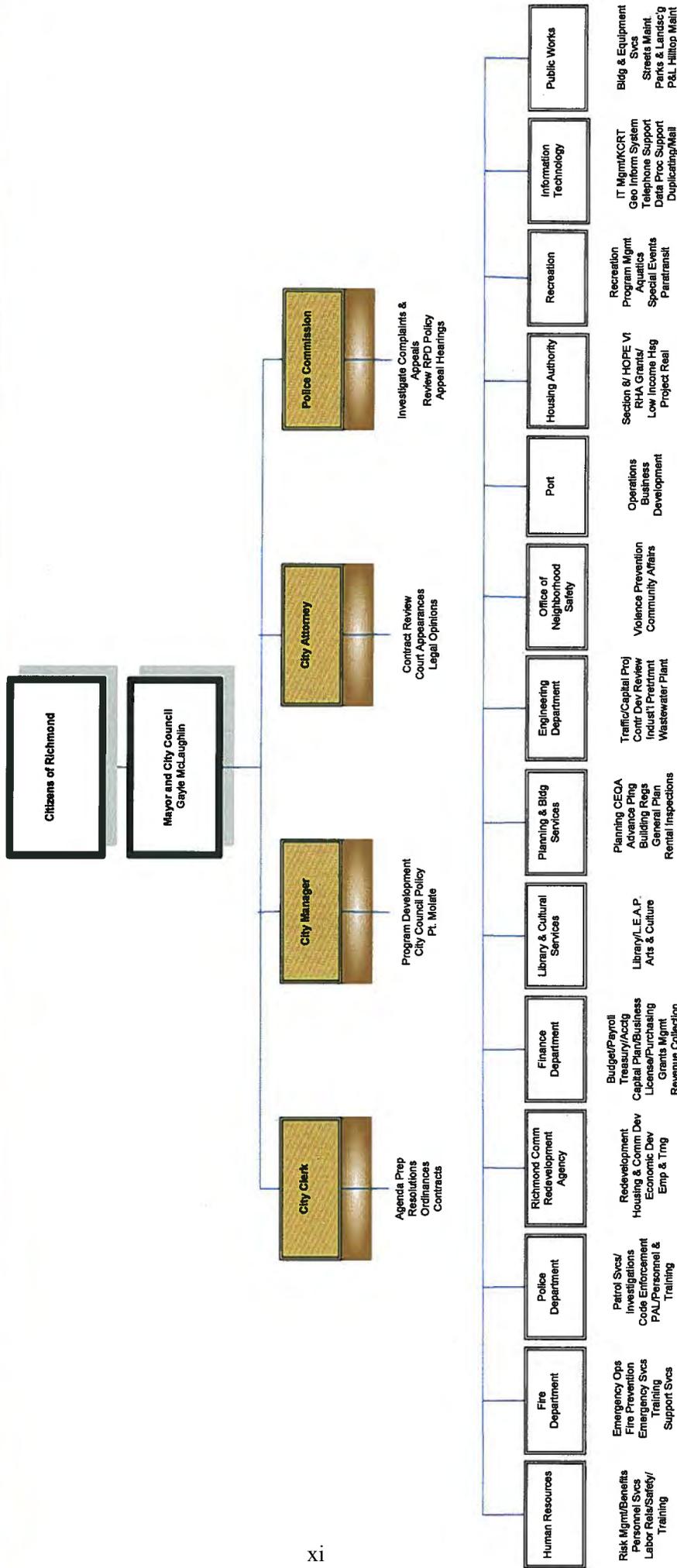
A handwritten signature in black ink, appearing to read 'James C. Goins', is written over a light gray rectangular background.

James C. Goins
Finance Director/Treasurer



City of Richmond

FY2011-12 Organizational Chart



CITY OFFICIALS

June 28, 2011

CITY COUNCIL

Mayor Gayle McLaughlin
Vice MayorTom Butt
CouncilmemberNathaniel Bates
CouncilmemberJovanka Beckles
CouncilmemberCourtland “Corky” Boozé
CouncilmemberJeff Ritterman
Councilmember Jim Rogers

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
City Engineer.....Edric Kwan
Finance Director/Treasurer James Goins
Fire Chief Michael Banks
Information Technology Director Sue Hartman
Interim Library and Cultural Services DirectorMichael Oliver
Neighborhood Safety Director..... Devone Boggan
Planning Director..... Richard Mitchell
Police Chief..... Christopher Magnus
Port Director..... Jim Matzorkis
Public Housing Director..... Tim Jones
Public Works DirectorYader Bermudez
Recreation Director..... Keith Jabari

CITY OF RICHMOND, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2011

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

PROJECT TEAM

James C. Goins
Finance Director/Treasurer

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

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, 2010

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Richmond, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit of RHA Properties, each major fund, and the aggregate remaining fund information of the City of Richmond, California as of and for the year ended June 30, 2011, 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 at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof listed as part of the basic financial statements for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 19, the State of California adopted ABx1 26 on June 28, 2011, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolves redevelopment agencies effective October 1, 2011. On December 29, 2011, the California Supreme Court upheld the provisions of ABx1 26, but extended the date of dissolution to February 1, 2012. This condition raises substantial doubt about the ability of the Richmond Community Redevelopment Agency, a component unit of the City, to continue as a going concern. The activities of the Richmond Community Redevelopment Agency are included in the Redevelopment Agency Special Administration Revenue Fund, Redevelopment Agency Low and Moderate Income Housing Capital Projects Fund, Redevelopment Agency Debt Service Fund, and Redevelopment Agency Projects Capital Projects Fund of the accompanying financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As of June 30, 2011, the Richmond Housing Authority, a component unit of the City, reported \$3.3 million of accumulated unpaid payroll and benefit costs due to the General Fund. For the year ended June 30, 2011, operating expenses exceeded operating revenues and operating grants by \$1.36 million. In addition, the allowance for HUD disallowed costs was increased to \$2.4 million. These conditions raise substantial doubt about the Richmond Housing Authority's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As of July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. As discussed in Note 10 to the financial statements, the provisions of this statement affect the classification of fund balances reported in the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Budget and Actual Statements for the General Fund, the Redevelopment Agency Administration Fund, and 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. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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



February 7, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2011

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, 2011. We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 27.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$266.2 million (net assets). Of this amount, \$83.3 million is restricted for specific purposes (restricted net assets), \$276.3 million is invested in capital assets, net of related debt, and \$93.4 million represents a deficit in unrestricted net assets.
- The City's total net assets decreased by \$6.6 million during the fiscal year. This decrease is the net result of an \$11.1 million decrease and \$4.5 million increase in net asset for governmental and business-type activities, respectively. Restricted net assets for governmental activities increased \$2.9 million to \$75 million. Unrestricted deficit net assets for governmental activities increased by \$10.9 million to \$77 million. Restricted net assets for business-type activities decreased by \$12.8 million to \$8.3 million. Unrestricted deficit net assets for business type activities decreased by \$25.6 million to \$16.4 million.
- At the close of the current fiscal year, the City's governmental funds reported combined ending balances of \$116.7 million, an increase of \$2.1 million in comparison to prior year. This increase of \$2.1 million includes a \$17.8 million decrease in total assets and a \$19.9 million decrease in total liabilities. The ending fund balance includes \$35.7 million of nonspendable resources, \$73.5 million of resources restricted for a specific purpose, \$9.3 million of assigned resources and a deficit \$1.9 million of unassigned resources. The \$1.9 million deficit is a net result of a positive \$12.1 million balance in General Fund and \$14 million in deficits occurring in Cost Recovery and other governmental funds. The amount of unassigned fund balance decreased from prior year by \$3.0 million.
- At the end of the fiscal year, the General Fund had fund balance of \$40.5 million, of which \$28 million was nonspendable, \$381 thousand was assigned and the remaining \$12.1 million was unassigned. Total fund balance increased \$1.3 million from prior year.
- The City's investment in its capital assets continues to grow with a total capital assets increase of \$14.3 million over the prior year, \$11.3 million of this increase occurred

in business-type activities and is attributable to an increase in construction in progress in conjunction with the Port Rehabilitation and Wastewater Treatment plant projects.

- The City reports \$4.1 million in net other post-employment benefit (OPEB) liability for this fiscal year. This is an increase of \$4.4 million liability over the \$307 thousand asset reported for fiscal year 2010 and was a result of the actuarially required contributions exceeding the actual contributions.
- Proceeds from the 2005 Taxable Pension Obligation Bonds were used to prepay the City's pension contributions to the California Public Employees' Retirement System (CalPERS). Additionally, the City maintains three City funded single-employer pension plans. The City's governmental activities report pension assets of \$104.8 million for fiscal year 2011. This reflects a \$5.4 million decrease from \$110.2 million assets reported for fiscal year 2010.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements:

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

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 27-29 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 22 governmental funds, of which six 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 six major funds are the General Fund, Redevelopment Agency Administration Special Revenue Fund, Redevelopment Agency Low and Moderate Income Housing Capital Projects Fund, Redevelopment Agency Debt Service Fund, Redevelopment Agency Projects Capital Projects Fund, and Cost Recovery Special Revenue Fund. The basic governmental fund financial statements can be found on pages 32 through 38 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 40 through 42 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 44-45.

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 47 through 134 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, the Cost Recovery Special Revenue Fund, and the Redevelopment Agency Debt Service Fund. Required supplementary information can be found on pages 137 through 144 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 \$266.2 million at the close of the fiscal year ending June 30, 2011. The City's net assets decreased by \$6.6 million during the current fiscal year. Governmental activities decreased by \$11.1 million due, in part, to a \$13.2 million, or 10 percent, decline in the City's three major general revenue sources. Business-type activities increased by \$4.5 million primarily due to a \$5 million increase in Municipal Sewer net assets from prior year as the net change in the derivative investment was a positive \$1.4 million in 2011 compared to a negative \$2.9 million in 2010.

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 \$276.3 million, representing an \$11.3 million decrease from the prior year. Investment in capital assets is net of the outstanding debt that was incurred to acquire the assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

\$83.3 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 \$9.9 million primarily due to changes in funds restricted for debt service payments associated with the 2009 Point Potrero Lease Revenue Bonds which were issued to fund construction at the Port.

City of Richmond's Net Assets
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	FY2011	FY2010	FY2011	FY2010	FY2011	FY2010
Assets:						
Current assets	\$ 323,309	\$ 351,081	\$ 49,931	\$ 22,579	\$ 373,240	\$ 373,660
Capital assets	363,767	360,784	171,235	159,934	535,002	520,718
Total assets	<u>687,076</u>	<u>711,865</u>	<u>221,166</u>	<u>182,513</u>	<u>908,242</u>	<u>894,378</u>
Liabilities:						
Current liabilities	95,802	116,375	14,670	22,000	110,472	138,375
Long-term liabilities	395,141	388,282	136,388	94,934	531,529	483,216
Total liabilities	<u>490,943</u>	<u>504,657</u>	<u>151,058</u>	<u>116,934</u>	<u>642,001</u>	<u>621,591</u>
Net Assets:						
Invested in capital assets, net of related debt	198,141	201,198	78,163	86,432	276,304	287,630
Restricted	74,996	72,115	8,335	21,151	83,331	93,266
Unrestricted	(77,004)	(66,104)	(16,390)	(42,004)	(93,394)	(108,108)
Total net assets	<u>\$ 196,133</u>	<u>\$ 207,209</u>	<u>\$ 70,108</u>	<u>\$ 65,579</u>	<u>\$ 266,241</u>	<u>\$ 272,788</u>

Analysis of Activities:

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

City of Richmond's Changes in Net Assets						
For the Year Ended June 30, 2011						
(in thousands)						
	Governmental		Business-type		Totals	
	Activities		Activities			
	FY2011	FY2010	FY2011	FY2010	FY2011	FY2010
Revenues:						
Program revenues:						
Charges for services	\$ 18,362	\$ 15,966	\$ 28,607	\$ 25,143	\$ 46,969	\$ 41,109
Operating grants/contributions	17,934	12,286	23,332	21,550	41,266	33,836
Capital grants/contributions	20,017	9,686	2,685	2,430	22,702	12,116
General revenues:						
Property taxes-current collections	56,693	62,620			56,693	62,620
Sales taxes	23,026	25,000			23,026	25,000
Utility user taxes	45,008	50,299			45,008	50,299
Documentary transfer taxes	4,463	2,901			4,463	2,901
Other taxes	3,361	3,191			3,361	3,191
Use of money and property	8,878	(7,618)	1,658	(2,768)	10,536	(10,386)
Unrestricted Intergovernmental	2,428	957			2,428	957
Gain on sale of capital assets					-	-
Pension stabilization revenue	2,728	2,728			2,728	2,728
Developer revenue sharing	102	138			102	138
Settlement				1,922	-	1,922
Other	6,723	5,465	609	188	7,332	5,653
Total revenues	<u>209,723</u>	<u>183,619</u>	<u>56,891</u>	<u>48,465</u>	<u>266,614</u>	<u>232,084</u>
Expenses:						
General government	17,128	19,044			17,128	19,044
Public safety	101,614	95,147			101,614	95,147
Public works	41,004	43,343			41,004	43,343
Community development	7,686	7,699			7,686	7,699
Cultural & recreation	14,648	14,952			14,648	14,952
Housing & redevelopment	15,525	18,015			15,525	18,015
Interest and fiscal charges	23,108	30,251			23,108	30,251
Richmond Housing Authority			27,246	27,709	27,246	27,709
Port of Richmond			7,033	8,611	7,033	8,611
Richmond Marina			344	233	344	233
Municipal Sewer			14,194	13,611	14,194	13,611
Storm Sewer			2,670	2,528	2,670	2,528
Cable TV			961	992	961	992
Total expenses	<u>220,713</u>	<u>228,451</u>	<u>52,448</u>	<u>53,684</u>	<u>273,161</u>	<u>282,135</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenses	(10,990)	(44,832)	4,443	(5,219)	(6,547)	(50,051)
Special item					-	-
Transfers	(86)	500	86	(500)	-	-
Changes in Net Assets	<u>(11,076)</u>	<u>(44,332)</u>	<u>4,529</u>	<u>(5,719)</u>	<u>(6,547)</u>	<u>(50,051)</u>
Net assets at beginning of year, as restated	207,209	251,541	65,579	71,298	272,788	322,839
Net assets at end of year	<u>\$ 196,133</u>	<u>\$ 207,209</u>	<u>\$ 70,108</u>	<u>\$ 65,579</u>	<u>\$ 266,241</u>	<u>\$ 272,788</u>

Governmental Activities:

Governmental activities decreased the City's net assets by \$11.1 million accounting for 169 percent of the City's total decrease in net assets of \$6.5 million. The majority of the decrease represents the amount by which expenses of \$220.7 million exceeded the revenues of \$209.7 million. A comparison of the cost of services by function for the City's governmental activities is shown in the preceding table, along with the revenues used to cover the net expenses of the governmental activities. Costs decreased a net amount of \$7.7 million which is a result of a \$14.2 million reduction in expenses in all functions except Public Safety. There was an increase of \$6.5 million in Public Safety due to an increase in personnel costs in accordance with Employee Memorandum of Understanding. Although the City's net assets declined \$11.1 million during the current year, it is a \$33.2 million improvement from the \$44.3 million negative change in net assets that was reported in the prior year. This improvement is due to a combination of a 14 percent increase in revenues and a 3 percent decrease in overall expenses.

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

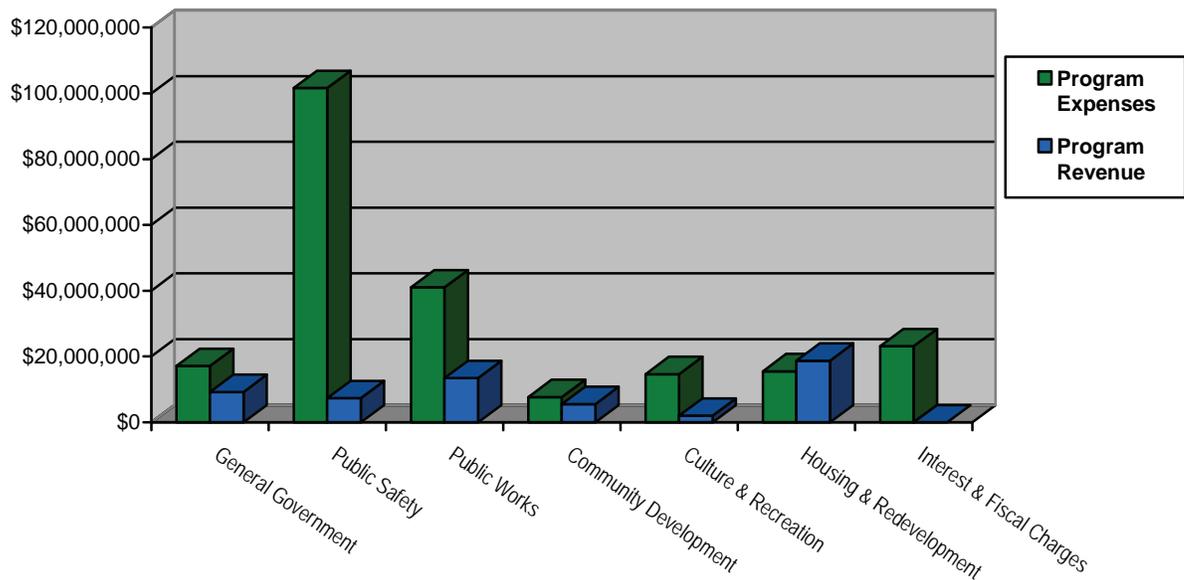
Revenue Highlights:

- Current year revenues of \$209.7 million reflect a \$26.1 million increase from the prior year. The elements representing the \$26.1 million increase in revenue is discussed below.
- Program revenues increased by approximately \$18.4 million from prior year. The majority of this increase is attributed to increased operating and capital grants.
- The use of money and property increased \$16.5 million from prior year. The bulk of this increase is the difference in the changes in the fair value of investment hedges (swap agreements) the City has entered into in order to receive favorable interest rates on several bond issues. The current year \$6.6 million adjustment for fair value is an approximately \$17.5 million favorable variance from the prior year negative change of \$10.9 million.
- Documentary transfer taxes of \$4.5 million increased \$1.5 million, or 54 percent, due to several multi-million dollar property sales transactions.
- Intergovernmental revenues of \$2.4 million represent a \$1.5 million increase from prior year due to the collection of unbudgeted administrative fees.
- Other revenues of \$6.7 million increased \$1.3 million, or 23 percent from prior year, due to the recording of National Parks reimbursements.
- Property taxes (current collections) in the current year were \$56.7 million, a decrease of \$5.9 million, or approximately 9 percent from prior year receipts due to a decline in assessed values.
- Current fiscal year receipts from sales tax of \$23 million reflect a \$2 million, or an 8 percent decrease from the prior year reflective of the continued decline in consumer spending.
- Utility user taxes of \$45 million reflect a \$5.3 million or 11 percent decrease from the prior year which is consistent with the terms of a settlement agreement reached with a major property tax taxpayer in the prior fiscal year.

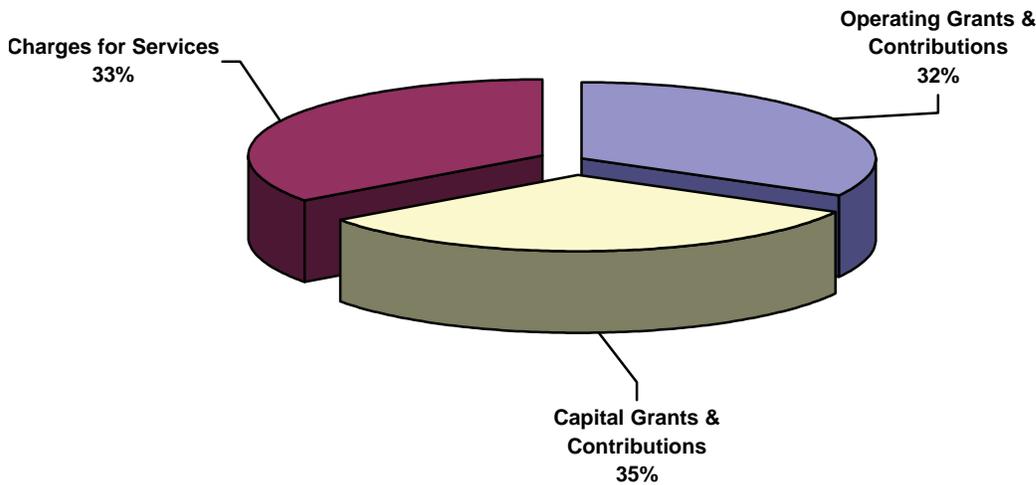
Expense Highlights:

- Expenses of \$220.7 reflect a \$7.7 million, or an approximately 3 percent, decrease from the prior year. The elements representing the \$7.7 million decrease in expenses are discussed below.
- Expenses for General Government, Public Works, Community Development, Cultural and Recreation and Housing and Redevelopment departments showed a decrease of \$14.2 million which was in line with the City’s concerted effort to reduce overall costs.
- Public Safety expenses increased \$6.5 million, or 7 percent, consistent with a five percent increase in police salary provided for in the employees Memorandum of Understanding.
- Current year interest and fiscal charges of \$23.1 million is a \$7.1 million, or 24 percent, decrease over the prior year primarily due to decreased debt service costs associated with the 2009 Lease Revenue Bonds and Redevelopment Agency bonds.

**Expenses and Program Revenues
Governmental Activities**



Program Revenue by Source Governmental Activities

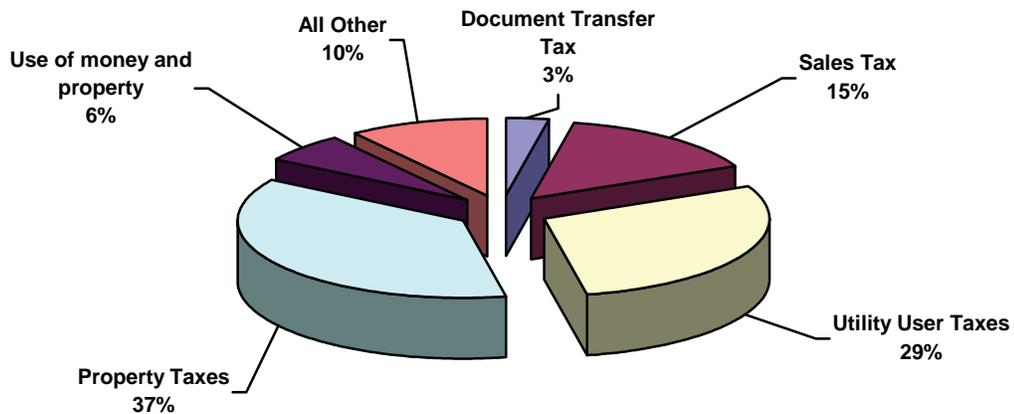


Total governmental activities expenses were \$220.7 million in fiscal year 2011. The largest expenses, in descending order, were for Public Safety, Public Works, Interest on Long Term Debt, General Government, Housing and Redevelopment, Cultural and Recreation and Community Development. These expenses do not include capital outlays, which are reflected in the City's capital assets.

Total program revenues from governmental activities were \$56.3 million in fiscal year 2011. 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, 33 percent of the governmental program revenues came from Charges for Services, which includes licenses and permits and fees, fines, forfeitures and penalties, and several other revenues. The remaining 67 percent of governmental program revenues come 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 and include property taxes, sales taxes, utility users' tax, documentary transfer taxes, investment earnings, grants and contributions not related to specific programs and other miscellaneous general revenues. Total general revenues and transfers from governmental activities were \$153.3 million in fiscal year 2011. The three largest components of general revenues received during fiscal year 2011 for governmental activities were Property Taxes-current collections of \$56.7 million, Utility User Taxes of \$45 million and Sales Taxes of \$23 million. These three components represent approximately 81 percent of all general revenues received by the City.

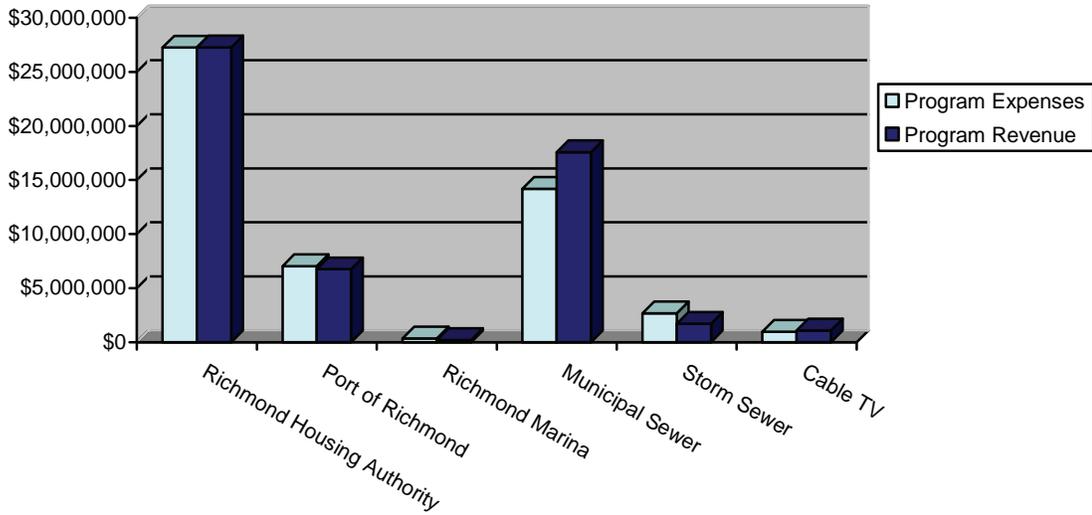
**General Revenues by Source
Governmental Activities**



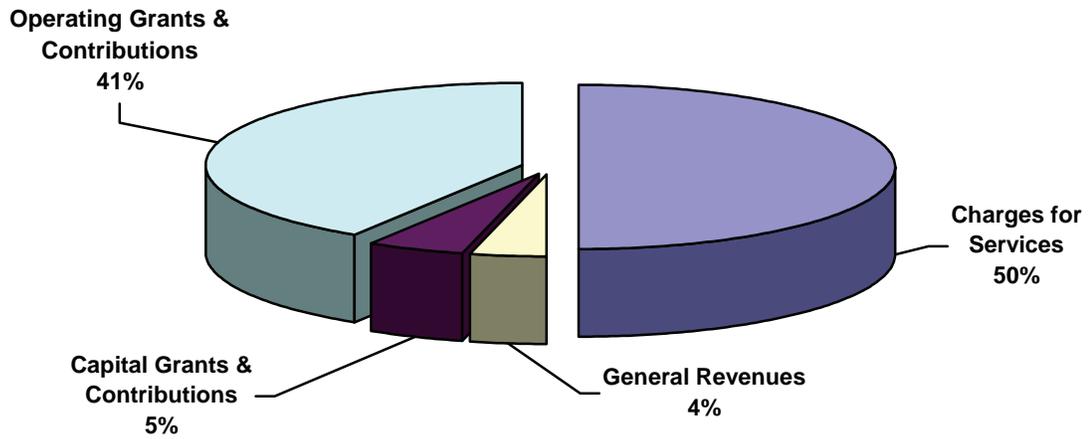
Business Type Activities: Business-type activities increased the City’s net assets by \$4.5 million. Key factors in the increase in business-type activities are as follows:

- The Richmond Housing Authority net assets increased by \$654 thousand. This increase can be attributed to capital grant contributions of \$2 million for capital projects, including HOPE VI projects. Similar to prior year, the revenues were not sufficient to cover the expenses and the Authority reported a net loss of \$1.4 million.
- Net Assets of The Port of Richmond decreased \$111 thousand from the prior year. The Port reported total operating revenues of \$6.3 million and total operating expenses of \$3.2 million resulting in operating income of \$3.1 million. However, the Port had a \$3.3 million non-operating loss due to interest expenses of the 2009A and 2009B Point Potrero Lease Revenue Bonds.
- The Municipal Sewer fund showed an increase of \$5 million in its net assets from the prior year. The Municipal Sewer reported operating income of approximately \$7.6 million, up \$2.6 million, or 52 percent, from prior year which can be attributed to a \$964 thousand increase in service charge revenues and \$1.4 million decrease in general and administrative expenses.
- There was a decrease of \$998 thousand in the Storm Sewer net assets from the prior year. The Storm Sewer Fund reported total operating revenues of \$1.7 million and total operating expenses of \$2.6 million resulting in an operating loss of \$898 thousand. Revenues generated by the Storm Sewer fund during the year were not sufficient to cover operational expenses. The City is continuing to explore additional revenue sources to address the recurring issue of insufficient funds for operating needs over the past few years.

Expenses and Program Revenues Business-Type Activities



Revenue by Source Business-Type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds:

Types of governmental funds reported by the City include the General Fund, special revenue funds, capital projects funds and debt service funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial capacity.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance categories and classifications that can be more consistently applied and understood. The previous components of fund balance (e.g., reserved and unreserved) are replaced with the following classifications: nonspendable, restricted, committed, assigned and unassigned. Additionally, the contingency reserve is shown as a component of unassigned fund balance. The fund balance note disclosures also give users information necessary to understand the processes under which constraints are imposed upon the use of resources and how those constraints may be modified or eliminated. In particular, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$116.7 million, a \$2.1 million increase from prior year. Of the total fund balance, \$35.7 million is nonspendable, \$73.5 million is restricted, \$9.3 million is assigned and the deficit \$1.9 million represents unassigned fund balance.

The General Fund is the only fund that should report a positive unassigned fund balance. During fiscal year 2011, the General Fund reported an unassigned fund balance of \$12.1 million (which is inclusive of the \$10 million contingency reserve reported in current and prior years). All other governmental funds will only report unassigned fund balance if they are showing a deficit unassigned fund balance. The following governmental funds reported a cumulative \$13.9 million deficit unassigned fund balance at the end of the fiscal year:

- Cost Recovery Fund deficit of \$8.7 million
- Civic Center Debt Service deficit of \$4 million
- Paratransit Operations deficit of \$440 thousand
- Developer Impact Fees deficit of \$817 thousand

The City's major governmental funds are General Fund, Redevelopment Agency Administration Fund, Redevelopment Agency Low/Mod Income Housing Fund, Redevelopment Agency Debt Service Fund, Redevelopment Agency Projects Fund and Cost Recovery Fund. Financial highlights for the major funds are discussed below.

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

At the end of the current fiscal year, the total fund balance increased by \$1.3 million from the prior year to \$40.5 million.

During fiscal year 2011, General Fund expenditures exceeded revenues by \$3.8 million while other financing sources exceeded uses by \$5.1 million. This increase was due to one-time transfers in and out resulting in a \$1.3 million positive change in fund balance.

General Fund revenues increased by \$7 million, or 6 percent, from prior year while expenditures increased slightly by approximately \$496 thousand from prior year. Additionally, net other financing sources increased \$1.1 million from prior year. The increase in the revenues can be attributed to a UUT settlement agreement which provided for increased payments upfront. The slight increase in expenditures is the net result of increased Public Safety costs in accordance with employee Memorandum of Understanding Agreements and the City's concerted effort to reduce expenditures in all other City functions.

At the end of the fiscal year, the total fund balance for the General Fund of \$40.5 million included \$28 million nonspendable fund balance, \$381 thousand assigned fund balance and \$12.1 million unassigned fund balance. The majority of the nonspendable fund balance represents advances to other funds while the assigned fund balance is to meet future appropriations for specific programs. Of the \$12.1 million reported as unassigned fund balance, \$10 million represents the contingency reserve reported as designated fund balance in prior years but is reflected as a component of unassigned fund balance during the current year. Although total fund balance increased, the unassigned fund balance from prior year decreased \$2.8 million as a result of an increase in nonspendable resources.

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. Due to the State's proposed dissolution of redevelopment, the future of the redevelopment agency is discussed in the notes to the financial statements.

The Redevelopment Agency Administration Fund was established to account for all administrative activities of the Agency. At the end of fiscal year 2011, total fund balance

increased by \$6.6 million from the prior year to \$9.6 million. During fiscal year 2011, Redevelopment Agency Administration Fund expenditures exceed revenues by \$4.9 million; however, other financing sources exceeded uses by \$11.4 million due to the issuance of debt which resulted in the approximately \$6.6 million positive change in fund balance for the year. The total fund balance of \$9.6 million is comprised of \$7.7 million nonspendable fund balance and \$1.9 million restricted fund balance for ongoing and future administrative activities of the Agency.

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 2011, total fund balance decreased by \$7.2 million from the prior year to \$6.4 million. During fiscal year 2011, the Redevelopment Agency Low/Mod Income Housing Fund expenditures exceeded revenues by \$2.8 million; however, other financing uses exceeded sources by \$4.4 million. Other financing uses exceeding sources is comprised of a transfer in of \$5.4 million which includes the twenty percent set aside, offset by a transfer out of \$9.8 million for debt service due which includes a full repayment of a CalHFA loan of \$1.8 million. Expenditures exceeding revenue by \$2.8 million and other financing uses exceeding sources by \$4.4 million resulted in the \$7.2 million decrease in fund balance for the year. The majority of the \$6.4 million ending fund balance represents restricted fund balance that is to be used to provide low to 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 2011, total fund balance increased by \$14.7 million from the prior year to \$28.8 million. During fiscal year 2011, the Redevelopment Agency Debt Service Fund revenues exceeded expenditures by \$4 million; additionally, other financing sources exceeded uses by \$10.7 million. Other financing sources exceeding uses is comprised of a transfer in of \$21.6 million which includes transfers to revise the presentation of fund activities within the Agency and payment of debt service, offset by a transfer out of \$10.9 million for the twenty percent set aside, capital project expenditures and operating costs. Revenues exceeding expenditures by \$4 million and other financing sources exceeding uses by \$10.7 million resulted in the \$14.7 million increase in fund balance for the year. All of the fund balance reported in this fund is restricted to pay for the principal and interest of the Agency's long-term debt.

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 2011, total fund balance decreased by \$7.6 million from the prior year to \$14.6 million. During fiscal year 2011, the Redevelopment Agency Projects Fund expenditures exceeded revenues by \$2.1 million; additionally, other financing uses exceeded sources by \$5.5 million. Other financing uses exceeding sources is comprised of a transfer in of \$4.7 million for project expenditures, offset by a transfer out of \$10.2 million to revise the presentation of fund activity for the Agency. Expenditures exceeding revenue by \$2.1 million and other financing uses exceeding sources by \$5.5 million resulted in the \$7.6 million decrease in fund balance for the year. The major projects for the fund during the

year were the grant funded BART Transit Village parking structure (\$10.5M) and the Marina Bay Grade Separation (\$2.1M). The majority of the \$14.6 million fund balance represents restricted fund balance that is to be used for ongoing and future capital projects.

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 2011, total fund balance increased by \$690 thousand from the prior year to a deficit \$8.7 million. During fiscal year 2011, Cost Recovery expenditures exceeded the revenues by \$5.7 million; however, the fund also reported other financing sources of \$6.4 million representing transfers from the General Fund to eliminate fund deficits which results in a \$690 thousand positive change in fund balance for the year. The majority of the \$8.7 million deficit fund balance is attributed to a negative residual unassigned fund balance.

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 \$50.9 million at June 30, 2011, a \$654 thousand increase from prior year. Of the \$50.9 million, \$46.7 million is invested in capital assets, net of related debt; \$455 thousand is restricted for housing programs and \$3.7 million is unrestricted. RHA reported a net loss of \$1.4 million which was offset by a \$2 million capital grant contribution for projects including HOPE VI, resulting in the \$654 thousand positive change in net assets.

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 \$1.3 million as of June 30, 2011, which represents a \$111 thousand decrease in net assets from the prior year. The Port reported an operating income of \$3.1 million at the end of the fiscal year as the result of increased lease income. However, the Port also reported deficit nonoperating expenses of \$3.2 million due to interest expense incurred in conjunction with the Series 2009A and 2009B Point Potrero Lease Revenue Bonds that were issued to fund the construction at the Port.

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 2011, the total net assets for the sewer fund were \$13.6 million, which was a \$5.1 million increase from the prior fiscal year. The \$5.1 million increase is attributed to a \$964 thousand or 6 percent increase in sewer charges, a \$1.2 million or 11 percent decrease in operating expenses and the fund recording \$1.4 million in positive interest earnings versus \$2.9 million negative interest income in the prior year due to the change in the fair value of the derivative swap investment.

Fiduciary Funds:

The City's fiduciary funds are the pension trust funds, private-purpose trust fund and various agency funds. The Pension Trust Funds which include the General Pension, Police and Fireman's Pension and Garfield Pension were established to account for revenues and expenditures related to City employee's pension activities. The City administers the activities of the pension funds on behalf of the employees with the assets not being accessible for City operations. Another fiduciary fund the City uses is 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). As with the Pension Trust Funds, the assets of the Private Purpose Trust Fund are not accessible for City operations. The City also uses various agency funds to maintain records of assets and the fund's financial activities on behalf of a third party. The City does not make any decisions relating to the uses of the assets nor can they be used for City operations.

The Pension Trust Funds total assets at June 30, 2011 were \$22.6 million held in trust for employees' pension benefits. Net Assets decreased by \$616 thousand primarily due to a temporary reduction of the Pension Reserve contribution to the Police and Firemen's Pension Trust Fund during the current fiscal year.

The Pt. Molate Private-Purpose Trust Fund total assets at June 30, 2011 were \$22.9 million to be held in trust for pollution remediation costs incurred by the Developer of Point Molate.

Agency Funds total assets at June 30, 2011 were \$23.8 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 \$118.9 million in estimated revenues and \$124.2 million in appropriations.

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

The final amended budget included a \$978 thousand decrease in estimated revenue and a \$2.2 million increase in appropriations. Actual revenues of \$119.7 million were \$793 thousand more than adjusted operating revenue projections, a variance of 1 percent. Key elements of the increases and decreases in revenues are discussed as follows:

The original budget for sales tax of \$24.0 million was followed with a mid-year adjustment downward to \$23.8 million. However, only \$23.0 million in sales tax was realized causing a \$764 thousand variance. Sales tax revenue declined as a result of lower than expected VLF backfill swap and misallocation of sales tax by the State Board of Equalization. One hundred percent of sales tax collected by Home Depot was allocated to the City of El Cerrito by the State Board of Equalization instead of thirty percent. The city has invoiced the City of El Cerrito \$734 thousand which it expects to receive in the fiscal year 2012.

The Utility User Tax is a tax imposed on various utilities and is usually collected from customers through their utility bills. Actual revenue of \$50.0 million is \$917 thousand below the projected budget of \$50.9 million as a result of a decrease in gas and electricity usage as compared to the previous year.

Other taxes original budget of \$7.7 million was followed by an adjustment downward to \$7.2 million at mid-year. Actual other tax revenue of \$7.8 million is \$590 thousand higher than projected as a result of Documentary Transfer Tax collected on several large property sales that reflects a significant increase over the prior year.

Licenses, Permits and Fees revenue original budget was slightly increased from \$2.9 million to \$3.0 million at mid-year; however, only \$2.4 million was realized. This variance of \$521 thousand was largely due to less business license tax collected from commercial businesses and from rental properties.

Charges for Services actual revenues were \$3.3 million; \$1.1 more than the final budget of \$2.2 million. This is a result of unbudgeted administrative fees collected after closing several funds.

Other revenue original budget was reduced from \$2.8 million to \$777 thousand final budget projection. Actual revenue in this category is \$1.5 million higher than projected as a result of the receipt of an unbudgeted reimbursement.

The final adjusted appropriations were \$124.2 million, an increase of \$2.2 million over the adopted budget appropriation. Actual operating expenditures of \$123.4 million were \$791 thousand less than final appropriations. General government actual expenditures were \$3.9 million more than budget; public safety actual was \$4.4 million less than budget; and public works actual was \$578 thousand less than budget. This is largely due to retiree health insurance reimbursement budget adjustments; Rosie the Riveter pass through funding not being budgeted; and, salary and benefit savings in public safety and public works as a result of vacancies remaining at year end.

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, 2011, amounted to \$535 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 \$14.3 million or 3 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	
	2011	2010	2011	2010	2011	2010
Land	\$ 29,474,343	\$ 30,172,424	\$ 11,611,407	\$ 11,611,407	\$ 41,085,750	\$ 41,783,831
Construction in Progress	84,728,012	69,437,266	78,549,103	64,902,966	163,277,115	134,340,232
Building and improvements	122,002,838	118,879,433	45,816,443	45,068,550	167,819,281	163,947,983
Machinery and equipment	15,811,788	18,029,158	2,989,288	4,337,436	18,801,076	22,366,594
Infrastructure	111,749,746	124,266,135	32,268,854	34,013,598	144,018,600	158,279,733
Total Capital assets	<u>\$ 363,766,727</u>	<u>\$ 360,784,416</u>	<u>\$ 171,235,095</u>	<u>\$ 159,933,957</u>	<u>\$ 535,001,822</u>	<u>\$ 520,718,373</u>

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

Additional information about the City's capital assets can be found in Note 6 on pages 70 and 73 in the financial statements.

Debt Administration:

Long Term Debt - At the end of the current fiscal year, the City had \$532.7 million in debt outstanding compared to the \$483.2 million the previous year; an increase of \$49.5 million. The majority of the increase is due to the issuance of Wastewater Revenue Bonds, Series 2010A and B.

Outstanding Debt
June 30

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Tax Allocation bonds	\$125,899,530	\$130,953,999	\$	\$	\$125,899,530	\$130,953,999
Revenue bonds	785,000	1,150,000	84,893,409	41,416,658	85,678,409	42,566,658
Lease revenue bonds	87,121,545	87,121,545	48,683,746	49,015,199	135,805,291	136,136,744
Pension obligation bonds	153,589,314	152,059,727			153,589,314	152,059,727
Total bonds payable	367,395,389	371,285,271	133,577,155	90,431,857	500,972,544	461,717,128
Loans payable	20,723,084	10,460,463	4,016,617	4,501,732	24,739,701	14,962,195
Capital leases	7,022,284	6,536,310			7,022,284	6,536,310
Total outstanding debt	<u>\$395,140,757</u>	<u>\$388,282,044</u>	<u>\$137,593,772</u>	<u>\$94,933,589</u>	<u>\$532,734,529</u>	<u>\$483,215,633</u>

The City does not have any general obligation bonds as of June 30, 2011.

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 having risen from “A+” in October, 2008. For all ratings, specific credit strengths include strong financial controls, policies, and management practices.

The City has purchased municipal bond insurance policies on its bond issuances in the past, including for the RCRA 2007 TABs and the 2007 Lease Revenue Bonds, resulting in the debt issues being assigned the ratings of the respective bond insurers. In fiscal year 2008, the City’s variable rate debt was affected by the credit downgrades of bond insurers MBIA and Ambac; resulting in higher than anticipated rate resets. In March 2010, the City refunded the RCRA 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 removes Ambac as the bond insurer. Since this restructuring, the bonds have traded at a level below the Securities Industry & Financial Market Association Index (“SIFMA”).

For more detailed information on the City’s long-term debt see Note 8 on pages 74-109.

Economic Factors, Next Year’s Budget and Inflation Rates

- Although California is still experiencing weak real estate market conditions, the City experienced a 5.65% increase in assessed valuation (“AV”) for fiscal year 2011-12. “High-tech” light industrial firms, research and development companies, biotechnology and business park developments are growing industrial sectors in

Richmond. Biotechnology, medical instruments, and computer software, in particular, are emerging sectors in the City's economy.

- The City has formally adopted debt and investment policies to guide critical financing and investment decisions. The City was also one of the first cities to adopt a swap policy.
- The City has established a reserves policy and has funded a \$10 million contingency reserve within the General Fund, equating to over seven percent of the City's current budget level.
- The City has adopted a structurally balanced budget policy requiring one-time revenues to be spent only on one-time expenditures, and on-going revenues to be spent on on-going expenditures. Additionally, the City Manager has recommended to the City Council that City services only be expanded if a specific, new revenue stream can be identified, thus preventing the creation of structural deficits.
- The 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 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.

This Page Left Intentionally Blank

City of Richmond
June 30, 2011

**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 and the Richmond Surplus Property Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the activities of these entities. The balances and the activities of the discretely presented component unit of the RHA Properties are included in these Statements as separate columns.

This Page Left Intentionally Blank

CITY OF RICHMOND
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	RHA Properties
ASSETS				
Cash and investments (Note 3)	\$58,339,724	\$16,880,030	\$75,219,754	\$300,590
Restricted cash and investments (Note 3)	61,412,242	44,720,232	106,132,474	2,749,558
Receivables:				
Accounts, net	22,481,965	4,935,684	27,417,649	31,616
Interest	10,020	2,083	12,103	
Grants	8,549,207	1,375,670	9,924,877	
Due from developer (Note 17D)		8,289,189	8,289,189	
Loans (Note 5)	38,443,334	3,113	38,446,447	
Internal balances (Note 4)	28,475,308	(28,475,308)		
Prepays, supplies, and other assets	775,750	9,157	784,907	3,051
Bond issuance costs and other investments, net of amortization		2,190,568	2,190,568	975,483
Net pension asset (Notes 11 and 12)	104,822,103		104,822,103	
Capital assets (Note 6):				
Nondepreciable	114,202,355	90,160,510	204,362,865	10,461,083
Depreciable, net	249,564,372	81,074,585	330,638,957	17,255,493
Total Assets	687,076,380	221,165,513	908,241,893	31,776,874
LIABILITIES				
Accounts payable and accrued liabilities	10,919,982	2,209,157	13,129,139	1,249,214
Interest payable	5,369,238	3,690,850	9,060,088	
Refundable deposits	1,368,472	170,475	1,538,947	294,710
Unearned revenue (Note 9)	2,344		2,344	
Note payable (Note 7)	11,066,397		11,066,397	
Deferred investment in derivative instrument (Note 8)	32,875,999	6,485,296	39,361,295	
Net pension obligation (Note 12)	143,382		143,382	
Net OPEB liability (Note 13)	4,128,740		4,128,740	
Compensated absences (Note 2D):				
Due within one year	8,468,334	133,659	8,601,993	
Due in more than one year	3,323,269	774,563	4,097,832	
Claims liabilities (Note 15):				
Due within one year	5,232,311		5,232,311	
Due in more than one year	12,903,856		12,903,856	
Long-term debt (Note 8):				
Due within one year	14,793,419	1,980,608	16,774,027	710,000
Due in more than one year	380,347,338	135,613,164	515,960,502	30,948,246
Total Liabilities	490,943,081	151,057,772	642,000,853	33,202,170
NET ASSETS (Note 10)				
Invested in capital assets, net of related debt	198,140,610	78,162,970	276,303,580	(1,192,112)
Restricted for:				
Capital projects	34,788,937		34,788,937	
Debt service	33,815,366	7,879,693	41,695,059	
Housing and redevelopment	6,391,355	455,029	6,846,384	2,749,558
Pension benefits	77		77	
Total Restricted Net Assets	74,995,735	8,334,722	83,330,457	2,749,558
Unrestricted (Deficit)	(77,003,046)	(16,389,951)	(93,392,997)	(2,982,742)
Total Net Assets (Deficit)	\$196,133,299	\$70,107,741	\$266,241,040	(\$1,425,296)

See accompanying notes to financial statements

CITY OF RICHMOND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$17,127,696	\$8,155,496	\$1,083,574	
Public safety	101,613,767	5,177,825	2,033,946	\$150,000
Public works	41,004,033	3,741,601	3,055,213	6,641,756
Community development	7,685,733	135,215	5,412,356	
Cultural and recreational	14,647,978	1,151,374	788,072	65,369
Housing and redevelopment	15,524,912		5,561,180	13,159,849
Interest on long-term debt	23,108,139			
Total Governmental Activities	220,712,258	18,361,511	17,934,341	20,016,974
Business-type Activities:				
Richmond Housing Authority	27,246,056	1,916,352	23,332,167	2,015,408
Port of Richmond	7,033,016	6,329,914		428,164
Richmond Marina	343,734	220,858		
Municipal Sewer	14,193,822	17,342,276		241,907
Storm Sewer	2,670,397	1,697,475		
Cable TV	961,059	1,099,919		
Total Business-type Activities	52,448,084	28,606,794	23,332,167	2,685,479
Total Primary Government	\$273,160,342	\$46,968,305	\$41,266,508	\$22,702,453
Component Unit:				
RHA Properties	\$3,794,668	\$3,035,376		
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				
Other				
Transfers (Note 4)				
Total general revenues and transfers				
Change in Net Assets				
Net Assets (Deficit)-Beginning				
Net Assets (Deficit)-Ending				

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets			Net (Expense) Revenue and Changes in Net Assets Component Unit
Governmental Activities	Business-type Activities	Total	RHA Properties
(\$7,888,626)		(\$7,888,626)	
(94,251,996)		(94,251,996)	
(27,565,463)		(27,565,463)	
(2,138,162)		(2,138,162)	
(12,643,163)		(12,643,163)	
3,196,117		3,196,117	
(23,108,139)		(23,108,139)	
(164,399,432)		(164,399,432)	
	\$17,871	17,871	
	(274,938)	(274,938)	
	(122,876)	(122,876)	
	3,390,361	3,390,361	
	(972,922)	(972,922)	
	138,860	138,860	
	2,176,356	2,176,356	
(164,399,432)	2,176,356	(162,223,076)	
			(\$759,292)
56,692,659		56,692,659	
23,025,923		23,025,923	
45,007,806		45,007,806	
4,463,035		4,463,035	
3,361,146		3,361,146	
8,877,982	1,657,791	10,535,773	736
2,427,575		2,427,575	
2,728,314		2,728,314	
101,739		101,739	
6,723,228	609,031	7,332,259	137,114
(85,629)	85,629		
153,323,778	2,352,451	155,676,229	137,850
(11,075,654)	4,528,807	(6,546,847)	(621,442)
207,208,953	65,578,934	272,787,887	(803,854)
\$196,133,299	\$70,107,741	\$266,241,040	(\$1,425,296)

This Page Left Intentionally Blank

City of Richmond
June 30, 2011

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 2011. 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.

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, 2011

	General	Redevelopment Agency Administration	Redevelopment Agency Low/Mod Income Housing	Redevelopment Agency Debt Service	Redevelopment Agency Projects
ASSETS					
Cash and investments	\$7,363,627	\$15,340	\$4,182,400	\$5,831,996	\$3,942,834
Restricted cash and investments	10,875,654	18,568	1,699,139	22,952,087	9,630,928
Receivables:					
Accounts, net	13,166,093		193,635		5,291,707
Interest	2,589	52	14	(4)	89
Grants	591,727		670,238		338,259
Loans	3,463,685		18,107,094		7,822,706
Due from other funds			596,796		
Advances to other funds	24,918,389	2,000,000	174,067		93,685
Prepays, supplies and other assets	416,548	7,656,260	6,231		330
Total Assets	\$60,798,312	\$9,690,220	\$25,629,614	\$28,784,079	\$27,120,538
LIABILITIES					
Accounts payable and accrued liabilities	\$2,475,735	\$31,641	\$422,972		\$1,786,153
Refundable deposits	119,625	63,697			65,568
Due to other funds		31,701			
Advances from other funds	93,685				2,500,000
Deferred revenue	6,563,297		18,815,287		8,160,965
Note payable	11,066,397				
Total Liabilities	20,318,739	127,039	19,238,259		12,512,686
FUND BALANCES					
Nonspendable	28,021,103	7,656,260	6,231		330
Restricted		1,906,921	6,385,124	\$28,784,079	14,607,522
Assigned	380,999				
Unassigned	12,077,471				
Total Fund Balances	40,479,573	9,563,181	6,391,355	28,784,079	14,607,852
Total Liabilities and Fund Balances	\$60,798,312	\$9,690,220	\$25,629,614	\$28,784,079	\$27,120,538

See accompanying notes to financial statements

<u>Cost Recovery</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$250	\$17,419,203	\$38,755,650
	16,235,866	61,412,242
1,364,557	1,516,952	21,532,944
(1,086)	2,658	4,312
4,114,577	2,834,406	8,549,207
	9,049,849	38,443,334
	2,457	599,253
		27,186,141
692	3,092	8,083,153
<u>\$5,478,990</u>	<u>\$47,064,483</u>	<u>\$204,566,236</u>
\$773,909	\$1,470,100	\$6,960,510
1,119,582		1,368,472
8,357,551	3,996,582	12,385,834
	2,211,686	4,805,371
3,905,619	13,868,772	51,313,940
		11,066,397
<u>14,156,661</u>	<u>21,547,140</u>	<u>87,900,524</u>
692	3,092	35,687,708
	21,855,119	73,538,765
	8,925,705	9,306,704
(8,678,363)	(5,266,573)	(1,867,465)
<u>(8,677,671)</u>	<u>25,517,343</u>	<u>116,665,712</u>
<u>\$5,478,990</u>	<u>\$47,064,483</u>	<u>\$204,566,236</u>

This Page Left Intentionally Blank

CITY OF RICHMOND
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
with the
STATEMENT OF NET ASSETS
JUNE 30, 2011

Total fund balances reported on the governmental funds balance sheet \$116,665,712

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. 363,766,727

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	19,584,074
Accounts receivable	949,021
Interest receivable	5,708
Due from other funds	13,583,807
Advances to other funds	4,297,312
Prepays and supplies	348,698
Accounts payable, accrued liabilities and interest payable	(830,894)
Compensated absences	(788,851)
Unearned revenue	(4,033,742)
Claims payable	(18,136,167)

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. 47,689,237

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 and accrued liabilities	(3,128,578)
Interest payable	(5,369,238)
Long-term debt	(395,140,757)
Deferred investment in derivative instrument	(32,875,999)
Net pension obligation	(143,382)
Net pension asset	104,822,103
Net OPEB asset	(4,128,740)
Governmental activities portion of compensated absences	(11,002,752)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$196,133,299

See accompanying notes to financial statements

CITY OF RICHMOND
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	General	Redevelopment Agency Administration	Redevelopment Agency Low/Mod Income Housing	Redevelopment Agency Debt Service	Redevelopment Agency Projects
REVENUES					
Property taxes	\$26,277,405			\$17,743,295	
Sales taxes	23,025,923				
Utility user taxes	50,007,806				
Other taxes	7,824,181				
Licenses, permits and fees	2,444,727		\$43,677		
Developer revenue sharing					\$101,739
Fines, forfeitures and penalties	310,231				
Use of money and property	393,690	(\$1,335)	13,040	253,309	158,973
Intergovernmental	2,924,230	3,307	440,628		12,715,911
Charges for services	3,284,727				
Pension stabilization revenue					
Other	2,232,255	85,887	340,187		316,931
Rent	940,861				19,800
Total Revenues	119,666,036	87,859	837,532	17,996,604	13,313,354
EXPENDITURES					
Current:					
General government	8,736,207				
Public safety	89,330,988				
Public works	11,315,452				
Community development					
Cultural and recreational	13,158,917				
Housing and redevelopment		2,612,688	2,402,292	7,616	2,535,610
SERAF		2,083,288			
Capital outlay	5,605		1,274,696		12,581,457
Debt service:					
Principal	510,351			8,022,155	147,000
Interest and fiscal charges	392,367	244,042		5,952,000	128,840
Total Expenditures	123,449,887	4,940,018	3,676,988	13,981,771	15,392,907
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,783,851)	(4,852,159)	(2,839,456)	4,014,833	(2,079,553)
OTHER FINANCING SOURCES (USES)					
Issuance of debt		12,202,114			
Bond premium	150,490				
Transfers in	14,755,285	2,210,507	5,416,608	21,634,103	4,771,031
Transfers (out)	(9,848,764)	(2,998,458)	(9,810,149)	(10,974,618)	(10,249,024)
Total Other Financing Sources (Uses)	5,057,011	11,414,163	(4,393,541)	10,659,485	(5,477,993)
NET CHANGE IN FUND BALANCES	1,273,160	6,562,004	(7,232,997)	14,674,318	(7,557,546)
BEGINNING FUND BALANCES (DEFICITS)	39,206,413	3,001,177	13,624,352	14,109,761	22,165,398
ENDING FUND BALANCES (DEFICITS)	\$40,479,573	\$9,563,181	\$6,391,355	\$28,784,079	\$14,607,852

See accompanying notes to financial statements

<u>Cost Recovery</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	\$13,092,966	\$57,113,666
		23,025,923
		50,007,806
		7,824,181
\$3,806,221	1,200,938	7,495,563
		101,739
140,152	24,506	474,889
(173,588)	387,657	1,031,746
5,181,252	17,340,198	38,605,526
2,048,251	4,092,506	9,425,484
	2,728,314	2,728,314
86,552	3,625,096	6,686,908
		960,661
<u>11,088,840</u>	<u>42,492,181</u>	<u>205,482,406</u>
5,076,777	1,240,944	15,053,928
3,455,426	1,482,687	94,269,101
4,292,903	7,535,656	23,144,011
	7,655,697	7,655,697
	1,400,296	14,559,213
	4,209,098	11,767,304
		2,083,288
4,015,457	9,312,507	27,189,722
	6,200,000	14,879,506
	7,842,091	14,559,340
<u>16,840,563</u>	<u>46,878,976</u>	<u>225,161,110</u>
<u>(5,751,723)</u>	<u>(4,386,795)</u>	<u>(19,678,704)</u>
	2,368,526	14,570,640
		150,490
6,441,335	7,278,952	62,507,821
	(11,601,444)	(55,482,457)
<u>6,441,335</u>	<u>(1,953,966)</u>	<u>21,746,494</u>
689,612	(6,340,761)	2,067,790
<u>(9,367,283)</u>	<u>31,858,104</u>	<u>114,597,922</u>
<u>(\$8,677,671)</u>	<u>\$25,517,343</u>	<u>\$116,665,712</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, 2011

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 \$2,067,790

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 21,983,626
Depreciation expense is deducted from the fund balance
(Depreciation expense is net of internal service fund depreciation of \$2,164,888 which has already been allocated to serviced funds) (16,821,975)
Retirements of capital assets are deducted from the fund balance
(Retirements are net of internal service fund retirements of \$701,415 which has already been allocated to serviced funds) (353,617)
Transfer of capital assets is deducted from the fund balance (256,077)

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 14,879,506
Capital appreciation bonds accretion is deducted from fund balance (8,535,118)
Interest accrued to principal is deducted from fund balance (30,000)
Proceeds from debt issuance is deducted from fund balance (14,570,640)

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 and accrued liabilities (828,578)
Interest payable 16,319
Deferred revenue (3,304,001)
Deferred investment in derivative instrument 6,633,294
Compensated absences (575,605)
Net pension asset (obligation) (5,379,758)
Net OPEB obligation (4,436,440)

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 (1,564,380)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (\$11,075,654)

See accompanying notes to financial statements

City of Richmond
June 30, 2011

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 2011.

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, 2011

	Business-type Activities-Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds		
ASSETS						
Current assets:						
Cash and investments	\$2,658,803	\$350,508	\$8,777,954	\$5,092,765	\$16,880,030	\$19,584,074
Restricted cash and investments	198,585	7,879,693	36,641,954		44,720,232	
Receivables:						
Accounts, net	188,968	3,240,458	618,528	417,351	4,465,305	949,021
Interest		45	1,463	575	2,083	5,708
Grants	1,315,522	11,750	48,398		1,375,670	
Notes				3,113	3,113	
Prepays and other assets	8,876	281			9,157	348,698
Due from other funds		21,667			21,667	13,583,807
Total current assets	<u>4,370,754</u>	<u>11,504,402</u>	<u>46,088,297</u>	<u>5,513,804</u>	<u>67,477,257</u>	<u>34,471,308</u>
Noncurrent assets:						
Receivables:						
Accounts, net	470,379				470,379	
Due from developer	8,289,189				8,289,189	
Capital assets:						
Nondepreciable	9,288,268	40,266,649	39,904,713	700,880	90,160,510	187,029
Depreciable, net	37,383,895	15,274,805	20,303,353	8,112,532	81,074,585	10,764,249
Advances to other funds						4,297,312
Bond issuance costs net of amortization		482,231	1,708,337		2,190,568	
Total noncurrent assets	<u>55,431,731</u>	<u>56,023,685</u>	<u>61,916,403</u>	<u>8,813,412</u>	<u>182,185,231</u>	<u>15,248,590</u>
Total Assets	<u>59,802,485</u>	<u>67,528,087</u>	<u>108,004,700</u>	<u>14,327,216</u>	<u>249,662,488</u>	<u>49,719,898</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	1,115,674	128,618	604,569	360,296	2,209,157	829,171
Interest payable		1,683,353	1,877,921	129,576	3,690,850	1,723
Due to other funds				1,818,893	1,818,893	
Refundable deposits	159,175	11,300			170,475	
Compensated absences	55,980			77,679	133,659	
Claims payable						5,232,311
Deferred investment in derivative instrument		333,773	6,151,523		6,485,296	
Current portion of long-term debt		505,000	1,410,149	65,459	1,980,608	842,806
Total current liabilities	<u>1,330,829</u>	<u>2,662,044</u>	<u>10,044,162</u>	<u>2,451,903</u>	<u>16,488,938</u>	<u>6,906,011</u>
Noncurrent liabilities:						
Advances from other funds	7,016,294	17,864,476		1,797,312	26,678,082	
Compensated absences	579,443	165,943	29,177		774,563	788,851
Unearned revenue						4,033,742
Claims payable						12,903,856
Long-term debt, net		48,178,746	84,358,641	3,075,777	135,613,164	2,837,766
Total noncurrent liabilities	<u>7,595,737</u>	<u>66,209,165</u>	<u>84,387,818</u>	<u>4,873,089</u>	<u>163,065,809</u>	<u>20,564,215</u>
Total Liabilities	<u>8,926,566</u>	<u>68,871,209</u>	<u>94,431,980</u>	<u>7,324,992</u>	<u>179,554,747</u>	<u>27,470,226</u>
NET ASSETS						
Invested in capital assets, net of related debt	46,672,163	14,737,401	11,081,230	5,672,176	78,162,970	7,270,706
Restricted for housing programs	455,029				455,029	
Restricted for debt service		7,879,693			7,879,693	
Unrestricted	3,748,727	(23,960,216)	2,491,490	1,330,048	(16,389,951)	14,978,966
Total Net Assets	<u>\$50,875,919</u>	<u>(\$1,343,122)</u>	<u>\$13,572,720</u>	<u>\$7,002,224</u>	<u>\$70,107,741</u>	<u>\$22,249,672</u>

See accompanying notes to financial statements

CITY OF RICHMOND
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities-Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds		
OPERATING REVENUES						
Rental	\$1,634,527				\$1,634,527	
Service charges		\$1,823,644	\$16,883,740	\$2,563,107	21,270,491	\$40,179,759
Lease income		4,487,262		224,458	4,711,720	
Other	281,825	19,008	458,536	230,687	990,056	
Total Operating Revenues	1,916,352	6,329,914	17,342,276	3,018,252	28,606,794	40,179,759
OPERATING EXPENSES						
Salaries and benefits	5,956,908	866,004	699,084	763,391	8,285,387	13,194,945
General and administrative	1,529,896	1,124,395	8,325,464	1,931,959	12,911,714	8,779,019
Maintenance	1,390,996	14,514	592	20,712	1,426,814	3,325,432
Depreciation	297,001	1,150,866	613,638	1,042,781	3,104,286	2,164,888
Housing assistance	18,071,255				18,071,255	
Claims losses						7,385,510
Other		31,055	129,648		160,703	108,924
Total Operating Expenses	27,246,056	3,186,834	9,768,426	3,758,843	43,960,159	34,958,718
Operating Income (Loss)	(25,329,704)	3,143,080	7,573,850	(740,591)	(15,353,365)	5,221,041
NONOPERATING REVENUES (EXPENSES)						
Loss on retirement of capital assets						(592,423)
Interest income	27,041	163,864	1,384,985	81,901	1,657,791	865,348
Grants	23,332,167	428,164	241,907		24,002,238	
Other income	609,031				609,031	
Interest (expense)		(3,846,182)	(4,425,396)	(216,347)	(8,487,925)	(203,430)
Total Nonoperating Revenues (Expenses)	23,968,239	(3,254,154)	(2,798,504)	(134,446)	17,781,135	69,495
Income (Loss) Before Transfers	(1,361,465)	(111,074)	4,775,346	(875,037)	2,427,770	5,290,536
OTHER FINANCING SOURCES (USES)						
Capital contributions	2,015,408		256,077		2,271,485	
Transfers (out)				(170,448)	(170,448)	(6,854,916)
Total Other Financing Sources (Uses)	2,015,408		256,077	(170,448)	2,101,037	(6,854,916)
Change in net assets	653,943	(111,074)	5,031,423	(1,045,485)	4,528,807	(1,564,380)
BEGINNING NET ASSETS (DEFICIT)	50,221,976	(1,232,048)	8,541,297	8,047,709	65,578,934	23,814,052
ENDING NET ASSETS (DEFICIT)	\$50,875,919	(\$1,343,122)	\$13,572,720	\$7,002,224	\$70,107,741	\$22,249,672

See accompanying notes to financial statements

CITY OF RICHMOND
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$2,077,585	\$3,264,207	\$17,136,852	\$3,155,017	\$25,633,661	\$39,857,588
Payments to suppliers	(20,421,757)	(1,131,874)	(10,514,868)	(1,821,867)	(33,890,366)	(12,726,800)
Payments to employees	(5,968,010)	(878,571)	(690,895)	(762,882)	(8,300,358)	(13,147,551)
Other income	609,031				609,031	
Insurance premiums and claims paid						(8,708,857)
Cash Flows from Operating Activities	(23,703,151)	1,253,762	5,931,089	570,268	(15,948,032)	5,274,380
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund receipts	1,737,148	427,096		529,521	2,693,765	
Interfund payments		(21,667)			(21,667)	(1,208,182)
Receipts from other governments	25,239,216	416,414	193,509		25,849,139	
Transfers (out)				(170,448)	(170,448)	(6,854,916)
Cash Flows from Noncapital Financing Activities	26,976,364	821,843	193,509	359,073	28,350,789	(8,063,098)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(1,202,520)	(12,519,529)	(6,265,664)	(480,631)	(20,468,344)	(1,296,658)
Proceeds from sale of capital assets						108,992
Issuance of debt			44,235,000		44,235,000	
Premium on bonds			209,477		209,477	
Discount on bonds			(396,633)		(396,633)	
Cost of issuance			(738,254)		(738,254)	
Principal payments on capital debt		(405,000)	(1,327,475)	(62,640)	(1,795,115)	(1,397,539)
Interest paid		(3,728,541)	(2,979,411)	(218,932)	(6,926,884)	(204,858)
Cash Flows from Capital and Related Financing Activities	(1,202,520)	(16,653,070)	32,737,040	(762,203)	14,119,247	(2,790,063)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	27,041	29,044	57,594	82,401	196,080	870,152
Cash Flows from Investing Activities	27,041	29,044	57,594	82,401	196,080	870,152
Net Cash Flows	2,097,734	(14,548,421)	38,919,232	249,539	26,718,084	(4,708,629)
Cash and investments at beginning of period	759,654	22,778,622	6,500,676	4,843,226	34,882,178	24,292,703
Cash and investments at end of period	<u>\$2,857,388</u>	<u>\$8,230,201</u>	<u>\$45,419,908</u>	<u>\$5,092,765</u>	<u>\$61,600,262</u>	<u>\$19,584,074</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:						
Operating income (loss)	(\$25,329,704)	\$3,143,080	\$7,573,850	(\$740,591)	(\$15,353,365)	\$5,221,041
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation	297,001	1,150,866	613,638	1,042,781	3,104,286	2,164,888
Other income	609,031				609,031	
Change in assets and liabilities:						
Receivables, net	146,428	(3,063,707)	(205,424)	136,765	(2,985,938)	(256,281)
Prepays and other assets	474,394	(281)			474,113	269,789
Accounts payable and accrued liabilities and other accrued expenses	95,996	38,371	(2,059,164)	130,804	(1,793,993)	(783,214)
Refundable deposits	14,805	(2,000)			12,805	(111)
Unearned revenue						(65,779)
Compensated absences payable	(11,102)	(12,567)	8,189	509	(14,971)	47,394
Claims payable						(1,323,347)
Cash Flows from Operating Activities	(23,703,151)	1,253,762	5,931,089	570,268	(15,948,032)	5,274,380
Non cash transactions:						
Change in fair value of investment derivative		\$135,592	\$1,327,637		\$1,463,229	
Amortization of bond issuance costs		(51,146)	(60,354)		(111,500)	
Capital contributions			256,077		256,077	
Retirement of capital assets	(\$28,946)				(28,946)	(\$701,415)

See accompanying notes to financial statements

**City of Richmond
June 30, 2011**

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, 2011

	<u>Pension Trust Funds</u>	<u>Pt. Molate Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
ASSETS			
Cash and investments (Note 3)			\$5,474,146
Restricted cash and investments (Note 3)		\$22,850,187	2,468,613
Investment in reassessment bonds (Note 3)			15,707,500
Pension plan cash and investments (Note 12):			
City of Richmond Investment Pool	\$1,588,129		
Local Agency Investment Fund	189,985		
Mutual Fund Investments	21,052,409		
Accounts receivable			128,674
Interest receivable	403	9,035	731
Prepays and other assets	<u>4,950</u>		
Total Assets	<u>22,835,876</u>	<u>22,859,222</u>	<u>\$23,779,664</u>
LIABILITIES			
Accounts payable and accrued liabilities	227,891		\$1,085,513
Refundable deposits payable			1,064,607
Due to assessment district bondholders			<u>21,629,544</u>
Total Liabilities	<u>227,891</u>		<u>\$23,779,664</u>
NET ASSETS			
Held in trust for employees' pension benefits and other purposes	<u>\$22,607,985</u>	<u>\$22,859,222</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, 2011

	<u>Pension Trust Funds</u>	<u>Pt. Molate Private-Purpose Trust Fund</u>
ADDITIONS		
Net investment income:		
Net increase (decrease) in the fair value of investments	\$3,381,100	
Interest income	609,586	\$103,509
Investment management fees	(120,026)	
Contribution from the City	<u>562,784</u>	
Total Additions	<u>4,433,444</u>	<u>103,509</u>
DEDUCTIONS		
Pension benefits	5,049,812	
Payments in accordance with trust agreements		<u>834,859</u>
Total Deductions	<u>5,049,812</u>	<u>834,859</u>
Net Increase (Decrease)	(616,368)	(731,350)
NET ASSETS, BEGINNING OF YEAR	<u>23,224,353</u>	<u>23,590,572</u>
NET ASSETS, END OF YEAR	<u><u>\$22,607,985</u></u>	<u><u>\$22,859,222</u></u>

See accompanying notes to financial statements

This Page Left Intentionally Blank

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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, 2011

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

Richmond Housing Authority (Housing Authority) - Formed in 1941 as a separate legal entity under the provisions of the Housing Act of 1937, the Housing Authority was established to use funds provided by the Department of Housing and Urban Development (HUD) to rehabilitate local deteriorated housing and to subsidize low-income families in obtaining decent, safe, and sanitary housing needs.

Although the Housing Authority is a separate legal entity, it is an integral part of the City. The City exercises significant financial and management control over the Housing Authority and members of City Council serve as the governing board of the Housing Authority. The financial statements of the Housing Authority are included in the City's basic financial statements as an enterprise fund. Separate financial statements for the Housing Authority may be obtained by contacting the Richmond Housing Authority, 330 24th Street, Richmond, California 94804.

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

Although the JPFA is a separate legal entity, it is an integral part of the City. The City exercises significant financial and management control over the JPFA and members of the Board of Directors are appointed by City Council. The operations of the JPFA are included in the City's basic financial statements as a debt service fund. Separate financial statements for the JPFA may be obtained by contacting the Office of Finance, City of Richmond, 450 Civic Center Plaza, Richmond, California 94804.

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

Richmond Parking Authority (Parking Authority) - Formed in 1975 pursuant to the provisions of California statutes for the purpose of financing the construction of off-street parking facilities. Although the Parking Authority is a separate legal entity, it is an integral part of the City. The City exercises significant financial and management control over the Parking Authority and members of the City Council serve as the governing board of the Parking Authority. The Parking Authority is inactive.

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 24th Street, Richmond, California 94804.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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 follows Statements and Interpretations of the Financial Accounting Standards Board and its predecessors issued on or before November 30, 1989, in accounting for its business-type activities, unless those pronouncements conflict with Government Accounting Standards Board pronouncements.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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, 2011

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.

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, 2011

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 17F. 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. Prepaids 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, 2011

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	\$11,168,604	\$923,193	\$12,091,797
Additions	16,955,276	238,790	17,194,066
Payments	(16,332,277)	(253,761)	(16,586,038)
Ending Balance	\$11,791,603	\$908,222	\$12,699,825
Current Portion	\$8,468,334	\$133,659	\$8,601,993

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, 2011

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
General Fund	
General Government	\$3,886,696
Debt Service - Principal	59,747
Debt Service - Interest and Fiscal Charges	334,962
Redevelopment Agency Administration Special Revenue Fund	
Housing and Redevelopment	5,696
SERAF	2,083,288
Redevelopment Agency Debt Service Fund	
Housing and Redevelopment	7,616
Debt Service - Principal	4,392,155
Debt Service - Interest and Fiscal Charges	3,429,229
Cost Recovery Special Revenue Fund	
Capital Outlay	448,320
General Purpose Special Revenue Fund	
Cultural and Recreational	1,048
Housing and Community Development Special Revenue Fund	
Capital Outlay	28,490
2005 Pension Obligation Bonds Debt Service Fund	
Debt Service - Interest and Fiscal Charges	2,926
Civic Center Debt Service Fund	
Debt Service - Interest and Fiscal Charges	57,414

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Use of Estimates

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

NOTE 3 - CASH AND INVESTMENTS

A. Investments and Cash Deposits

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

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

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

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

B. Cash, Cash Equivalents and Investments

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 3 - CASH AND INVESTMENTS (Continued)

C. Classification

Cash and investments are classified in the financial statements as shown below at June 30, 2011:

Cash and investments	\$75,219,754
Restricted cash and investments	106,132,474
Total Primary Government cash and investments	181,352,228
Cash and investments	300,590
Restricted cash and investments	2,749,558
Total Component Unit cash and investments	3,050,148
Cash and investments in Fiduciary Funds (Separate Statement)	
Cash and investments	5,474,146
Restricted cash and investments	25,318,800
Investments in reassessment bonds	15,707,500
Total Fiduciary Funds cash and investments	46,500,446
Total cash and investments	\$230,902,822

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%

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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, 2011, 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	
Primary Government:					
Federal Agency Securities	\$32,986,375	\$2,935,977	\$11,996,100		\$47,918,452
Money Market Mutual Funds (U.S. Securities)	2,199,063	4,300,970			6,500,033
California Local Agency Investment Fund	12,059,642				12,059,642
CalTrust Short Term Fund		300,910			300,910
Certificates of Deposit	198,585				198,585
Held by Trustee:					
Federal Agency Securities		433,310	795,584		1,228,894
Money Market Mutual Funds (U.S. Securities)	82,433,113				82,433,113
California Local Agency Investment Fund	117,785				117,785
CalTrust Short Term Fund		10,874,266			10,874,266
Investment Agreement				\$1,039,778	1,039,778
Guaranteed Investment Contracts				4,580,948	4,580,948
Reassessment Bonds	807,500	852,500	2,882,500	11,165,000	15,707,500
RHA Properties:					
Money Market Mutual Funds (U.S. Securities)	1,738,819				1,738,819
Total Investments	\$132,540,882	\$19,697,933	\$15,674,184	\$16,785,726	184,698,725
Cash in Banks and on hand - <i>Primary Government</i>					44,892,768
Cash in banks - <i>RHA Properties</i>					1,311,329
Total Cash and Investments					\$230,902,822

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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, 2011, these investments matured in an average of 237 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, 2011, these investments matured in an average of 518 days.

Money market funds and mutual funds are available for withdrawal on demand and as of June 30, 2011 have an average maturity from 7 to 60 days.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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, 2011 for each investment type:

<u>Investment Type</u>	<u>AAA/AAAm</u>	<u>Total</u>
Federal Agency Securities	\$49,147,346	\$49,147,346
Money Market Mutual Funds (U.S. Securities)	90,671,965	90,671,965
CalTrust Short Term Fund	11,175,176	11,175,176
Totals	<u>\$150,994,487</u>	150,994,487
<i>Not rated:</i>		
California Local Agency Investment Fund		12,177,427
Investment Agreement		1,039,778
Guaranteed Investment Contracts		4,580,948
Certificates of Deposit		198,585
Reassessment Bonds		15,707,500
Total Investments		184,698,725
Cash in Banks and on hand		46,204,097
Total Cash and Investments		<u>\$230,902,822</u>

On August 5, 2011, Standard & Poor's Ratings Services (S&P) lowered its long-term credit rating on the United States of America from AAA to AA+. At the same time, S&P affirmed its A-1+ short-term rating on the United States of America.

On August 8, 2011, S&P lowered its issuer credit ratings and related issue ratings on ten of twelve Federal Home Loan Banks (FHLBs) and the senior debt issued by the FHLB System from AAA to AA+. S&P also lowered the ratings on the senior debt issued by the Federal Farm Credit Banks (FFCB) from AAA to AA+, and lowered the senior issue ratings on Fannie Mae (FNMA) and Freddie Mac (FHLMC) from AAA to AA+. The A subordinated debt rating and the C rating on the preferred stock of these entities remained unchanged. Finally, S&P affirmed the short-term issue ratings for these entities at A-1+. As of June 30, 2011, the City's investments in these agencies that were subject to the downgrade were as follows: FHLB \$8,791,734, FFCB \$6,433,310, FNMA \$25,930,052, and FHLMC \$7,992,250.

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, 2011:

<u>Issuer</u>	<u>Type of Investments</u>	<u>Amount</u>
Federal National Mortgage Association	Federal Agency Securities	\$25,930,052

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 3 - CASH AND INVESTMENTS (Continued)

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, 2011 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

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, in Agency Funds at June 30, 2011 were as follows:

Agency Fund	Issuer	Type of Investment	Amount
JPFA Reassessment District	City of Richmond	Municipal Bonds	\$5,855,000
2006 A&B Reassessment District	City of Richmond	Municipal Bonds	9,852,500

NOTE 4 - INTERFUND TRANSACTIONS

A. Current Interfund Balances

Current interfund balances arise in the normal course of business and represent short-term borrowings occurring as a result of expenditures which are paid prior to the receipt of revenues. These balances are expected to be repaid shortly after the end of the fiscal year when revenues are received. Current amounts due from one fund to another at June 30, 2011 were as follows:

Due From Other Funds	Due To Other Funds	Amount
Redevelopment Agency Low/Mod Income Housing Fund	Non Major Governmental Funds	\$596,796
Non Major Governmental Funds	Redevelopment Agency Administration Fund	2,457
Port of Richmond Enterprise Fund	Redevelopment Agency Administration Fund	21,667
Internal Service Fund	Redevelopment Agency Administration Fund	7,577
	Cost Recovery Fund	8,357,551
	Non Major Governmental Funds	3,399,786
	Non Major Enterprise Fund	1,818,893
		<u>\$14,204,727</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 4 - INTERFUND TRANSACTIONS

B. Long-Term Interfund Advances

At June 30, 2011 the funds below had made advances which were not expected to be repaid within the next year.

Fund Receiving Advance	Fund Making Advance	Amount of Advance
General Fund	Redevelopment Agency Projects Fund	\$93,685
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	6,842,227
	Redevelopment Agency Low/Mod Income Housing Fund	174,067
Port of Richmond Enterprise Fund	General Fund	17,864,476
Non Major Enterprise Fund	Internal Service Funds	1,797,312
Total		\$31,483,453

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, 2010 and 2011 the General Fund made advances to the Richmond Housing Authority Enterprise Fund for police, sewer, and other services as well as the Housing Authority's employee payroll. The advance repayment terms were amended in April 2010 and the advance bears no interest and was payable in 135 monthly installments of \$30,000 and one final installment of \$22,446 on or before August 1, 2021. On June 28, 2011 the agreement was amended to make the monthly payments \$50,000 for the remaining 71 payments, starting July 1, 2011, and one final installment of \$36,634. The balance as of June 30, 2011 is \$6,842,227.

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 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, 2011 are \$2,000,000 and \$93,685, 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, 2011 is \$17,864,476.

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

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, 2011 is \$1,797,312.

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 Agency will repay the total principal amount when the advance matures on June 30, 2012.

In fiscal 2011 the City agreed to advance the Port of Richmond Enterprise Fund \$750,000 for tenant improvements to allow Subaru of America to utilize the Port of Richmond's vehicle distribution operation. This advance is to be paid back over five years from the revenue generated by the Subaru leasing the port space. Final payment is due July 1, 2015. The balance of the advance as of June 30, 2011 is \$80,000.

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, 2011 were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>
General Fund	Non-Major Governmental Funds	\$7,729,921
	Non-Major Enterprise Funds	170,448
	Internal Service Funds	6,854,916
Redevelopment Agency Administration Fund	Redevelopment Agency Low/Mod Income Housing	16,465
	Redevelopment Agency Debt Service Fund	2,194,042
Redevelopment Agency Low/Mod Income Housing	Redevelopment Agency Administration Fund	1,260,606
	Redevelopment Agency Debt Service Fund	4,009,545
	Redevelopment Agency Projects Fund	146,457
Redevelopment Agency Debt Service Fund	Redevelopment Agency Administration Fund	1,737,852
	Redevelopment Agency Low/Mod Income Housing	9,793,684
	Redevelopment Agency Projects Fund	10,102,567
Redevelopment Agency Projects Fund	Redevelopment Agency Debt Service Fund	4,771,031
Cost Recovery Special Revenue Fund	General Fund	6,424,500
	Non-Major Governmental Funds	16,835
Non-Major Governmental Funds	General Fund	3,424,264
	Non-Major Governmental Funds	3,854,688
Total Interfund Transfers		<u><u>\$62,507,821</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

None of these transfers were unusual or non-recurring in nature, except for the transfer from the Secured Pension Override Special Revenue Fund to the General Fund in the amount of \$4,500,000 to fund current year pension contributions to PERS, which is included in transfers from Non-Major Governmental Funds.

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, 2011

NOTE 5 - NOTES AND LOANS RECEIVABLE

At June 30, 2011, notes and loans receivable consisted of the following:

	Amount
City Loans:	
CalTrans Loan	\$777,519
Police Chief Loan	109,173
Rosie the Riveter Loan	2,576,993
Watershed Nursery Loan	3,113
Community Development Block Grant and Home Investment Partnership Program Loans:	
Mechanics Bank Loans	41,096
Deferred Loans	3,728,824
Home Improvement Program Loans	1,152,401
Rental Rehab Loans	343,507
Infill Phase II Loan	828,471
The Carquinez Project	148,490
Creely Avenue Housing Rehabilitation Loan (Arbors)	1,614,056
Lillie Mae Jones Project Loan	849,165
Nevin Court Homeowner Development Project	343,839
Subtotal - CDBG and HOME Loans	9,049,849
Redevelopment Agency Loans:	
EDA Loans	572,347
Harbour Capital Projects Loan	2,040,359
MacDonald Place Senior Housing	3,411,328
Creely Avenue Housing Rehabilitation Loan (Arbors)	1,594,057
Rental Rehab Loans	30,700
Atchison Village Annex Apartments	374,266
Heritage Park Development	286,015
Silent Second Mortgage Loans	2,074,661
Chesley Avenue Mutual Housing Development	4,741,492
Ford Assembly Building Loan	2,710,000
CALHome Program	1,538,092
Easter Hill Project	2,281,960
East Bay Center for the Performing Arts	2,500,000
The Carquinez Project	1,152,510
Lillie Mae Jones Project Loan	304,410
Miraflores Loan	317,603
Subtotal- Redevelopment Agency Loans	25,929,800
Total Notes and Loans Receivable	\$38,446,447

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

CalTrans Loan

The total of \$777,519 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 and 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 principal balances of the loans were repaid in fiscal year 2011, but interest on the loans totaling \$36,380 at June 30, 2011 remains unpaid and has been included in accounts receivable.

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.

Rosie the Riveter Loan

On December 15, 2010, the City approved a loan of \$2,576,993 to the Rosie the Riveter Trust Non-profit Corporation to rehabilitate the Maritime Child Development Center. The project will preserve the Center's eligibility for the National Register of Historical Places. The loan is secured by collateral as defined in the loan agreement through a promissory note. The loan bears simple interest of 3% which is payable quarterly starting April 1, 2011, and the principal balance is due December 15, 2011.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

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.

Home Improvement Program Loans

“Silent second” mortgage loans are provided to low and moderate income first time homebuyers as gap financing to provide the minimum amount needed to close the gap between the primary lender’s requirements and the borrower’s ability to pay down payments or closing costs.

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

Rental Rehabilitation Loans

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

Scattered Site Infill Housing Development (Infill Phase II)

Under a loan agreement dated September 30, 2010, the City loaned Community Housing Development Corporation of North Richmond \$1,198,013 to fund construction of 36 townhomes to be made available for very-low and low income households. Funding for the loan is as follows: \$602,556 in HOME funds, \$266,000 in CDBG funds and \$329,457 in CDBG-R. The current funding is for predevelopment activities in conjunction with the construction and development of the townhomes. The loan is secured by a deed of trust on the property. The outstanding balance of the loan bears simple interest at the rate of 3% per year. The payment of principal and interest is deferred and due at the end of the term due September 30, 2065. As of June 30, 2011 \$828,471 had been drawn down on the loan.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

The Carquinez Project

Under a loan agreement dated November 14, 2008, the Redevelopment Agency loaned Carquinez Associates, L.P., \$1,000,000 to fund rehabilitation of a five story building, with 36 apartments housing low-income seniors. On August 23, 2010 the agreement was amended to provide the Developer with a total amount of \$1,301,000. Funding for the loan is as follows: \$1,152,510 funded by Series 2007 Bonds and \$148,900 funded by CDBG. Repayments on the loan are to be made from residual receipts as defined in the agreement. The loan does not bear interest and the unpaid principal balance is due in November 2043.

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.

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, 2011, Lillie Mae Jones drew down \$1,153,575.

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.

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. During fiscal year 2011 the loan was forgiven.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

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.

Harbour Capital Projects Loan

The \$5,440,359 was based on two promissory notes resulting from the sale of the Ford building of \$3,400,000 and the sale of the North Shore properties of \$2,040,359. During fiscal year 2008, the developer repaid \$1 million of the loan balance by a cash payment of \$310,345 and the dedication of parking lot improvements with a value of \$689,655. During fiscal year 2009, the developer paid \$2.4 million of the loan by a cash payment.

MacDonald Place Senior Housing

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

Atchison Village Annex Apartments

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

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

Heritage Park Development

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

Silent Second Mortgage Loans

Loans were provided to qualifying individuals for the difference between the amount received by the individuals who qualified for low and moderate income housing loans and the amount needed to purchase the homes. The loans are to be forgiven in the future if the property owners do not sell or refinance the property.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

Chesley Avenue Mutual Housing Development

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

Ford Assembly Building Loan

Under a loan agreement dated November 22, 2004 between the Redevelopment Agency and Ford Point LLC, the Redevelopment Agency agreed to loan \$3,000,000 to fund improvements to the Ford Assembly Building, collateralized by a Deed of Trust. The Redevelopment Agency funded the loan in fiscal 2006 with proceeds from the Section 108 HUD loan discussed in Note 8. The loan's principal is due in August 2025. Interest is payable starting August 2006 at a variable rate based on the 90-day LIBOR rate plus 70 basis points; adjusted quarterly. The interest rate converts to a fixed rate in accordance with the terms of the agreement after the Section 108 loan is sold by HUD. In fiscal year 2011, \$147,000 of the loan was paid by the developer and \$147,000 was paid in fiscal year 2011.

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, 2011, the Agency had issued loans of \$1,538,092.

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

Miraflores Loan

Under the loan agreement dated March 16, 2010, the Redevelopment Agency loaned Community Housing Development Corporation of North Richmond and Eden Housing, Inc., \$1,465,000 to fund the construction 110 senior housing units for low and moderate income residents. The loan does not bear interest and the unpaid principal balance is due September 15, 2015.

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

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

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 6 - CAPITAL ASSETS (Continued)

B. Current Year Activity

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

	Balance at June 30, 2010	Additions	Retirements	Transfers	Balance at June 30, 2011
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land	\$30,172,424		(\$698,081)		\$29,474,343
Construction in progress	69,437,266	\$22,044,477		(\$6,753,731)	84,728,012
Total capital assets not being depreciated	<u>99,609,690</u>	<u>22,044,477</u>	<u>(698,081)</u>	<u>(6,753,731)</u>	<u>114,202,355</u>
Capital assets being depreciated:					
Buildings and improvements	135,648,265		(998,924)	6,287,766	140,937,107
Machinery and equipment	48,056,979	1,235,807	(544,476)	209,888	48,958,198
Land improvements and infrastructure	412,115,240				412,115,240
Total capital assets being depreciated	<u>595,820,484</u>	<u>1,235,807</u>	<u>(1,543,400)</u>	<u>6,497,654</u>	<u>602,010,545</u>
Less accumulated depreciation for:					
Buildings and improvements	(16,768,832)	(2,810,743)	645,306		(18,934,269)
Machinery and equipment	(30,027,821)	(3,659,731)	541,142		(33,146,410)
Land improvements and infrastructure	(287,849,105)	(12,516,389)			(300,365,494)
Total accumulated depreciation	<u>(334,645,758)</u>	<u>(18,986,863)</u>	<u>1,186,448</u>		<u>(352,446,173)</u>
Capital asset being depreciated, net	<u>261,174,726</u>	<u>(17,751,056)</u>	<u>(356,952)</u>	<u>6,497,654</u>	<u>249,564,372</u>
Governmental activity capital assets, net	<u>\$360,784,416</u>	<u>\$4,293,421</u>	<u>(\$1,055,033)</u>	<u>(\$256,077)</u>	<u>\$363,766,727</u>

Using the provisions of Health and Safety Code Sections 33320(g) and 33430 the Agency transferred thirty parcels that had been recorded as capital assets with a book value of \$5,571,792 to the City.

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, 2011 were as follows:

Governmental Activities	
General Government	\$2,164,521
Public Safety	1,110,225
Public Services	13,180,291
Community Development	98,079
Cultural and Recreational	186,680
Housing and Redevelopment	82,179
Internal Service Funds	2,164,888
Total Governmental Activities	<u>\$18,986,863</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 6 - CAPITAL ASSETS (Continued)

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

	Balance at June 30, 2010	Additions	Retirements	Transfers	Balance at June 30, 2011
<i>Business-type activities</i>					
Capital assets not being depreciated:					
Land	\$11,611,407				\$11,611,407
Construction in progress	64,902,966	\$14,087,219		(\$441,082)	78,549,103
Total capital assets not being depreciated	<u>76,514,373</u>	<u>14,087,219</u>		<u>(441,082)</u>	<u>90,160,510</u>
Capital assets being depreciated:					
Buildings and improvements	88,470,760			1,536,002	90,006,762
Machinery and equipment	15,383,376	62,128	(\$137,503)	(1,207,133)	14,100,868
Infrastructure	105,028,894			368,290	105,397,184
Total capital assets being depreciated	<u>208,883,030</u>	<u>62,128</u>	<u>(137,503)</u>	<u>697,159</u>	<u>209,504,814</u>
Less accumulated depreciation for:					
Buildings and improvements	(43,402,210)	(788,109)			(44,190,319)
Machinery and equipment	(11,045,940)	(203,143)	137,503		(11,111,580)
Infrastructure	(71,015,296)	(2,113,034)			(73,128,330)
Total accumulated depreciation	<u>(125,463,446)</u>	<u>(3,104,286)</u>	<u>137,503</u>		<u>(128,430,229)</u>
Capital asset being depreciated, net	83,419,584	(3,042,158)		697,159	81,074,585
Business-type activity capital assets, net	<u>\$159,933,957</u>	<u>\$11,045,061</u>		<u>\$256,077</u>	<u>\$171,235,095</u>

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

	Balance at June 30, 2010	Additions	Balance at June 30, 2011
Capital assets not being depreciated:			
Land	\$10,431,153		\$10,431,153
Construction in progress		\$29,930	29,930
Total capital assets not being depreciated	<u>10,431,153</u>	<u>29,930</u>	<u>10,461,083</u>
Capital assets being depreciated:			
Buildings and improvements	23,934,981	121,164	24,056,145
Machinery and equipment	76,667	5,267	81,934
Total capital assets being depreciated	<u>24,011,648</u>	<u>126,431</u>	<u>24,138,079</u>
Less accumulated depreciation for:			
Buildings and improvements	(5,947,912)	(875,619)	(6,823,531)
Machinery and equipment	(52,863)	(6,192)	(59,055)
Total accumulated depreciation	<u>(6,000,775)</u>	<u>(881,811)</u>	<u>(6,882,586)</u>
Capital asset being depreciated, net	18,010,873	(755,380)	17,255,493
Business-type activity capital assets, net	<u>\$28,442,026</u>	<u>(\$725,450)</u>	<u>\$27,716,576</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 6 - CAPITAL ASSETS (Continued)

Business activities depreciation expenses for capital assets allocated to each program for the year ended June 30, 2011 were as follows:

Business-Type Activities	
Richmond Housing Authority	\$297,001
Port of Richmond	1,150,866
Municipal Sewer	613,638
Richmond Marina	87,143
Storm Sewer	915,849
Cable TV	39,789
Total Business-Type Activities	\$3,104,286
Component Unit	
RHA Properties	\$881,811

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%. The Note was repaid on November 4, 2010.

Tax and Revenue Anticipation Note Program Note Participations, Series 2010-2011

On July 8, 2010, the City issued Series 2010-2011 Tax and Revenue Anticipation Notes in the amount of \$10,850,000. 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, 2011. The Note bears an interest rate of 2.00%. Principal and accrued interest in the amount of \$11,066,397 on the Note is payable when the Note matures on July 14, 2011.

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 – LONG-TERM DEBT OBLIGATIONS

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, 2011:

	Balance July 01, 2010	Additions (A)	Deletions	Balance June 30, 2011	Due Within One Year	Due in More than One Year
Bonds payable	\$371,285,271	\$8,535,118	(\$12,425,000)	\$367,395,389	\$13,030,000	\$354,365,389
Loans payable	10,460,463	12,232,114	(1,969,493)	20,723,084	335,340	20,387,744
Capital leases	6,536,310	2,368,526	(1,882,552)	7,022,284	1,428,079	5,594,205
Total	<u>\$388,282,044</u>	<u>\$23,135,758</u>	<u>(\$16,277,045)</u>	<u>\$395,140,757</u>	<u>\$14,793,419</u>	<u>\$380,347,338</u>

(A) Includes issuance of debt totaling \$14,570,640, bond accretion for capital appreciation bonds totaling \$8,535,118 and interest on loans payable of \$30,000.

Bonds Payable

Bonds payable at June 30, 2011 consisted of the following:

	<u>Net</u>
JPFA Revenue Refunding Bonds - 1995 Series A	\$785,000
Harbour Tax Allocation Refunding Bonds - 1998 Series A	22,348,310
Pension Obligation Bonds - 1999 Series A	16,470,000
JPFA Tax Allocation Revenue Bonds - 2000 Series A	15,395,000
JPFA Tax Allocation Revenue Bonds - 2000 Series B	3,475,000
JPFA Tax Allocation Revenue Bonds - 2003 Series A	14,760,000
JPFA Tax Allocation Revenue Bonds - 2003 Series B	11,390,000
JPFA Tax Allocation Revenue Bonds - 2004 Series A	13,960,000
JPFA Tax Allocation Revenue Bonds - 2004 Series B	1,585,000
Pension Funding Bond Series 2005	137,119,314
Subordinate Tax Allocation Bonds - 2007 Series B	10,421,220
Subordinate Tax Allocation Bonds - 2010 Series A	32,565,000
JPFA Lease Revenue Refunding Bonds - 2009	87,121,545
Total	<u><u>\$367,395,389</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

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

The total principal and interest remaining to be paid on the bonds is \$847,475. Principal and interest paid for the current fiscal year and total Gas Tax Revenues were \$425,375 and \$2,766,303, respectively.

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

For the Years Ending June 30,	Principal	Interest	Total
2012	\$380,000	\$41,213	\$421,213
2013	405,000	21,262	426,262
Total	\$785,000	\$62,475	\$847,475

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

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

At June 30, 2011, the Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Current interest bonds	\$11,135,000			\$11,135,000
Capital appreciation bonds	14,935,000	\$546,139	(\$4,267,829)	11,213,310
	<u>\$26,070,000</u>	<u>\$546,139</u>	<u>(\$4,267,829)</u>	<u>\$22,348,310</u>

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

For the Years Ending June 30,	Principal	Interest	Total
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	1,910,000	405,663	2,315,663
2017-2021	10,210,000	1,350,408	11,560,408
2022-2024	6,690,000	235,601	6,925,601
Total	<u>\$26,070,000</u>	<u>\$3,988,936</u>	<u>\$30,058,936</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 \$24,533,032. Principal and interest paid for the current fiscal year and total pension tax override revenues were \$2,798,528 and \$6,113,303, respectively.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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
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	1,625,000	788,430	2,413,430
2017-2021	6,145,000	2,306,273	8,451,273
2022-2026	2,700,000	730,759	3,430,759
2027-2030	735,000	84,013	819,013
Total	\$16,470,000	\$8,063,032	\$24,533,032

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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
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	1,885,000	419,025	2,304,025
2017-2021	6,445,000	655,276	7,100,276
2022-2026	205,000	55,781	260,781
2027-2030	135,000	14,569	149,569
Total	\$15,395,000	\$3,675,481	\$19,070,481

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

For the Years Ending June 30,	Principal	Interest	Total
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	430,000	140,855	570,855
2017-2021	1,540,000	219,441	1,759,441
2022-2026	40,000	17,600	57,600
2027-2030	30,000	5,600	35,600
Total	\$3,475,000	\$1,244,329	\$4,719,329

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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
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	1,050,000	1,219,321	2,269,321
2017-2021	7,050,000	5,137,876	12,187,876
2022-2026	14,310,000	2,378,592	16,688,592
Total	\$26,150,000	\$14,093,120	\$40,243,120

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
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	295,000	751,649	1,046,649
2017-2021	4,745,000	3,313,003	8,058,003
2022-2026	4,090,000	2,011,442	6,101,442
2027	5,355,000	145,106	5,500,106
Total	\$15,545,000	\$9,349,705	\$24,894,705

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

These Bonds were issued to prepay the unfunded liability of the Miscellaneous and Safety pension plans provided through the California Public Employees’ Retirement System (See Note 11). As of June 30, 2011, the City’s net pension asset amounted to \$98,980,696. The Bonds consist of three series as shown below:

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

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

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

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Swap Agreements - The City entered into two interest rate swap agreements related to the 2005B-1 and 2005B-2 Bonds, which will become effective August 1, 2013 and August 1, 2023, respectively, in the same amount as the outstanding principal balances of the Bonds on that date. The combination of the variable rate bonds and a floating swap rate will create synthetic fixed-rate debt for the City. Because neither the variable rate nor the swap rates are effective as of June 30, 2011 the initial bond interest rates discussed above are used for disclosure purposes.

At June 30, 2011, the Bonds consisted of the following:

	<u>Maturity Value</u>	<u>Accretion/ Amortization</u>	<u>Unamortized Premium (Discount)</u>	<u>Net</u>
Current interest bonds	\$14,690,000			\$14,690,000
Capital appreciation bonds	203,186,000	\$7,364,587	(\$88,121,273)	122,429,314
	<u>\$217,876,000</u>	<u>\$7,364,587</u>	<u>(\$88,121,273)</u>	<u>\$137,119,314</u>

The annual debt service requirements are as follows:

For the Years Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	4,692,000	3,420,200	8,112,200
2017-2021	37,857,000	12,247,825	50,104,825
2022-2026	41,354,000	17,259,150	58,613,150
2027-2031	47,351,000	23,056,625	70,407,625
2032-2035	67,464,000	6,975,100	74,439,100
Total	<u>\$217,876,000</u>	<u>\$69,731,989</u>	<u>\$287,607,989</u>

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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

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

At June 30, 2011, the 2007 B Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	\$22,880,000	\$624,392	(\$13,083,172)	\$10,421,220

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

For the Years Ending June 30,	Principal
2012	\$625,000
2013	675,000
2014	725,000
2015	0
2016	0
2017-2021	4,380,000
2022-2026	5,665,000
2027-2031	5,800,000
2032-2036	4,175,000
2037	835,000
Total	\$22,880,000

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

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

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

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

For the Years Ending June 30,	Principal	Interest	Total
2012	\$890,000	\$2,192,593	\$3,082,593
2013	930,000	2,151,500	3,081,500
2014	980,000	2,108,462	3,088,462
2015	1,030,000	2,062,041	3,092,041
2016	1,095,000	2,010,397	3,105,397
2017-2021	6,015,000	8,989,834	15,004,834
2022-2026	6,980,000	6,802,163	13,782,163
2027-2031	9,610,000	3,247,601	12,857,601
2032-2036	4,020,000	1,243,111	5,263,111
2037	1,015,000	34,193	1,049,193
Total	\$32,565,000	\$30,841,895	\$63,406,895

Pledge of Redevelopment Tax Increment Revenues

The six Tax Allocation Bond issues discussed above consist of senior and parity obligations secured by future tax increment revenues. The pledge of all future tax increment revenues (housing and non-housing revenue) ends upon repayment of \$205,273,466 remaining debt service on the Tax Allocation Bonds which is scheduled to occur in 2037. For fiscal year 2011, 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:

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

	Tax Revenue Pledged	Outstanding Obligation	For the Year Ended June 30, 2011		Coverage
			Debt Service	Tax Increment	
<i>Senior Non-Housing Obligations:</i>					
1998 Harbour Tax Allocation Refunding Bonds	Harbour Project Area	\$30,058,936	\$2,169,826	\$9,301,382	429%
<i>Senior Non-Housing Obligations:</i>					
2000 A JPFA Tax Allocation Revenue Bonds	All project areas except Harbour and Pilot	19,070,481	\$2,319,720	\$5,398,748	233%
<i>Senior Non-Housing Obligations:</i>					
2003 A & B JPFA Tax Allocation Revenue Bonds	All project areas except Pilot	40,243,120	\$2,280,250		
<i>Subordinate Non-Housing Obligations:</i>					
2004 A JPFA Tax Allocation Revenue Bonds (Two-thirds)	All project areas except Pilot	15,123,785	603,510		
2010 A Subordinate Tax Allocation Refunding Bonds	All project areas except Pilot	63,406,895	3,158,686		
Subtotal		118,773,800	\$6,042,446	\$14,700,130	243%
<i>Senior Housing Obligations:</i>					
2000 B JPFA Tax Allocation Revenue Bonds	Low and Moderate Income Housing Setaside Revenues	4,719,329	\$578,930		
<i>Subordinate Housing Obligations:</i>					
2004 B & One-third of 2004 A JPFA Tax Allocation Revenue Bonds	Low and Moderate Income Housing Setaside Revenues	9,770,920	439,780		
2007 B Subordinate Tax Allocation Bonds	Low and Moderate Income Housing Setaside Revenues	22,880,000	580,000		
Subtotal		37,370,249	\$1,598,710	\$3,696,684	231%
Total Outstanding Obligations		\$205,273,466			

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

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

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, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2012		\$5,356,310	\$5,356,310
2013		5,356,185	5,356,185
2014		5,356,054	5,356,054
2015		5,355,915	5,355,915
2016	\$1,686,545	5,313,854	7,000,399
2017-2021	10,435,000	25,069,541	35,504,541
2022-2026	13,780,000	21,605,443	35,385,443
2027-2031	19,130,000	16,538,382	35,668,382
2032-2036	28,135,000	9,062,487	37,197,487
2037-2038	13,955,000	869,404	14,824,404
Total	\$87,121,545	\$99,883,575	\$187,005,120

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, 2011, 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, 2011

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, 2011	Termination Date
2005B-1 Taxable Pension Funding Bonds							
\$75,230,476	8/1/2013	JPMorgan Chase Co.	A+/Aa3/AA-	5.712%	100% of USD-3 Month LIBOR	(\$7,450,284)	8/1/2023
2005B-2 Taxable Pension Funding Bonds							
\$127,990,254	8/1/2023	JPMorgan Chase Co.	A+/Aa3/AA-	5.730%	100% of USD-3 Month LIBOR	(\$3,895,476)	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, 2011	Termination Date
2009 Lease Revenue Refunding Bonds							
\$84,955,000	12/1/2009	Royal Bank of Canada	AA-/Aa1/AA	100% of SIFMA Municipal Swap Index	68% of USD-1 Month LIBOR	(\$12,806,885)	8/1/2037
2010A Subordinate Tax Allocation Refunding Bonds							
\$61,150,000	7/12/2007	Royal Bank of Canada	AA-/Aa1/AA	100% of SIFMA Municipal Swap Index	68% of USD-1 Month LIBOR	(\$8,723,354)	9/1/2036

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

As of June 30, 2011, 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, 2011	
	Classification	Amount	Classification	Amount
<i>Governmental Activities</i>				
Pay-Fixed, Receive-Variable				
<i>2005B-1 Taxable Pension Funding Bonds</i>	Investment revenue	(\$233,825)	Investment	(\$7,450,284)
<i>2005B-2 Taxable Pension Funding Bonds</i>	Investment revenue	2,748,405	Investment	(3,895,476)
Pay-Variable, Receive-Variable				
<i>2009 Lease Revenue Refunding Bonds</i>	Investment revenue	2,474,267	Investment	(12,806,885)
<i>2010A Subordinate Tax Allocation Refunding Bonds</i>	Investment revenue	<u>1,644,447</u>	Investment	<u>(8,723,354)</u>
<i>Totals</i>		<u>\$6,633,294</u>		<u>(\$32,875,999)</u>

Credit risk. The fair values of the swaps represent the City's credit exposure to the counterparties. As of June 30, 2011, the City was not exposed to credit risk on the outstanding swaps because the swaps had negative fair values. However, if *interest* rates change and the fair value of the swaps were to become positive, the City would be exposed to credit risk.

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

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

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

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Swap payments and associated debt. Using rates as of June 30, 2011, 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	Total
	Principal	Interest	Swap, Net	
2012	\$890,000	\$1,718,249	\$474,344	\$3,082,593
2013	930,000	1,690,949	460,551	3,081,500
2014	980,000	1,662,299	446,163	3,088,462
2015	1,030,000	1,630,861	431,180	3,092,041
2016	1,095,000	1,594,961	415,436	3,105,397
2017-2021	6,015,000	7,181,961	1,807,873	15,004,834
2022-2026	6,980,000	5,500,420	1,301,743	13,782,163
2027-2031	9,610,000	2,535,870	711,731	12,857,601
2032-2036	4,020,000	963,156	279,955	5,263,111
2037	1,015,000	31,084	3,109	1,049,193
Total	\$32,565,000	\$24,509,810	\$6,332,085	\$63,406,895

2009 Lease Revenue Refunding Bonds

For the Years Ending June 30,	Fixed-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	
2012	\$505,000	\$5,001,875	\$442,592	\$5,949,467
2013	525,000	4,982,538	439,850	5,947,388
2014	550,000	4,961,038	436,980	5,948,018
2015	575,000	4,938,538	433,979	5,947,517
2016	1,800,000	4,891,038	425,085	7,116,123
2017-2021	10,435,000	23,101,765	1,967,776	35,504,541
2022-2026	13,780,000	19,959,170	1,646,273	35,385,443
2027-2031	19,130,000	15,322,307	1,216,075	35,668,382
2032-2036	28,135,000	8,437,235	625,252	37,197,487
2037-2038	13,955,000	832,634	36,770	14,824,404
Total	\$89,390,000	\$92,428,138	\$7,670,632	\$189,488,770

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Loans Payable

Loans payable at June 30, 2011 consisted of the following:

Wells Fargo Loan	\$500,000
CalTrans Home Loans	660,970
CHFA Help Loans	1,150,000
HUD Section 108 Loans	6,210,000
SERAF Loan	12,202,114
Total	<u><u>\$20,723,084</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 lines of credit to non-profit and for-profit developers primarily located in targeted community development areas in the City’s jurisdiction. The interest rate on the loan is fixed at 1.5% for the first 10 years and adjustable to a fixed rate 3.5% below the ten year U.S. Treasury Note rate. The principal balance is due and payable 10 years from the date of the initial disbursement.

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

For the Years Ending June 30,	Principal	Interest	Total
2012		\$7,500	\$7,500
2013		7,500	7,500
2014		7,500	7,500
2015		7,500	7,500
2016		7,500	7,500
2017	\$500,000	7,500	507,500
Total	<u><u>\$500,000</u></u>	<u><u>\$45,000</u></u>	<u><u>\$545,000</u></u>

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

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

The Agency entered into two loan agreements with California Housing Finance Agency in September 2000 and November 2004 to assist the Agency with operating a local housing program, which provides loans to non-profit developers for the purpose of financing the acquisition, preconstruction, and construction of single-family ownership and multifamily rental properties. The loans are due 10 years from the date of each loan. The loans bear a simple 3% per annum interest rate, and all payments of principal and interest are deferred for a ten-year period. During the fiscal year the first loan was fully repaid in the amount of \$1,797,155, which included principal of \$1,500,000 and accrued interest of \$297,155. During fiscal year 2011 the interest accrued to principal totaled \$30,000.

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

In fiscal 2004, the Agency entered into a Disposition and Development Agreement to receive a Section 108 loan from the Department of Housing and Urban Development to finance costs related to the Ford Assembly Building project. Interest is payable quarterly and the interest rate is fixed at 2.58% or, in specific conditions, adjusted to the latest LIBOR Rate. The principal payments are due annually from 2009 through 2026.

For the Years Ending June 30,	Principal	Interest	Total
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	166,000	98,846	264,846
2017-2021	899,000	374,942	1,273,942
2022-2026	1,021,000	136,360	1,157,360
Total	<u>\$2,710,000</u>	<u>\$1,070,590</u>	<u>\$3,780,590</u>

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

In fiscal 2006, the City received a Section 108 loan from the Department of Housing and Urban Development to finance costs related to the North Richmond-Iron Triangle project. The loan proceeds were given to the Agency for the project, therefore the Agency is responsible for the repayment of the loan. Interest is payable quarterly and the interest rate is fixed at 2.58% or, in specific conditions, adjusted to the latest LIBOR Rate. The principal payments are due annually from 2012 through 2026.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

For the Years Ending June 30,	Principal	Interest	Total
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	200,000	67,080	267,080
2017-2021	1,150,000	248,970	1,398,970
2022-2026	1,450,000	79,722	1,529,722
Total	\$3,500,000	\$717,240	\$4,217,240

SERAF Loan

The State of California adopted AB26 4X in July 2009 which directs that a portion of the incremental property taxes received by the redevelopment agencies, be paid instead to the County supplemental educational revenue augmentation fund (SERAF) in fiscal years 2010 and 2011. As discussed in Note 18, the Agency did not have the resources to make these payments and instead was able to enter into a structured payment plan agreement with the State Department of Finance that allows the payments to the County to be made over a ten year period. The loan bears interest at a rate of 2%. Payments of principal and interest are due on an annual basis, commencing May 10, 2014.

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

For the Years Ending June 30,	Principal	Interest	Total
2012		\$244,042	\$244,042
2013		244,042	244,042
2014	\$300,781	244,042	544,823
2015	306,797	238,027	544,824
2016	312,933	231,891	544,824
2017-2021	11,281,603	863,712	12,145,315
Total	\$12,202,114	\$2,065,756	\$14,267,870

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Capital Leases

Capital leases payable at June 30, 2011 consisted of the following:

Municipal Finance Corporation - Viron	\$1,007,595
Sun Trust Leasing Corporation	3,680,572
Qualified Energy Conservation Lease	1,052,526
JPFA Recovery Zone Economic Development Lease	1,281,591
Total	<u><u>\$7,022,284</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
2012	\$471,680	\$36,328	\$508,008
2013	493,742	14,266	508,008
2014	42,173	161	42,334
Total	<u><u>\$1,007,595</u></u>	<u><u>\$50,755</u></u>	<u><u>\$1,058,350</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 lease was fully repaid during the fiscal year.

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

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

For the Years Ending June 30,	Principal	Interest	Total
2012	\$842,806	\$146,520	\$989,326
2013	877,828	111,500	989,328
2014	535,402	78,678	614,080
2015	558,481	55,600	614,081
2016	335,284	34,066	369,350
2017-2018	530,771	23,254	554,025
Total	\$3,680,572	\$449,618	\$4,130,190

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

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

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

For the Years Ending June 30,	Principal	Interest	Total
2012	\$44,765	\$105,288	\$150,053
2013	59,992	67,416	127,408
2014	61,641	63,314	124,955
2015	63,335	59,100	122,435
2016	65,076	54,770	119,846
2017-2021	353,215	204,624	557,839
2022-2026	404,502	77,067	481,569
Total	\$1,052,526	\$631,579	\$1,684,105

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

On December 22, 2010 the Authority entered into a capital lease with Bank of America in the amount of \$1,316,000 to finance the improvements to three of the City’s fire stations and a senior center. The City agreed to lease the three fire stations to the Authority in exchange for lease payments in the amount of the debt. The Authority received the lease proceeds under an allocation of the National Recovery Zone Economic Development Bonds under the American Recovery and Reinvestment Act of 2009, which includes a direct subsidy from the United States Treasury for the interest payable on the Bonds. The lease subsidy will be payable on or about the date that the Authority makes its debt service payments and is equal to 45% of the interest payable on the lease upon filing of a request by the Authority. The total subsidy due to be received in fiscal year 2011 was \$18,498, however the Authority has not yet filed the request for the subsidy. The lease bears interest at a rate of 6.50% and principal and interest payments on the lease are due semi-annually each June 15 and December 15, commencing on June 15, 2011, through 2026.

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

For the Years Ending June 30,	Principal	Interest	Total
2012	\$68,828	\$82,195	\$151,023
2013	71,310	77,681	148,991
2014	73,882	73,005	146,887
2015	76,547	68,159	144,706
2016	79,308	63,139	142,447
2017-2021	441,571	233,824	675,395
2022-2026	470,145	78,202	548,347
Total	\$1,281,591	\$676,205	\$1,957,796

B. Business-Type Activities

The following is a summary of long-term debt of business-type activities during the fiscal year ended June 30, 2011:

	Balance July 01, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year	Due in More than One Year
Bonds payable	\$90,431,857	\$44,235,000	(\$1,089,702)	\$133,577,155	\$1,480,000	\$132,097,155
Loans and leases payable	4,501,732		(485,115)	4,016,617	500,608	3,516,009
Total	\$94,933,589	\$44,235,000	(\$1,574,817)	\$137,593,772	\$1,980,608	\$135,613,164

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Bonds payable at June 30, 2011 consisted of the following:

Wastewater Revenue Bonds Series 2006A	\$13,341,546
Wastewater Refunding Revenue Bonds 2008A	27,516,865
2009 Lease Revenue Bonds - Port Portion	2,183,453
2009A Point Potrero Lease Revenue Bonds	26,574,221
2009B Point Potrero Lease Revenue Bonds	19,926,072
Wastewater Revenue Bonds Series 2010A	3,297,034
Wastewater Revenue Bonds Series 2010B	40,737,964
Total	\$133,577,155

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, 2011, the Bonds consisted of the following:

Bonds outstanding:	\$14,800,000
Unamortized deferred amount on refunding	(1,939,429)
Unamortized premium	480,975
Net	\$13,341,546

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:

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

For the Years Ending June 30,	Principal	Interest	Total
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	1,145,000	435,750	1,580,750
2017-2021	6,570,000	1,345,600	7,915,600
2022-2023	3,020,000	137,363	3,157,363
Total	\$14,800,000	\$4,192,476	\$18,992,476

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 3.689% at June 30, 2011. The City failed to make the \$15,000 principal portion of the debt service payment for the Bonds that was due on August 1, 2010. The payment was not made until August 1, 2011.

At June 30, 2011, the Bonds consisted of the following:

Bonds outstanding	\$33,015,000
Unamortized discount	(195,308)
Unamortized deferred amount on refunding	(5,302,827)
Net	\$27,516,865

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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
2012	\$30,000	\$1,462,808	\$1,492,808
2013	15,000	1,463,344	1,478,344
2014	15,000	1,462,457	1,477,457
2015	20,000	1,462,352	1,482,352
2016	20,000	1,462,161	1,482,161
2017-2021	100,000	7,309,295	7,409,295
2022-2026	5,160,000	6,894,442	12,054,442
2027-2031	9,965,000	4,942,999	14,907,999
2032-2036	12,105,000	2,457,639	14,562,639
2037-2039	5,585,000	171,270	5,756,270
Total	\$33,015,000	\$29,088,767	\$62,103,767

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

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

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

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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.

At June 30, 2011, the Bonds consisted of the following:

Bonds outstanding:	\$2,268,455
Unamortized discount	(34,986)
Unamortized deferred amount on refunding	(50,016)
Net	<u><u>\$2,183,453</u></u>

The annual debt service requirements are as follows:

For the Years			
Ending June 30,	Principal	Interest	Total
2012	\$505,000	\$88,157	\$593,157
2013	525,000	66,203	591,203
2014	550,000	41,964	591,964
2015	575,000	16,602	591,602
2016	113,455	2,269	115,724
Total	<u><u>\$2,268,455</u></u>	<u><u>\$215,195</u></u>	<u><u>\$2,483,650</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Interest Rate Swap Agreements

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

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

Terms. The terms, including the counterparty credit rating of the outstanding 2006B Bonds swap, as of June 30, 2011, 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, 2011	Termination Date
\$32,260,000	11/23/2009	Royal Bank of Canada	AA-/Aa1/AA	3.897%	63.42% of USD-1 Month LIBOR plus 22 basis points	(\$6,151,523)	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, 2011, the fair value of the swaps were in favor of the counterparty.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

As of June 30, 2011, 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, 2011	
	Classification	Amount	Classification	Amount
<i>Business-Type Activities</i>				
Pay-Fixed, Receive-Variable				
2006B Wastewater Bonds	Investment revenue	\$1,327,637	Investment	(\$6,151,523)
Pay-Variable, Receive-Variable				
2009 Lease Revenue Refunding Bonds	Investment revenue	135,592	Investment	(333,773)
Totals		<u>\$1,463,229</u>		<u>(\$6,485,296)</u>

Credit risk. As of June 30, 2011, the City was not exposed to credit risk on the outstanding swaps because the swaps had a negative fair value. However, if interest rates increase and the fair value of the swaps were to become positive, the City would be exposed to credit risk. The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

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

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

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

Swap payments and associated debt. Using rates as of June 30, 2011, 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	
2012	\$30,000	\$314,570	\$1,148,238	\$1,492,808
2013	15,000	315,106	1,148,238	1,478,344
2014	15,000	314,219	1,148,238	1,477,457
2015	20,000	314,114	1,148,238	1,482,352
2016	20,000	313,923	1,148,238	1,482,161
2017-2021	100,000	1,568,105	5,741,190	7,409,295
2022-2026	5,160,000	1,507,405	5,387,037	12,054,442
2027-2031	9,965,000	1,120,108	3,822,891	14,907,999
2032-2036	12,105,000	602,341	1,855,298	14,562,639
2037-2039	5,585,000	72,143	99,127	5,756,270
Total	\$33,015,000	\$6,442,034	\$22,646,733	\$62,103,767

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

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

At June 30, 2011 the Series 2009 A Bonds consisted of:

Bonds outstanding	\$26,830,000
Unamortized discount	(255,779)
Net	\$26,574,221

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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
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		1,676,875	1,676,875
2017-2021	\$3,905,000	8,262,344	12,167,344
2022-2025	22,925,000	3,393,281	26,318,281
Total	\$26,830,000	\$20,040,000	\$46,870,000

At June 30, 2011 the Series 2009 B Bonds consisted of:

Bonds outstanding	\$20,280,000
Unamortized discount	(353,928)
Net	\$19,926,072

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

For the Years Ending June 30,	Principal	Interest	Total
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	2,610,000	1,185,156	3,795,156
2017-2020	12,815,000	2,258,707	15,073,707
Total	\$20,280,000	\$9,558,826	\$29,838,826

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, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

At June 30, 2011 the Series 2010A Bonds consisted of:

Bonds outstanding	\$3,110,000
Unamortized premium	187,034
Net	\$3,297,034

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

For the Years Ending June 30,	Principal	Interest	Total
2012		\$109,175	\$109,175
2013		109,175	109,175
2014		109,175	109,175
2015	\$1,005,000	94,100	1,099,100
2016	1,035,000	60,913	1,095,913
2017	1,070,000	21,400	1,091,400
Total	\$3,110,000	\$503,938	\$3,613,938

On October 7, 2010 the City also issued Series 2010B Wastewater Revenue Bonds Taxable Build America Bonds in the amount of \$41,125,000. The proceeds of these Bonds will be used in conjunction with the 2010A Bonds for the projects listed above. The taxable 2010B Bonds were sold as “Build America Bonds” pursuant to the American Recovery and Reinvestment Act of 2009. The interest on Build America Bonds is not tax-exempt and therefore the bonds carry a higher interest rate. However, this higher interest rate will be offset by a subsidy payable by the United States Treasury equal to 35 percent of the interest payable on the Bonds. The subsidy will be payable on or about the date that the City makes its debt service payments and the total subsidy received in fiscal year 2011 was \$241,907. 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.

At June 30, 2011 the Series 2010B Bonds consisted of:

Bonds outstanding	\$41,125,000
Unamortized discount	(387,036)
Net	\$40,737,964

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

For the Years Ending June 30,	Principal	Interest	Total
2012		\$2,463,546	\$2,463,546
2013		2,463,546	2,463,546
2014		2,463,546	2,463,546
2015		2,463,546	2,463,546
2016		2,463,546	2,463,546
2017-2021	\$4,645,000	11,944,391	16,589,391
2022-2026	6,665,000	10,454,991	17,119,991
2027-2031	8,005,000	8,328,448	16,333,448
2032-2036	9,790,000	5,516,724	15,306,724
2037-2041	12,020,000	2,005,172	14,025,172
Total	\$41,125,000	\$50,567,456	\$91,692,456

Pledge of Wastewater Revenues

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay the 2006A, 2008A, 2010A and 2010B Bonds through 2041. The Municipal Sewer Enterprise Fund's total principal and interest remaining to be paid on the bonds is \$176,402,637. The Municipal Sewer Enterprise Fund's principal and interest paid for the current year and total customer net revenues were \$5,848,042 and \$8,244,836, respectively.

Loans and Leases Payable

Loans and leases payable at June 30, 2011, consisted of the following:

State Revolving Fund Loan Contract	\$875,381
California Department of Boating and Waterways	3,141,236
Total	\$4,016,617

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

State Revolving Fund Loan Contract

In 1992 the State of California Water Resources Control Board loaned the City \$6,737,658 at 3% interest for the improvement of the Richmond Wastewater Treatment Facility. Payments on the loan are due annually through 2013.

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

For the Years Ending June 30,	Principal	Interest	Total
2012	\$435,149	\$26,190	\$461,339
2013	440,232	13,205	453,437
Total	\$875,381	\$39,395	\$914,776

California Department of Boating and Waterways

The City has three loan agreements with the California Department of Boating and Waterways for total borrowings of \$9,427,000. Proceeds from the loans were used to finance marina construction projects. The loans bear interest at rates ranging from 4.5% to 7.9% and are due in annual installments through August 2042. The total amount outstanding at June 30, 2011 was \$3,141,236.

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

For the Years Ending June 30,	Principal	Interest	Total
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	78,062	128,754	206,816
2017-2021	446,270	587,806	1,034,076
2022-2026	556,132	477,943	1,034,075
2027-2031	693,042	341,033	1,034,075
2032-2036	640,873	182,112	822,985
2037-2041	438,941	52,647	491,588
2042-2043	7,869	534	8,403
Total	\$3,141,236	\$2,318,042	\$5,459,278

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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, 2011:

	Balance July 01, 2010	Deletions	Balance June 30, 2011	Due Within One Year	Due in More than One Year
Bonds payable	<u>\$32,300,893</u>	<u>(\$642,647)</u>	<u>\$31,658,246</u>	<u>\$710,000</u>	<u>\$30,948,246</u>

Bonds payable at June 30, 2011 consisted of the following:

RHA Properties Affordable Housing Agency Bonds Series 2003 A	\$20,425,000
JPFA Subordinate Multifamily Housing Revenue Bonds Series 2007	11,233,246
	<u>\$31,658,246</u>

RHA Properties Affordable Housing Agency Bonds 2003 Series A

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

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

The **Senior Bonds** were issued August 1, 2003, mature on September 15, 2033 and bear a variable rate of interest (.80% at June 30, 2011) with interest payments due monthly commencing September 15, 2003.

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
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	600,000	791,154	1,391,154
2017-2021	3,400,000	3,539,208	6,939,208
2022-2026	4,600,000	2,675,548	7,275,548
2027-2031	6,400,000	1,500,899	7,900,899
2032-2034	3,525,000	183,200	3,708,200
Total	<u>\$20,425,000</u>	<u>\$12,075,104</u>	<u>\$32,500,104</u>

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

JPFA Subordinate Multifamily Housing Revenue Bonds, Series 2007

On April 12, 2007, the Richmond Joint Powers Financing Authority issued \$12,540,000 of Subordinate Multifamily Housing Revenue Bonds (Westridge at Hilltop Apartments), Series 2007 to advance refund and defease \$11,345,000 of the Subordinate Multifamily Housing Revenue Bonds, 2003 Series A-S (Subordinated Bonds). The 2007 Series Subordinate Bonds bear interest from 3.850% to 5% per annum, payable semi-annually commencing June 15, 2007. Net proceeds were used to purchase U.S. government securities for the 2003 Series A-S Bonds. Those securities were deposited in irrevocable trust with an escrow agent to provide for all future debt service payments. The 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	\$11,945,000
Deferred amount on refunding	<u>(711,754)</u>
Net	<u>\$11,233,246</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
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	365,000	516,775	881,775
2017-2021	2,105,000	2,320,273	4,425,273
2022-2026	2,675,000	1,749,000	4,424,000
2027-2031	3,420,000	999,875	4,419,875
2032-2034	2,050,000	156,250	2,206,250
Total	\$11,945,000	\$7,953,796	\$19,898,796

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 \$52,398,900. The RHA properties principal and interest paid for the current fiscal year and total rental revenues were \$2,181,022 and \$3,035,376, respectively.

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, 2011, the balances of these Districts' outstanding debt were as follows:

Richmond JPFA Reassessment Revenue Bonds, 2003 Series A, secured solely by revenues from Reassessment District 2003-1 (Atlas Interchange/Atlas Road West)	\$6,210,000
Harbor Navigation Improvement District	1,020,000
Community Facilities District No. 1998-1	3,545,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2006A (including Series 2006AT)	9,030,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2006B	1,795,000

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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, 2011, the balances of these issuers' outstanding debt were as follows:

Bridge Housing Acquisitions, Inc.	\$12,065,000
YMCA of the East Bay, 1996 Revenue Bonds	2,590,000
Baycliff Apartment Project, 2004 Revenue Bonds	32,000,000
Crescent Park Apartment Project, 2007 Series A & Series A-T Revenue Bonds	31,242,396

NOTE 9 - DEFERRED REVENUE AND UNEARNED REVENUE

Fund Financial Statements

At June 30, 2011, 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	Total
General Fund	\$683,834	\$130,171	\$5,000,000	\$746,948	\$2,344	\$6,563,297
Redevelopment Agency Administration						
Low/Mod Income Housing	18,145,049	670,238				18,815,287
Redevelopment Agency Projects	7,822,706		338,259			8,160,965
Cost Recovery Special Revenue Fund		3,905,619				3,905,619
Non-Major Governmental Funds	9,049,848	1,185,558	11,007		3,622,359 (A)	13,868,772
Internal Service Funds					4,033,742 (A)	4,033,742
Total	<u>\$35,701,437</u>	<u>\$5,891,586</u>	<u>\$5,349,266</u>	<u>\$746,948</u>	<u>\$7,658,445</u>	<u>\$55,347,682</u>

(A) Balances have been offset by the prepaids in the corresponding fund in the Government-Wide Financial Statements.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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.”

C. Fund Balances

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

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

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

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

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 10 - FUND BALANCES AND NET ASSETS (Continued)

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

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

Detailed classifications of the City's Fund Balances, as of June 30, 2011, are below:

Fund Balance Classifications	General Fund	Special Revenue		Redevelopment Agency Debt Service	Capital Project	Special Revenue	Other Governmental Funds	Total
		Redevelopment Agency Administration	Redevelopment Agency Low/Mod Income Housing		Redevelopment Agency Projects	Cost Recovery		
Nonspendable:								
Items not in spendable form:								
Prepaid Supplies and Other Assets	\$416,548	\$7,656,260	\$6,231		\$330	\$692	\$3,092	\$8,083,153
Loans Receivable	2,686,166							2,686,166
Advance to other Funds	24,918,389							24,918,389
Total Nonspendable Fund Balances	28,021,103	7,656,260	6,231		330	692	3,092	35,687,708
Restricted for:								
Redevelopment programs and projects		1,906,921			14,607,522			16,514,443
Street Improvement Projects							5,355,440	5,355,440
Employment and Training							664,030	664,030
Public Safety							770,304	770,304
Lighting and Landscaping							800,614	800,614
Pension Obligations							77	77
Housing and Community Development							1,189,122	1,189,122
Debt Service				\$28,784,079			9,041,562	37,825,641
Low and Moderate Income Housing			6,385,124					6,385,124
Other Capital Projects							4,033,970	4,033,970
Total Restricted Fund Balances		1,906,921	6,385,124	28,784,079	14,607,522		21,855,119	73,538,765
Assigned to:								
Other Capital Projects							8,925,705	8,925,705
Other Contracts	380,999							380,999
Total Assigned Fund Balances	380,999						8,925,705	9,306,704
Unassigned:								
General Fund	12,077,471							12,077,471
Other Governmental Fund Deficit Residuals						(8,678,363)	(5,266,573)	(13,944,936)
Total Unassigned Fund Balances	12,077,471					(8,678,363)	(5,266,573)	(1,867,465)
Total Fund Balances (Deficits)	\$40,479,573	\$9,563,181	\$6,391,355	\$28,784,079	\$14,607,852	(\$8,677,671)	\$25,517,343	\$116,665,712

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 10 - FUND BALANCES AND NET ASSETS (Continued)

D. Contingency Reserve Policy

In Fiscal Year 2004-05, the City Council established a \$10 million general fund contingency reserve policy. Although the policy called for the contingency reserve to be fully funded over a period of five fiscal years, the City fully funded the contingency reserve, in part by depositing \$8 million from one-time revenue sources, ahead of schedule during Fiscal Year 2005-06. In April 2007, the City Council adopted an update to the policy, providing for a minimum cash reserve of 7 - 15% of the next year's budgeted General Fund expenditures. The reserve can be temporarily reduced to 7% in times of emergency, but must be restored thereafter. This is the minimum needed to maintain the City's creditworthiness and to adequately provide for economic and legislative uncertainties, cash flow needs and contingencies. City Council approval is required before any cash can be withdrawn from the reserve fund. At the time of City Council approval of any use of reserves, a Stabilization Policy laying out the plans for restoration of reserves must be simultaneously put in place with the Council's approval. The Council shall have the discretion to use the reserve for one time emergencies only and not to be used for ongoing expenses. As the City experiences net revenue gains in future years, the cash balance must grow back to 15% of total expenditures, following the stabilization policy, in order to allow the City to build up its capacity to handle future short term economic downturns or emergencies without cutting services. The City's current \$10 million contingency reserve equals approximately 7.9% of budgeted general fund expenditures for Fiscal Year 2011-12. The City plans to reach the 15% target reserve level by retaining investment earnings, calculated on the principal balance of the reserve each fiscal year, in the reserve account until the target is reached. The balance of the cash reserve was \$10 million at June 30, 2011, which is a component of unassigned fund balance of the General Fund.

E. Deficit Fund Balances and Accumulated Deficits

At June 30, 2011, the following funds had deficit fund balance or deficit net assets, which will be eliminated by future services revenues:

Major Funds:	
Cost Recovery Special Revenue Fund	\$8,677,671
Port of Richmond Enterprise Fund	1,343,122
Non Major Funds:	
Paratransit Operations Special Revenue Fund	439,590
Developer Impact Fees Special Revenue Fund	816,708
Civic Center Debt Service Fund	4,010,275
Internal Service Funds:	
Facilities Maintenance	4,004,981

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 11 - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

A. Plan Description and Provisions

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

B. Funding Policy

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 11.547% and 18.809% of annual covered payroll for miscellaneous and safety employees, respectively. Total employer contributions based on the actuarially determined rates amounted to \$10,657,783 for the year ended June 30, 2011.

Annual Pension Cost and Net Pension Asset

For 2010-2011, the City's annual pension cost of \$13,248,227 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 3.55% to 14.45% for miscellaneous employees and from 3.55% 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 3.00%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization periods at June 30, 2011, were 25 and 27 years, respectively, for the miscellaneous and the safety employees plans for prior and current service unfunded liability.

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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

Safety Plan:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Prepaid Pension Obligation</u>
6/30/2009	\$6,464,293	77%	\$60,876,710
6/30/2010	7,066,434	78%	59,351,151
6/30/2011	7,790,452	81%	57,837,475

Miscellaneous Plan:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Prepaid Pension Obligation</u>
6/30/2009	\$5,483,856	81%	\$43,305,209
6/30/2010	5,674,777	81%	42,219,989
6/30/2011	5,457,775	80%	41,143,221

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 \$98,980,696 at June 30, 2011. During fiscal 2011, the amortization of the prepayment increased the actuarially required contributions by \$2,590,444 to arrive at Annual Pension Costs of \$13,248,227 as shown below for each Plan:

	<u>Safety</u>	<u>Miscellaneous</u>	<u>Total</u>
Annual required contribution	\$6,276,776	\$4,381,007	\$10,657,783
Interest on net pension obligation	(4,599,714)	(3,272,049)	(7,871,763)
Adjustment to annual required contribution	6,113,390	4,348,817	10,462,207
Annual pension cost	7,790,452	5,457,775	13,248,227
Contributions made	(6,276,776)	(4,381,007)	(10,657,783)
(Decrease) increase in net pension obligations	1,513,676	1,076,768	2,590,444
Net pension obligation (asset) June 30, 2010	(59,351,151)	(42,219,989)	(101,571,140)
Net pension obligation (asset) June 30, 2011	<u>(\$57,837,475)</u>	<u>(\$41,143,221)</u>	<u>(\$98,980,696)</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:

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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

Safety Plan:

Actuarial						
Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
06/30/07	\$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%
06/30/09	407,109,238	383,907,898	23,201,340	94.3%	28,768,994	80.6%

Miscellaneous Plan:

Actuarial						
Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
06/30/07	\$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%)
06/30/09	332,776,287	317,157,663	15,618,624	95.3%	40,864,019	38.2%

NOTE 12 – OTHER CITY PENSION PLANS

A. Plan Descriptions and Funding Policies

The City maintains three, single-employer pension plans, which are funded entirely by City contributions. These are the General Pension Plan, Police and Firemen's Pension Plan, and Garfield Pension Plan (collectively, the "Plans"). The General Pension Plan, a defined benefit pension plan, covering 22 former City employees not covered by PERS, all of whom have retired. The Police and Firemen's Pension Plan, a defined benefit pension plan covers 65 police and fire personnel employed prior to October 1964. The Garfield Pension Plan is a defined benefit pension plan established for a retired police chief. The Plans provide retirement, disability, and death benefits based on the employee's years of service, age, and final compensation. Benefit provisions for the Plans are established by City ordinance. No separate financial statements are issued for the Plans.

The City established the Secured Pension Override Special Revenue Fund to which proceeds of a special incremental property tax levy voted by the citizens of the City of Richmond are credited for the payment of benefits under the City's pension plans. The incremental property tax revenue received for the year ended June 30, 2011 was \$6,113,303, and the City used the funds to pay CalPERS contributions as discussed in Note 4C and the General Pension and Garfield Pension Plan contributions.

General Pension Plan – Retirement and other benefits are paid from the assets of the Plan and from related investment earnings. The City is required under its charter to contribute the remaining amounts necessary to fund the Plan using the entry age-normal actuarial method as specified by ordinance.

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

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, 2011 the pension plans' reported assets available for benefits of \$22,830,523. The composition of these assets at June 30, 2011 is shown below. For actuarial purposes, the value of the Plans' assets was determined to be fair value.

City of Richmond Investment Pool	\$1,588,129
Local Agency Investment Fund	189,985
Wellington Trust Company Fund	<u>21,052,409</u>
Assets available for benefits at June 30, 2011	<u><u>\$22,830,523</u></u>

C. Actuarially Determined Required Contributions

General Pension Plan – As of July 1, 2011, the date of the most recent actuarial valuation available, the actuarial present value of pension benefits under the Plan was \$4,699,140 and the assets of the Plan at fair value were \$827,272 resulting in an unfunded actuarial liability of \$3,871,868. In computing the actuarial valuation, Plan assets were assumed to yield a 4.5% return and benefit payments were assumed to increase 3.0% annually. Assumptions for retirement age, disability, withdrawal, and salary increases were not meaningful as all of the participants had retired. The required contribution was determined by using the entry age normal actuarial cost method.

Police and Firemen's Pension Plan – Pension benefits for the 2010/2011 fiscal year were \$4,304,512. The actuarial present value of future pension liabilities under the Plan at July 1, 2011 the date of the most recent actuarial valuation, was approximately \$33,488,006, representing principally prior service costs. Assets of the Plan were \$20,894,469 resulting in an unfunded actuarial liability of \$12,593,537. 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 4.5% 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, 2011, the date of the most recent actuarial valuation available, the actuarial present value of pension benefits under the Plan was \$853,422 and the assets of the Plan at fair value were \$257,205 resulting in an unfunded actuarial liability of \$596,217. 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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

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
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%
2010/11	486,092	486,092	100%	2,257,912	0	0%

Fiscal Year	Garfield Pension Plan		
	Annual Required Contribution	Amount Contributed	Percent Contributed
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%
2010/11	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.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

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, 2011, the Police and Firemen’s Pension Plan and the General Pension Plan had net pension assets of \$4,410,527 and \$1,430,880, respectively. At June 30, 2011, the Garfield Pension Plan had a net pension liability of \$143,382. 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, 2011, were twelve, ten, and six years for the Police and Fireman’s Plan, the General Pension Plan, and the Garfield Pension Plan, respectively for prior and current service unfunded liability.

The Plans’ annual pension cost and net pension obligation for Fiscal 2010-2011 were as follows:

	<u>Police and Firemen's Plan</u>	<u>General Pension Plan</u>	<u>Garfield Pension Plan</u>
Annual required contribution	\$2,257,912	\$486,092	\$76,692
Interest on net pension obligation	(425,318)	(69,613)	7,136
Adjustment to annual required contribution	<u>845,511</u>	<u>195,503</u>	<u>(21,817)</u>
Annual pension cost	2,678,105	611,982	62,011
Contributions made		<u>(486,092)</u>	<u>(76,692)</u>
(Decrease) increase in net pension obligations	2,678,105	125,890	(14,681)
Net pension obligation (asset) June 30, 2010	<u>(7,088,632)</u>	<u>(1,556,770)</u>	<u>158,063</u>
Net pension obligation (asset) June 30, 2011	<u><u>(\$4,410,527)</u></u>	<u><u>(\$1,430,880)</u></u>	<u><u>\$143,382</u></u>

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

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
Police and Fireman's Plan			
June 30, 2009	\$2,184,062	229%	(\$5,049,165)
June 30, 2010	2,560,533	180%	(7,088,632)
June 30, 2011	2,678,105	0%	(4,410,527)
General Pension Plan			
June 30, 2009	418,265	74%	(1,677,239)
June 30, 2010	606,561	80%	(1,556,770)
June 30, 2011	611,982	79%	(1,430,880)
Garfield Pension Plan			
June 30, 2009	55,631	130%	174,242
June 30, 2010	60,513	127%	158,063
June 30, 2011	62,011	124%	143,382

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:

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

Police and Firemen's Plan:

Actuarial						
Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
July 1, 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
July 1, 2010	N/A	21,347,731	N/A	N/A	(A)	N/A
July 1, 2011	33,488,006	20,894,469	12,593,537	62%	(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, 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
July 1, 2010	N/A	1,540,161	N/A	N/A	(B)	N/A
July 1, 2011	4,699,140	827,272	3,871,868	18%	(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, 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
July 1, 2010	N/A	336,461	N/A	N/A	N/A	N/A
July 1, 2011	853,422	257,205	596,216	30%	N/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, 2011

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

G. Plan Financial Statements

The Statement of Net Assets for the Plans at June 30, 2011 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	\$1,386,871	\$57,359	\$143,899
Local Agency Investment Fund			189,985
Mutual Fund Investments		21,052,409	
Interest receivable	155	11	237
Prepays and other assets		4,950	
	<u>1,387,026</u>	<u>21,114,729</u>	<u>334,121</u>
LIABILITIES			
Accounts payable		227,891	
		<u>227,891</u>	
NET ASSETS			
Held in trust for employees' pension benefits	<u>\$1,387,026</u>	<u>\$20,886,838</u>	<u>\$334,121</u>

The Statement of Changes in Plan Net Assets for the year ended June 30, 2011 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	\$1,629	\$3,379,332	
Interest income	22,330	584,313	\$2,943
Investment management fees		(120,026)	139
Contribution from the City	486,092		76,692
	<u>510,051</u>	<u>3,843,619</u>	<u>79,774</u>
DEDUCTIONS			
Pension benefits	663,186	4,304,512	82,114
	<u>663,186</u>	<u>4,304,512</u>	<u>82,114</u>
Net Increase (Decrease)	(153,135)	(460,893)	(2,340)
NET ASSETS			
Beginning of year	1,540,161	21,347,731	336,461
End of year	<u>\$1,387,026</u>	<u>\$20,886,838</u>	<u>\$334,121</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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:

Plan Provisions for Future Retirees		
Classification	Eligibility (Age/Service)	Monthly Premium Paid by City Before/After Medicare Eligibility
SEIU Local 1021	Service Retirement: 50/20, 51/18, 52/16, 53/14, 54/12, 55/10 Disability Retirement: any age/10	Retiree only or surviving spouse: \$414/\$414 Retiree +1 or more: \$540/\$540 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 2nd highest premium plan.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Provisions for Current Retirees		
Classification	Subgroup	Monthly Premium Reimbursement Before/After Medicare Eligibility
SEIU Local 1021	Retired July 1, 2007 or later	Retiree only or surviving spouse: \$414/\$414 Retiree +1 or more: \$540/\$540 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, 2011

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, 2011, the City contributed \$2,850,560 to the Plan for pay-as-you-go premiums, which represented 3.9% of the \$72,056,000 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	\$7,566,000
Interest on net OPEB obligation	35,000
Adjustment to annual required contribution	<u>(314,000)</u>
Annual OPEB cost	7,287,000
Contributions made	<u>(2,850,560)</u>
Change in net OPEB asset	4,436,440
Net OPEB obligation (asset) June 30, 2010	<u>(307,700)</u>
Net OPEB obligation (asset) June 30, 2011	<u><u>\$4,128,740</u></u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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)
6/30/2009	\$3,664,053	\$6,072,449	166%	(\$4,605,272)
6/30/2010	6,775,000	2,477,428	37%	(307,700)
6/30/2011	7,287,000	2,850,560	39%	4,128,740

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

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

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, 2011

NOTE 15 - RISK MANAGEMENT

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

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

Type of Coverage	Self-Insurance / Deductible	Coverage Limit	Insurance Carrier
Difference in Conditions	10% pre-1970, 5% post-1970 of total insured value of each building; minimum \$100,000	\$50,000,000 inclusive of deductible	Lloyd's of London
Crime/Employee Dishonesty	\$10,000 per claim	\$1,000,000 inclusive of deductible	National Union Fire Insurance Company of Pittsburg, PA
Property	\$5,000 per claim	\$1,000,000,000 inclusive of deductible	Lexington
Boiler and Machinery	\$5,000 per claim	\$100,000,000 inclusive of deductible	Lexington
Port Liability	\$25,000 per claim	\$50,000,000 inclusive of deductible	Starr Indemnity & Liability
Special Events Program	N/A	\$1,000,000 per occurrence; \$2,000,000 aggregate	Evanston Insurance
Student Volunteer	N/A	\$50,000 per accident; \$500,000 aggregate	Zurich Insurance Co

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
Employment Practices (\$500,000)	8,000,000

Once the self-insured retention is exhausted on each claim, CJPRMA becomes responsible for payment of future expenses related to the claim. The City paid contributions of \$816,252 for the year ended June 30, 2011. 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, 2011

NOTE 15 - RISK MANAGEMENT (Continued)

CSAC-EIA

CSAC-EIA is a public entity risk pool of cities and counties within California. The CSAC-EIA provides workers' compensation coverage up to the statutory limit and the City retains a self insured retention of \$750,000. Loss contingency reserves established by the CSAC-EIA are funded by contributions from member agencies. The City pays an annual contribution to the CSAC-EIA, which includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the risk pool. The City paid contributions of \$188,903 for the year ended June 30, 2011. CSAC-EIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained. CSAC-EIA is currently fully funded. No provision has been made on these financial statements for liabilities related to possible additional assessments.

Audited financial statements for CSAC-EIA are available from CSAC-EIA, 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

Liability for Self Insured Claims

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims is based on case reserves and include amounts for claims incurred but not reported (IBNR), and is recorded in the Insurance Reserves Internal Service Fund. At June 30, 2011, the estimated claims payable of \$18,136,167, 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 4% and a 75% confidence level. The City changed the confidence level used from 80% at June 30, 2010 to 75% at June 30, 2011. The undiscounted claims totaled \$21,159,259 at June 30, 2011. Changes in the claims liabilities for the years ended June 30, 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Claims liabilities, beginning of year	\$19,459,514	\$22,401,000
Current year claims	3,694,418	3,371,123
Change in prior year claims	3,226,771	1,195,619
Claim payments	(2,855,179)	(2,553,183)
Legal, administrative and other expenses	<u>(5,389,357)</u>	<u>(4,955,045)</u>
Claims liabilities, end of year	<u><u>\$18,136,167</u></u>	<u><u>\$19,459,514</u></u>
Claims liabilities, due in one year	<u><u>\$5,232,311</u></u>	<u><u>\$4,420,696</u></u>

For the years ended June 30, 2011, 2010 and 2009 the amount of settlements did not exceed insurance coverage.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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 2011 condensed financial information for the Richmond Marina Enterprise Fund is as follows:

Condensed Statement of Net Assets

Assets:	
Current assets	\$4,280,640
Capital assets	2,038,334
Total assets	<u>6,318,974</u>
Liabilities:	
Current liabilities	310,035
Long-term liabilities	3,075,777
Total liabilities	<u>3,385,812</u>
Net assets:	
Invested in capital assets, net of debt	(1,102,902)
Unrestricted	4,036,064
Total net assets	<u>\$2,933,162</u>

Condensed Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues:	
Lease income	\$220,858
Operating expenses:	
General and administrative	(115,000)
Depreciation expense	(87,143)
Operating income	<u>18,715</u>
Nonoperating revenues (expenses):	
Interest income	90,620
Interest expense	(141,591)
Transfers (out)	(170,448)
Change in net assets	<u>(202,704)</u>
Beginning net assets	3,135,866
Ending net assets	<u>\$2,933,162</u>

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$273,185
Noncapital financing activities	(170,448)
Capital and related financing activities	(206,815)
Investing activities	91,128
Net increase	<u>(12,950)</u>
Beginning cash and investments	4,292,890
Ending cash and investments	<u>\$4,279,940</u>

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 17 - COMMITMENTS AND CONTINGENCIES

A. 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 \$30.3 million at June 30, 2011 for various projects.

B. Litigation

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

C. Grant Programs

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

D. 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, 2011 is \$8,289,189.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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 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

E. 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.

Subsequent to June 30, 2011, OIG issued a final report and found that despite the Authority's intentions to have cost disallowances waived, the Authority was required to use non-federal resources to pay \$165,905 to the U.S. Treasury and \$2,257,799 to its own Public Housing/Section 8 Programs. The repayment terms for the amount owed to the U.S. Treasury is 12 equal monthly payments which are to commence October 1, 2011; and the repayment terms for the Public Housing/Section 8 Programs is 56 equal quarterly payments which are to commence November 1, 2011. The total amount owed to both entities has been recorded as a liability in the accompanying financial statements.

F. 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, 2011, no additional pollution has been identified.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

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.

G. Miraflores – 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 45th Street and Wall Avenue, to provide for future residential and open space land uses. The property is currently owned by the Redevelopment Agency. The Agency has completed a Remedial Action Plan and the cost of the preferred alternative remediation is estimated to be \$3,200,000. During the fiscal year ended June 30, 2011 the Agency spent \$1,599,928 on the cleanup of the project, leaving an outstanding liability of \$1,600,072. The Agency has recorded this amount as an accrued liability in the Statement of Net Assets, however this obligation is an estimate and is subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

H. 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 County allocated the settlement to cities and special districts throughout the County, and the City's share of the settlement is a total of \$2.3 million. The City's property tax payments were estimated to be reduced in the amounts of \$759,000 in fiscal year 2011 and \$1,541,000 in fiscal year 2012. In fiscal year 2011 the City paid \$771,494 to the property taxpayer from the December Property Taxes. The balance of the liability at June 30, 2011 is \$1,528,506 to be paid in fiscal year 2012, which is recorded as a liability in the Statement of Net Assets as of June 30, 2011.

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, 2011

NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)

In June 2011, a lawsuit was filed by a majority of cities in the County as well as by several special districts challenging the allocation of the refund to be repaid to the property taxpayer. The City may be negatively impacted should the court rule in favor of the cities and special districts, however any such impact cannot be determined at this time.

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

I. Police Communications Systems

The City administers a program to provide radio communication and dispatch services to participating local agencies. During fiscal year 2011, an internal audit was conducted and the City is going to repay approximately \$2 million to the participating agencies from programs that are to be discontinued. The City has not yet agreed upon the basis to be used to allocate the payments to the individual participating agencies, which includes the City, therefore the balances remain in the Police Telecommunications Internal Service Fund as of June 30, 2011.

J. Via Verde Sinkhole Project

A sizable sinkhole in the City collapsed in April 2010, and the total projected cost to repair the damaged area is estimated to be \$16 million. The City anticipates that various State grants will provide funding for at least 75% of the project costs. Project costs through June 30, 2011 totaled \$3.7 million, but the City has not yet received the grant funding.

K. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding as of June 30, 2011 were as listed below:

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)

	Amount
General Fund	\$380,999
Redevelopment Agency Administration Special Revenue Fund	100,718
Redevelopment Agency Low/Moderate Income Housing Capital Projects Fund	3,328,268
Redevelopment Agency Projects Capital Projects Fund	15,339,664
Cost Recovery Special Revenue Fund	2,084,341
Non-Major Governmental Funds	6,405,907
	\$27,639,897

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. In addition, beginning July 1, 2010 the Agency was to allocate an additional 5% of all property taxes received to the Low and Moderate Income Housing Fund. These sanctions have been lifted since Agency entered into a long term agreement with the State of California Department of Finance that allows the Agency to pay the SERAF obligation over a ten year period as discussed in Note 8.

The Agency's obligation due May 10, 2011 was \$2,083,288, but the Agency did not make the payment. This obligation has also been included in the long-term agreement discussed in Note 8.

The requirement to make the SERAF payment was 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. Although it was anticipated that the Court of Appeal would render its decision before the May 10, 2011 SERAF payment was due, the CRA has not received any indication from the appeals court that a ruling in the lawsuit is forthcoming, and CRA continues to be actively engaged in the litigation.

City of Richmond
Notes to Basic Financial Statements
June 30, 2011

NOTE 19 - PROPOSED DISSOLUTION OF REDEVELOPMENT

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, which suspends all new redevelopment activities except for limited specified activities as of that date and dissolves redevelopment agencies effective October 1, 2011. The State simultaneously adopted ABx1 27 which allows redevelopment agencies to avoid dissolution by the City opting into an “alternative voluntary redevelopment program” requiring specified substantial annual contributions to local schools and special districts. However, in its December 29, 2011 decision the State Supreme Court upheld ABx1 26, but invalidated ABx1 27, and extended the date of dissolution to February 1, 2012.

The suspension provisions of ABx1 26 prohibit all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26. During the suspension period, an agency is required to prepare an Enforceable Obligation Payment Schedule no later than August 29, 2011, that allows it to continue to pay certain obligations. The Agency adopted its Enforceable Obligation Payment Schedule on August 16, 2011.

In addition, the suspension provisions require the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the State Controller is required to order the asset returned to the redevelopment agency. The State Controller’s Office has not yet provided any information about the timing or the process for this statewide asset transfer review.

The Supreme Court determined that AB1x 26 is valid, but AB1x 27 is not valid. The Agency will continue to be subject to the suspension provisions and will be dissolved in accordance with certain provisions of AB1x 26 as of February 1, 2012. Prior to dissolution, any transfers of Agency assets subsequent to January 1, 2011 to the City, including those discussed in Note 6, that were not obligated to third parties or encumbered may be subject to the State Controller’s review discussed above and required to be returned to the Agency. Upon dissolution, all assets and obligations of the Agency will be transferred to a successor agency.

NOTE 20 – SUBSEQUENT EVENT

Tax and Revenue Anticipation Notes, Series 2011-2012

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

City of Richmond
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2011

This Page Left Intentionally Blank

CITY OF RICHMOND
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax-current collections	\$25,550,000	\$26,200,000	\$26,277,405	\$77,405
Sales tax	23,984,487	23,789,779	23,025,923	(763,856)
Utility user fees	50,924,399	50,924,399	50,007,806	(916,593)
Other taxes	7,710,000	7,237,000	7,824,181	587,181
Licenses, permits and fees	2,935,200	2,966,200	2,444,727	(521,473)
Fines, forfeitures and penalties	300,000	300,000	310,231	10,231
Use of money and property	530,000	530,000	393,690	(136,310)
Intergovernmental	2,516,067	3,281,077	2,924,230	(356,847)
Charges for services	2,006,300	2,199,562	3,284,727	1,085,165
Rent	618,200	668,200	940,861	272,661
Other	2,776,667	776,667	2,232,255	1,455,588
Total Revenues	119,851,320	118,872,884	119,666,036	793,152
EXPENDITURES:				
Current				
General government	3,798,236	4,849,511	8,736,207	(3,886,696)
Public safety	92,831,766	93,719,327	89,330,988	4,388,339
Public works	11,908,795	11,892,993	11,315,452	577,541
Cultural and recreational	12,985,090	13,250,820	13,158,917	91,903
Capital outlay	20,000	20,279	5,605	14,674
Debt Service:				
Principal	450,604	450,604	510,351	(59,747)
Interest and fiscal charges	57,405	57,405	392,367	(334,962)
Total Expenditures	122,051,896	124,240,939	123,449,887	791,052
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,200,576)	(5,368,055)	(3,783,851)	1,584,204
OTHER FINANCING SOURCES (USES)				
Bond premium		150,490	150,490	
Proceeds from sale of property	25,000	80,000		(80,000)
Transfers in	11,689,115	14,186,025	14,755,285	569,260
Transfers (out)	(9,435,704)	(9,826,616)	(9,848,764)	(22,148)
Total other financing sources (uses)	2,278,411	4,589,899	5,057,011	467,112
NET CHANGE IN FUND BALANCE	77,835	(778,156)	1,273,160	2,051,316
Fund balance, July 1	39,206,413	39,206,413	39,206,413	
Fund balance, June 30	<u>\$39,284,248</u>	<u>\$38,428,257</u>	<u>\$40,479,573</u>	<u>\$2,051,316</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, 2011

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property			(\$1,335)	(\$1,335)
Intergovernmental			3,307	3,307
Other			85,887	85,887
Total Revenues			<u>87,859</u>	<u>87,859</u>
EXPENDITURES				
Current:				
Housing and redevelopment	\$3,145,160	\$2,606,992	2,612,688	(5,696)
SERAF			2,083,288	(2,083,288)
Debt service:				
Interest and fiscal charges		244,042	244,042	
Total Expenditures	<u>3,145,160</u>	<u>2,851,034</u>	<u>4,940,018</u>	<u>(2,088,984)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,145,160)</u>	<u>(2,851,034)</u>	<u>(4,852,159)</u>	<u>(2,001,125)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt			12,202,114	12,202,114
Transfers in	2,996,063	2,996,063	2,210,507	(785,556)
Transfers (out)			(2,998,458)	(2,998,458)
Total other financing sources (uses)	<u>2,996,063</u>	<u>2,996,063</u>	<u>11,414,163</u>	<u>8,418,100</u>
NET CHANGE IN FUND BALANCE	(149,097)	145,029	6,562,004	6,416,975
Fund balance, July 1, as restated	<u>3,001,177</u>	<u>3,001,177</u>	<u>3,001,177</u>	
Fund balance, June 30	<u><u>\$2,852,080</u></u>	<u><u>\$3,146,206</u></u>	<u><u>\$9,563,181</u></u>	<u><u>\$6,416,975</u></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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses, permits and fees	\$4,134,883	\$4,423,883	\$3,806,221	(\$617,662)
Fines, forfeitures and penalties	340,000	145,500	140,152	(5,348)
Use of money and property		(18,000)	(173,588)	(155,588)
Intergovernmental	3,888,947	6,398,472	5,181,252	(1,217,220)
Charges for services	2,333,024	2,333,024	2,048,251	(284,773)
Other			86,552	86,552
Total Revenues	10,696,854	13,282,879	11,088,840	(2,194,039)
EXPENDITURES:				
Current				
General government	5,941,648	6,155,116	5,076,777	1,078,339
Public safety	4,096,203	4,159,352	3,455,426	703,926
Public works	3,677,435	8,159,885	4,292,903	3,866,982
Capital outlay	3,285,947	3,567,137	4,015,457	(448,320)
Total Expenditures	17,001,233	22,041,490	16,840,563	5,200,927
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,304,379)	(8,758,611)	(5,751,723)	3,006,888
OTHER FINANCING SOURCES (USES)				
Transfers in	6,594,500	6,519,500	6,441,335	(78,165)
Total other financing sources (uses)	6,594,500	6,519,500	6,441,335	(78,165)
NET CHANGE IN FUND BALANCE	290,121	(2,239,111)	689,612	2,928,723
Fund balance, July 1	(9,367,283)	(9,367,283)	(9,367,283)	
Fund balance, June 30	(\$9,077,162)	(\$11,606,394)	(\$8,677,671)	\$2,928,723

This Page Left Intentionally Blank

City of Richmond
Required Supplementary Information
June 30, 2011

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.

This Page Left Intentionally Blank

**City of Richmond
Supplementary Information
June 30, 2011**

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, 2011

	<u>REDEVELOPMENT AGENCY DEBT SERVICE FUND</u>		
	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$17,048,001	\$17,743,295	\$695,294
Use of money and property	176,924	253,309	76,385
Total Revenues	<u>17,224,925</u>	<u>17,996,604</u>	<u>771,679</u>
EXPENDITURES			
Housing and redevelopment		7,616	(7,616)
Debt service:			
Principal	3,630,000	8,022,155	(4,392,155)
Interest and fiscal charges	2,522,771	5,952,000	(3,429,229)
Total Expenditures	<u>6,152,771</u>	<u>13,981,771</u>	<u>(7,829,000)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>11,072,154</u>	<u>4,014,833</u>	<u>(7,057,321)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	6,152,771	21,634,103	15,481,332
Transfers (out)	(19,161,244)	(10,974,618)	8,186,626
Total Other Financing Sources (Uses)	<u>(13,008,473)</u>	<u>10,659,485</u>	<u>23,667,958</u>
NET CHANGE IN FUND BALANCE	(1,936,319)	14,674,318	16,610,637
Fund Balance, July 1	<u>14,109,761</u>	<u>14,109,761</u>	
Fund Balance June 30	<u>\$12,173,442</u>	<u>\$28,784,079</u>	<u>\$16,610,637</u>

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.

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.

City of Richmond
June 30, 2011

DEBT SERVICE FUNDS

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

This Page Left Intentionally Blank

CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	State Gas Tax	General Purpose	Paratransit Operations	Employment and Training
ASSETS				
Cash and investments	\$4,110,566	\$2,475,616	\$1,754	\$16,605
Restricted cash and investments				
Receivables:				
Accounts, net	312,254	419,492	1,523	408,817
Interest	619	438	(79)	
Grants		715,533	50,474	1,639,837
Loans				
Due from other funds				
Prepays and other assets				3,092
Total Assets	\$4,423,439	\$3,611,079	\$53,672	\$2,068,351
LIABILITIES				
Accounts payable and accrued liabilities	\$35,901	\$230,690	\$7,745	\$241,324
Due to other funds			485,517	698,844
Advance from other funds				
Deferred revenue		489,652		461,061
Total Liabilities	35,901	720,342	493,262	1,401,229
FUND BALANCE				
Nonspendable				3,092
Restricted	4,387,538	1,476,732		664,030
Assigned		1,414,005		
Unassigned			(439,590)	
Total Fund Balances (Deficits)	4,387,538	2,890,737	(439,590)	667,122
Total Liabilities and Fund Balances	\$4,423,439	\$3,611,079	\$53,672	\$2,068,351

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	Civic Center Debt Service	General Debt Service
\$596,698	\$819,603			\$587,818 2,759,850	\$50,535 8,263,827	\$20	\$101,662 628,537
159,891 100 35,009	132	(\$86)	\$77	238,976 9,049,849 2,457	9	(64)	19
<u>\$791,698</u>	<u>\$819,735</u>	<u>(\$86)</u>	<u>\$77</u>	<u>\$12,638,950</u>	<u>\$8,314,371</u>	<u>(\$44)</u>	<u>\$730,218</u>
\$21,394	\$19,121	\$46,615 558,321 211,686		\$291,127 1,863,001 9,295,700		\$387,872 3,622,359	\$3,027
<u>21,394</u>	<u>19,121</u>	<u>816,622</u>		<u>11,449,828</u>		<u>4,010,231</u>	<u>3,027</u>
770,304	800,614	(816,708)	\$77	1,189,122	\$8,314,371	(4,010,275)	727,191
<u>770,304</u>	<u>800,614</u>	<u>(816,708)</u>	<u>77</u>	<u>1,189,122</u>	<u>8,314,371</u>	<u>(4,010,275)</u>	<u>727,191</u>
<u>\$791,698</u>	<u>\$819,735</u>	<u>(\$86)</u>	<u>\$77</u>	<u>\$12,638,950</u>	<u>\$8,314,371</u>	<u>(\$44)</u>	<u>\$730,218</u>

(Continued)

CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	<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>	
ASSETS					
Cash and investments	\$7,085,768	\$825,202	\$730,565	\$16,811	\$17,419,203
Restricted cash and investments	1,999,128		345,104	2,239,400	16,235,866
Receivables:					
Accounts, net	214,975				1,516,952
Interest	1,190	154	122	27	2,658
Grants		154,577			2,834,406
Loans					9,049,849
Due from other funds					2,457
Prepays and other assets					3,092
					<u>3,092</u>
Total Assets	<u>\$9,301,061</u>	<u>\$979,933</u>	<u>\$1,075,791</u>	<u>\$2,256,238</u>	<u>\$47,064,483</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$520,920	\$12,031		\$43,232	\$1,470,100
Due to other funds					3,996,582
Advance from other funds				2,000,000	2,211,686
Deferred revenue					13,868,772
					<u>13,868,772</u>
Total Liabilities	<u>520,920</u>	<u>12,031</u>		<u>2,043,232</u>	<u>21,547,140</u>
FUND BALANCE					
Nonspendable					3,092
Restricted	1,999,128	967,902	\$345,104	213,006	21,855,119
Assigned	6,781,013		730,687		8,925,705
Unassigned					(5,266,573)
					<u>(5,266,573)</u>
Total Fund Balances (Deficits)	<u>8,780,141</u>	<u>967,902</u>	<u>1,075,791</u>	<u>213,006</u>	<u>25,517,343</u>
Total Liabilities and Fund Balances	<u>\$9,301,061</u>	<u>\$979,933</u>	<u>\$1,075,791</u>	<u>\$2,256,238</u>	<u>\$47,064,483</u>

This Page Left Intentionally Blank

CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>SPECIAL REVENUE FUNDS</u>			
	<u>State Gas Tax</u>	<u>General Purpose</u>	<u>Paratransit Operations</u>	<u>Employment and Training</u>
REVENUES				
Property taxes				
Licenses, permits and fees		\$997,242		\$72,195
Fines, forfeitures and penalties		24,506		
Use of money and property	\$91,197	68,462	(\$10,506)	
Intergovernmental	2,766,303	1,206,572	569,520	5,412,356
Charges for services		631,292	38,592	63,020
Pension stabilization revenue				
Other		5,542		244,334
Total Revenues	<u>2,857,500</u>	<u>2,933,616</u>	<u>597,606</u>	<u>5,791,905</u>
EXPENDITURES				
Current:				
General government		986,405		
Public safety		675,143		
Public works	2,305,010	650,594		
Community development				7,303,781
Cultural and recreational		348,300	1,002,209	
Housing and redevelopment				
Capital outlay	1,488,166	639,922	81,493	
Debt Service:				
Principal				
Interest and fiscal charges				
Total Expenditures	<u>3,793,176</u>	<u>3,300,364</u>	<u>1,083,702</u>	<u>7,303,781</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(935,676)</u>	<u>(366,748)</u>	<u>(486,096)</u>	<u>(1,511,876)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt				
Transfers in		32,148	686,919	1,076,344
Transfers (out)	(420,013)	(316,835)		(10,000)
Total Other Financing Sources (Uses)	<u>(420,013)</u>	<u>(284,687)</u>	<u>686,919</u>	<u>1,066,344</u>
NET CHANGE IN FUND BALANCE				
	(1,355,689)	(651,435)	200,823	(445,532)
BEGINNING FUND BALANCES (DEFICITS)				
	<u>5,743,227</u>	<u>3,542,172</u>	<u>(640,413)</u>	<u>1,112,654</u>
ENDING FUND BALANCES (DEFICITS)				
	<u>\$4,387,538</u>	<u>\$2,890,737</u>	<u>(\$439,590)</u>	<u>\$667,122</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	Civic Center Debt Service	General Debt Service
	\$1,192,501	\$131,501	\$6,113,303		\$5,787,162		
\$12,813 353,385	11,052	(7,287)	12,384	\$15,147 5,560,657	1,658	8,027	\$23,450
62,700				176,556	2,728,314	3,359,602	
428,898	1,203,553	124,214	6,125,687	5,752,360	8,517,134	3,367,629	23,450
136,179	1,593,032	809 52,013	562,784	262,076			
		49,787		4,209,098			
		324,561		414,490			
					4,330,000		1,870,000
					986,415	5,463,290	1,364,563
136,179	1,593,032	427,170	562,784	4,885,664	5,316,415	5,463,290	3,234,563
292,719	(389,479)	(302,956)	5,562,903	866,696	3,200,719	(2,095,661)	(3,211,113)
(160,016)	455,251		(7,777,340)		(2,728,314)	1,218,528	3,218,541
(160,016)	455,251		(7,777,340)		(2,728,314)	1,218,528	3,218,541
132,703	65,772	(302,956)	(2,214,437)	866,696	472,405	(877,133)	7,428
637,601	734,842	(513,752)	2,214,514	322,426	7,841,966	(3,133,142)	719,763
\$770,304	\$800,614	(\$816,708)	\$77	\$1,189,122	\$8,314,371	(\$4,010,275)	\$727,191

(Continued)

CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>CAPITAL PROJECTS FUNDS</u>				Total Nonmajor Governmental Funds
	General Capital Improvement	Measure C / J	Harbor Navigation	Civic Center Projects	
REVENUES					
Property taxes					\$13,092,966
Licenses, permits and fees					1,200,938
Fines, forfeitures and penalties					24,506
Use of money and property	\$117,443	\$12,514	\$15,646	\$15,657	387,657
Intergovernmental	245,680	1,225,725			17,340,198
Charges for services					4,092,506
Pension stabilization revenue					2,728,314
Other	3,135,964				3,625,096
Total Revenues	<u>3,499,087</u>	<u>1,238,239</u>	<u>15,646</u>	<u>15,657</u>	<u>42,492,181</u>
EXPENDITURES					
Current:					
General government	254,539				1,240,944
Public safety	107,772				1,482,687
Public works	2,024,169	622,201		288,637	7,535,656
Community development	89,840				7,655,697
Cultural and recreational					1,400,296
Housing and redevelopment					4,209,098
Capital outlay	5,805,135	51,380		507,360	9,312,507
Debt Service:					
Principal					6,200,000
Interest and fiscal charges	27,774		49		7,842,091
Total Expenditures	<u>8,309,229</u>	<u>673,581</u>	<u>49</u>	<u>795,997</u>	<u>46,878,976</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,810,142)</u>	<u>564,658</u>	<u>15,597</u>	<u>(780,340)</u>	<u>(4,386,795)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	2,368,526				2,368,526
Transfers in	591,221				7,278,952
Transfers (out)	(34,926)			(154,000)	(11,601,444)
Total Other Financing Sources (Uses)	<u>2,924,821</u>			<u>(154,000)</u>	<u>(1,953,966)</u>
NET CHANGE IN FUND BALANCE	(1,885,321)	564,658	15,597	(934,340)	(6,340,761)
BEGINNING FUND BALANCES (DEFICITS)	<u>10,665,462</u>	<u>403,244</u>	<u>1,060,194</u>	<u>1,147,346</u>	<u>31,858,104</u>
ENDING FUND BALANCES (DEFICITS)	<u><u>\$8,780,141</u></u>	<u><u>\$967,902</u></u>	<u><u>\$1,075,791</u></u>	<u><u>\$213,006</u></u>	<u><u>\$25,517,343</u></u>

This Page Left Intentionally Blank

CITY OF RICHMOND
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	STATE GAS TAX			GENERAL PURPOSE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Licenses, permits and fees				\$1,346,927	\$997,242	(\$349,685)
Fines, forfeitures and penalties				20,000	24,506	4,506
Use of money and property	\$96,240	\$91,197	(\$5,043)	6,000	68,462	62,462
Intergovernmental	1,690,700	2,766,303	1,075,603	3,458,144	1,206,572	(2,251,572)
Charges for services				803,733	631,292	(172,441)
Pension stabilization revenue						
Other				306,660	5,542	(301,118)
Total Revenues	1,786,940	2,857,500	1,070,560	5,941,464	2,933,616	(3,007,848)
EXPENDITURES						
Current:						
General government				1,531,196	986,405	544,791
Public safety				1,230,406	675,143	555,263
Public works	2,646,918	2,305,010	341,908	858,357	650,594	207,763
Community development						
Cultural and recreational				347,252	348,300	(1,048)
Housing and redevelopment						
Capital outlay	5,310,535	1,488,166	3,822,369	3,791,974	639,922	3,152,052
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	7,957,453	3,793,176	4,164,277	7,759,185	3,300,364	4,458,821
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,170,513)	(935,676)	5,234,837	(1,817,721)	(366,748)	1,450,973
OTHER FINANCING SOURCES (USES)						
Transfers in					32,148	32,148
Transfers (out)	(424,863)	(420,013)	4,850	(525,000)	(316,835)	208,165
Total Other Financing Sources (Uses)	(424,863)	(420,013)	4,850	(525,000)	(284,687)	240,313
NET CHANGE IN FUND BALANCES	(\$6,595,376)	(1,355,689)	\$5,239,687	(\$2,342,721)	(651,435)	\$1,691,286
BEGINNING FUND BALANCES (DEFICITS)		5,743,227			3,542,172	
ENDING FUND BALANCES (DEFICITS)		\$4,387,538			\$2,890,737	

PARATRANSIT OPERATIONS			PUBLIC SAFETY			LIGHTING AND LANDSCAPING DISTRICTS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$1,249,979	\$1,192,501	(\$57,478)
(\$12,000)	(\$10,506)	\$1,494	\$6,865	\$12,813	\$5,948	10,812	11,052	240
724,574	569,520	(155,054)	725,500	353,385	(372,115)			
72,851	38,592	(34,259)						
				62,700	62,700			
785,425	597,606	(187,819)	732,365	428,898	(303,467)	1,260,791	1,203,553	(57,238)
			701,474	136,179	565,295	1,882,866	1,593,032	289,834
1,159,632	1,002,209	157,423						
320,963	81,493	239,470	104,723		104,723			
1,480,595	1,083,702	396,893	806,197	136,179	670,018	1,882,866	1,593,032	289,834
(695,170)	(486,096)	209,074	(73,832)	292,719	366,551	(622,075)	(389,479)	232,596
686,919	686,919		(160,016)	(160,016)		455,251	455,251	
686,919	686,919		(160,016)	(160,016)		455,251	455,251	
(\$8,251)	200,823	\$209,074	(\$233,848)	132,703	\$366,551	(\$166,824)	65,772	\$232,596
	(640,413)			637,601			734,842	
	(\$439,590)			\$770,304			\$800,614	

(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, 2011

	DEVELOPER IMPACT FEES			HOUSING AND COMMUNITY DEVELOPMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Licenses, permits and fees	\$24,894	\$131,501	\$106,607			
Fines, forfeitures and penalties						
Use of money and property	83,156	(7,287)	(90,443)	\$15,800	\$15,147	(\$653)
Intergovernmental				3,952,519	5,560,657	1,608,138
Charges for services						
Pension stabilization revenue						
Other				169,211	176,556	7,345
Total Revenues	108,050	124,214	16,164	4,137,530	5,752,360	1,614,830
EXPENDITURES						
Current:						
General government						
Public safety	20,809	809	20,000			
Public works	52,013	52,013				
Community development				385,736	262,076	123,660
Cultural and recreational	60,000	49,787	10,213			
Housing and redevelopment				4,813,373	4,209,098	604,275
Capital outlay	1,971,724	324,561	1,647,163	386,000	414,490	(28,490)
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	2,104,546	427,170	1,677,376	5,585,109	4,885,664	699,445
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,996,496)	(302,956)	1,693,540	(1,447,579)	866,696	2,314,275
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	(\$1,996,496)	(302,956)	\$1,693,540	(\$1,447,579)	866,696	\$2,314,275
BEGINNING FUND BALANCES (DEFICITS)		(513,752)			322,426	
ENDING FUND BALANCES (DEFICITS)		(\$816,708)			\$1,189,122	

2005 PENSION OBLIGATION BONDS			CIVIC CENTER DEBT SERVICE			GENERAL DEBT SERVICE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$5,787,162	\$5,787,162							
400,000	1,658	(\$398,342)		\$8,027	\$8,027		\$23,450	\$23,450
2,671,409	2,728,314	56,905	\$3,719,356	3,359,602	(359,754)			
<u>8,858,571</u>	<u>8,517,134</u>	<u>(341,437)</u>	<u>3,719,356</u>	<u>3,367,629</u>	<u>(351,727)</u>		<u>23,450</u>	<u>23,450</u>
4,330,000	4,330,000					\$2,215,633	1,870,000	345,633
983,489	986,415	(2,926)	5,405,876	5,463,290	(57,414)	1,431,300	1,364,563	66,737
5,313,489	5,316,415	(2,926)	5,405,876	5,463,290	(57,414)	3,646,933	3,234,563	412,370
3,545,082	3,200,719	(344,363)	(1,686,520)	(2,095,661)	(409,141)	(3,646,933)	(3,211,113)	435,820
(2,728,314)	(2,728,314)		1,218,528	1,218,528		2,799,851	3,218,541	418,690
(2,728,314)	(2,728,314)		1,218,528	1,218,528		2,799,851	3,218,541	418,690
<u>\$816,768</u>	472,405	<u>(\$344,363)</u>	<u>(\$467,992)</u>	(877,133)	<u>(\$409,141)</u>	<u>(\$847,082)</u>	7,428	<u>\$854,510</u>
	<u>7,841,966</u>			<u>(3,133,142)</u>			<u>719,763</u>	
	<u>\$8,314,371</u>			<u>(\$4,010,275)</u>			<u>\$727,191</u>	

This Page Left Intentionally Blank

NON-MAJOR ENTERPRISE FUNDS

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

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

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

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	Richmond Marina	Storm Sewer	Cable TV	Total
ASSETS				
Current Assets				
Cash and investments	\$4,279,940		\$812,825	\$5,092,765
Receivables:				
Accounts		\$152,894	264,457	417,351
Interest	700	(267)	142	575
Notes		3,113		3,113
Total Current Assets	<u>4,280,640</u>	<u>155,740</u>	<u>1,077,424</u>	<u>5,513,804</u>
Noncurrent Assets				
Capital assets:				
Nondepreciable		700,880		700,880
Depreciable, net	2,038,334	5,881,647	192,551	8,112,532
Total Noncurrent Assets	<u>2,038,334</u>	<u>6,582,527</u>	<u>192,551</u>	<u>8,813,412</u>
Total Assets	<u>6,318,974</u>	<u>6,738,267</u>	<u>1,269,975</u>	<u>14,327,216</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	115,000	243,205	2,091	360,296
Interest payable	129,576			129,576
Due to other funds		1,818,893		1,818,893
Compensated absences		13,945	63,734	77,679
Current portion of long term debt	65,459			65,459
Total Current Liabilities	<u>310,035</u>	<u>2,076,043</u>	<u>65,825</u>	<u>2,451,903</u>
Noncurrent Liabilities:				
Advance from other funds		1,797,312		1,797,312
Long-term debt	3,075,777			3,075,777
Total Noncurrent Liabilities	<u>3,075,777</u>	<u>1,797,312</u>		<u>4,873,089</u>
Total Liabilities	<u>3,385,812</u>	<u>3,873,355</u>	<u>65,825</u>	<u>7,324,992</u>
NET ASSETS				
Invested in capital assets, net of related debt	(1,102,902)	6,582,527	192,551	5,672,176
Unrestricted	4,036,064	(3,717,615)	1,011,599	1,330,048
Total Net Assets	<u>\$2,933,162</u>	<u>\$2,864,912</u>	<u>\$1,204,150</u>	<u>\$7,002,224</u>

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Richmond Marina	Storm Sewer	Cable TV	Total
OPERATING REVENUES				
Service charges		\$1,693,875	\$869,232	\$2,563,107
Lease income	\$220,858	3,600		224,458
Other			230,687	230,687
Total Operating Revenues	220,858	1,697,475	1,099,919	3,018,252
OPERATING EXPENSES				
Salaries and benefits		215,643	547,748	763,391
General and administrative	115,000	1,443,437	373,522	1,931,959
Maintenance		20,712		20,712
Depreciation	87,143	915,849	39,789	1,042,781
Total Operating Expenses	202,143	2,595,641	961,059	3,758,843
Operating Income (Loss)	18,715	(898,166)	138,860	(740,591)
NONOPERATING REVENUES (EXPENSES)				
Interest income	90,620	(25,151)	16,432	81,901
Interest (expense)	(141,591)	(74,756)		(216,347)
Total Nonoperating Revenues (Expenses)	(50,971)	(99,907)	16,432	(134,446)
Income (Loss) Before Transfers	(32,256)	(998,073)	155,292	(875,037)
Transfers (out)	(170,448)			(170,448)
Net Transfers	(170,448)			(170,448)
Change in Net Assets	(202,704)	(998,073)	155,292	(1,045,485)
BEGINNING NET ASSETS	3,135,866	3,862,985	1,048,858	8,047,709
ENDING NET ASSETS	\$2,933,162	\$2,864,912	\$1,204,150	\$7,002,224

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	Richmond Marina	Storm Sewer	Cable TV	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$273,185	\$1,695,351	\$1,186,481	\$3,155,017
Payments to suppliers		(1,439,291)	(382,576)	(1,821,867)
Payments to employees		(218,021)	(544,861)	(762,882)
	<u>273,185</u>	<u>38,039</u>	<u>259,044</u>	<u>570,268</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund receipts		529,521		529,521
Transfers out	(170,448)			(170,448)
	<u>(170,448)</u>	<u>529,521</u>		<u>359,073</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Acquisition of capital assets	1	(467,627)	(13,005)	(480,631)
Repayment of long-term borrowing	(62,640)			(62,640)
Interest paid	(144,176)	(74,756)		(218,932)
	<u>(206,815)</u>	<u>(542,383)</u>	<u>(13,005)</u>	<u>(762,203)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	91,128	(25,177)	16,450	82,401
	<u>91,128</u>	<u>(25,177)</u>	<u>16,450</u>	<u>82,401</u>
Net Cash Flows	(12,950)		262,489	249,539
Cash and investments at beginning of period	4,292,890		550,336	4,843,226
Cash and investments at end of period	<u>\$4,279,940</u>		<u>\$812,825</u>	<u>\$5,092,765</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$18,715	(\$898,166)	\$138,860	(\$740,591)
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	87,143	915,849	39,789	1,042,781
Change in assets and liabilities:				
Accounts receivable	52,327	(2,124)	86,562	136,765
Accounts payable and accrued liabilities and other accrued expenses	115,000	24,858	(9,054)	130,804
Compensated absences		(2,378)	2,887	509
	<u>\$273,185</u>	<u>\$38,039</u>	<u>\$259,044</u>	<u>\$570,268</u>
Cash Flows from Operating Activities	<u>\$273,185</u>	<u>\$38,039</u>	<u>\$259,044</u>	<u>\$570,268</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

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

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

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

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

Equipment Services and Replacement Fund is used to report activities related to maintenance and replacement of City vehicles.

Police Telecommunications Fund is used to report activities related to CAD dispatch, RMS records maintenance, and 800 MHz equipment expense.

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

CITY OF RICHMOND
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	Insurance Reserves	Information Technology	Equipment Services and Replacement	Police Tele- communications	Facilities Maintenance	Total
ASSETS						
Current Assets						
Cash and investments	\$14,387,108	\$1,438,117	\$819,886	\$2,644,908	\$294,055	\$19,584,074
Receivables:						
Accounts	227,891	102	150,188	565,482	5,358	949,021
Interest	4,700	305	196	429	78	5,708
Prepays and supplies		160,493	188,205			348,698
Due from other funds	13,583,807					13,583,807
Total Current Assets	28,203,506	1,599,017	1,158,475	3,210,819	299,491	34,471,308
Noncurrent Assets						
Capital assets:						
Nondepreciable			187,029			187,029
Depreciable, net		1,764,041	8,447,359	552,849		10,764,249
Advances to other funds	4,297,312					4,297,312
Total Noncurrent Assets	4,297,312	1,764,041	8,634,388	552,849		15,248,590
Total Assets	32,500,818	3,363,058	9,792,863	3,763,668	299,491	49,719,898
LIABILITIES						
Current Liabilities						
Accounts payable and accrued liabilities	156,563	157,693	441,952	3,390	69,573	829,171
Interest payable			1,723			1,723
Accrued claims liabilities	5,232,311					5,232,311
Current portion of long-term debt			842,806			842,806
Total Current Liabilities	5,388,874	157,693	1,286,481	3,390	69,573	6,906,011
Noncurrent Liabilities						
Compensated absences	113,258	200,013	75,627	198,796	201,157	788,851
Unearned revenue					4,033,742	4,033,742
Accrued claims liabilities	12,903,856					12,903,856
Long-term debt			2,837,766			2,837,766
Total Noncurrent Liabilities	13,017,114	200,013	2,913,393	198,796	4,234,899	20,564,215
Total Liabilities	18,405,988	357,706	4,199,874	202,186	4,304,472	27,470,226
NET ASSETS (DEFICIT)						
Invested in capital assets, net of related debt		1,764,041	4,953,816	552,849		7,270,706
Unrestricted	14,094,830	1,241,311	639,173	3,008,633	(4,004,981)	14,978,966
Total Net Assets (Deficit)	\$14,094,830	\$3,005,352	\$5,592,989	\$3,561,482	(\$4,004,981)	\$22,249,672

CITY OF RICHMOND
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Insurance Reserves	Information Technology	Equipment Services and Replacement	Police Tele- communications	Facilities Maintenance	Total
OPERATING REVENUES						
Charges for services-internal	\$16,444,784	\$6,490,840	\$6,381,468	\$3,391,400	\$5,675,915	\$38,384,407
Charges for services-external				1,795,352		1,795,352
Total Operating Revenues	16,444,784	6,490,840	6,381,468	5,186,752	5,675,915	40,179,759
OPERATING EXPENSES						
Salaries and benefits	3,155,366	1,675,676	1,462,665	3,506,612	3,394,626	13,194,945
General and administrative	1,148,289	3,153,856	966,105	644,353	2,866,416	8,779,019
Maintenance		140,431	2,303,902	766,582	114,517	3,325,432
Depreciation		497,087	1,571,224	96,577		2,164,888
Claims losses	7,385,510					7,385,510
Other	16,409	63,442	17,074		11,999	108,924
Total Operating Expenses	11,705,574	5,530,492	6,320,970	5,014,124	6,387,558	34,958,718
Operating Income (Loss)	4,739,210	960,348	60,498	172,628	(711,643)	5,221,041
NONOPERATING REVENUES (EXPENSES)						
Gain (loss) from sale of property	(618,081)		25,658			(592,423)
Interest income	675,167	37,638	54,955	81,127	16,461	865,348
Interest expense		(17,990)	(185,440)			(203,430)
Total Nonoperating Revenues (Expenses)	57,086	19,648	(104,827)	81,127	16,461	69,495
Income Before Transfers	4,796,296	979,996	(44,329)	253,755	(695,182)	5,290,536
Transfers (out)		(1,100,695)	(3,257,311)	(2,496,910)		(6,854,916)
Net Transfers		(1,100,695)	(3,257,311)	(2,496,910)		(6,854,916)
Change in Net Assets	4,796,296	(120,699)	(3,301,640)	(2,243,155)	(695,182)	(1,564,380)
BEGINNING NET ASSETS (DEFICIT)	9,298,534	3,126,051	8,894,629	5,804,637	(3,309,799)	23,814,052
ENDING NET ASSETS (DEFICIT)	\$14,094,830	\$3,005,352	\$5,592,989	\$3,561,482	(\$4,004,981)	\$22,249,672

CITY OF RICHMOND
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	Insurance Reserves	Information Technology	Equipment Services and Replacement	Police Tele- communications	Facilities Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$16,221,457	\$6,490,738	\$6,231,280	\$5,309,335	\$5,604,778	\$39,857,588
Payments to employees	(3,088,496)	(1,695,149)	(1,474,869)	(3,487,304)	(3,401,733)	(13,147,551)
Payments to suppliers	(1,541,396)	(3,398,178)	(3,029,883)	(1,410,627)	(3,346,716)	(12,726,800)
Insurance premiums and claims paid	(8,708,857)					(8,708,857)
Cash Flows from Operating Activities	2,882,708	1,397,411	1,726,528	411,404	(1,143,671)	5,274,380
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund payments	(1,208,182)					(1,208,182)
Transfers (out)		(1,100,695)	(3,257,311)	(2,496,910)		(6,854,916)
Cash Flows from Noncapital Financing Activities	(1,208,182)	(1,100,695)	(3,257,311)	(2,496,910)		(8,063,098)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets			(1,178,439)	(118,219)		(1,296,658)
Proceeds from sale of property	80,000		28,992			108,992
Principal payments on capital debt		(578,982)	(818,557)			(1,397,539)
Interest and fiscal charges paid		(19,044)	(185,814)			(204,858)
Cash Flows from Capital and Related Financing Activities	80,000	(598,026)	(2,153,818)	(118,219)		(2,790,063)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	677,351	37,976	55,935	82,043	16,847	870,152
Cash Flows from Investing Activities	677,351	37,976	55,935	82,043	16,847	870,152
Net Cash Flows	2,431,877	(263,334)	(3,628,666)	(2,121,682)	(1,126,824)	(4,708,629)
Cash and investments at beginning of period	11,955,231	1,701,451	4,448,552	4,766,590	1,420,879	24,292,703
Cash and investments at end of period	<u>\$14,387,108</u>	<u>\$1,438,117</u>	<u>\$819,886</u>	<u>\$2,644,908</u>	<u>\$294,055</u>	<u>\$19,584,074</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$4,739,210	\$960,348	\$60,498	\$172,628	(\$711,643)	\$5,221,041
Adjustments to reconcile operating income to net cash flows from operating activities:						
Depreciation		497,087	1,571,224	96,577		2,164,888
Change in assets and liabilities:						
Receivables, net	(223,216)	(102)	(150,188)	122,583	(5,358)	(256,281)
Inventories		(13,638)	283,427			269,789
Accounts and other payables	(376,698)	(26,811)	(26,229)	308	(353,784)	(783,214)
Refundable deposits	(111)					(111)
Unearned revenue					(65,779)	(65,779)
Compensated absences	66,870	(19,473)	(12,204)	19,308	(7,107)	47,394
Claims payable	(1,323,347)					(1,323,347)
Cash Flows from Operating Activities	\$2,882,708	\$1,397,411	\$1,726,528	\$411,404	(\$1,143,671)	\$5,274,380
Non cash transactions						
Capital asset retirements	(\$698,081)		(\$3,334)			(\$701,415)

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, 2011

	General Pension	Police and Fireman's Pension	Garfield Pension	Total
ASSETS				
Pension plan cash and investments:				
City of Richmond investment pool	\$1,386,871	\$57,359	\$143,899	\$1,588,129
Local Agency Investment Fund			189,985	189,985
Mutual Fund Investments		21,052,409		21,052,409
Interest receivable	155	11	237	403
Prepays and other assets		4,950		4,950
Total Assets	<u>1,387,026</u>	<u>21,114,729</u>	<u>334,121</u>	<u>22,835,876</u>
LIABILITIES				
Accounts payable		227,891		227,891
Total Liabilities		<u>227,891</u>		<u>227,891</u>
NET ASSETS				
Held in trust for employees' pension benefits	<u>\$1,387,026</u>	<u>\$20,886,838</u>	<u>\$334,121</u>	<u>\$22,607,985</u>

CITY OF RICHMOND
PENSION TRUST FUNDS
STATEMENT OF CHANGES IN PENSION TRUST FUNDS NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	<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	\$1,629	\$3,379,332	\$139	\$3,381,100
Interest income	22,330	584,313	2,943	609,586
Investment management fees		(120,026)		(120,026)
Contribution from the City	<u>486,092</u>		<u>76,692</u>	<u>562,784</u>
Total Additions	<u>510,051</u>	<u>3,843,619</u>	<u>79,774</u>	<u>4,433,444</u>
DEDUCTIONS				
Pension benefits	<u>663,186</u>	<u>4,304,512</u>	<u>82,114</u>	<u>5,049,812</u>
Total Deductions	<u>663,186</u>	<u>4,304,512</u>	<u>82,114</u>	<u>5,049,812</u>
Net Increase (Decrease)	<u>(153,135)</u>	<u>(460,893)</u>	<u>(2,340)</u>	<u>(616,368)</u>
NET ASSETS				
Beginning of year	<u>1,540,161</u>	<u>21,347,731</u>	<u>336,461</u>	<u>23,224,353</u>
End of year	<u>\$1,387,026</u>	<u>\$20,886,838</u>	<u>\$334,121</u>	<u>\$22,607,985</u>

This Page Left Intentionally Blank

AGENCY FUNDS

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

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

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

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

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

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

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

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

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

CITY OF RICHMOND
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
<u>Special Assessment</u>				
Cash and investments	\$1,784,291	\$598,541	\$1,385,213	\$997,619
Restricted cash and investments	652,121	465		652,586
Accounts receivable	16,282			16,282
Interest receivable	499	160	499	160
Total Assets	<u>\$2,453,193</u>	<u>\$599,166</u>	<u>\$1,385,712</u>	<u>\$1,666,647</u>
Due to assessment district bondholders	<u>\$2,453,193</u>	<u>\$599,166</u>	<u>\$1,385,712</u>	<u>\$1,666,647</u>
<u>General Agency</u>				
Cash and investments	\$821,804	\$239,403	\$33,711	\$1,027,496
Interest receivable	237	171	237	171
Total Assets	<u>\$822,041</u>	<u>\$239,574</u>	<u>\$33,948</u>	<u>\$1,027,667</u>
Accounts payable and accrued liabilities	\$33,711	\$23,287	\$33,711	\$23,287
Refundable Deposits	788,330	216,287	237	1,004,380
Total Liabilities	<u>\$822,041</u>	<u>\$239,574</u>	<u>\$33,948</u>	<u>\$1,027,667</u>
<u>Johnson Library</u>				
Cash and investments	\$9,717	\$213		\$9,930
Interest receivable	3	2	\$3	2
Total Assets	<u>\$9,720</u>	<u>\$215</u>	<u>\$3</u>	<u>\$9,932</u>
Refundable deposits	<u>\$9,720</u>	<u>\$215</u>	<u>\$3</u>	<u>\$9,932</u>
<u>Senior Center</u>				
Cash and investments	\$61,328	\$5,708	\$11,050	\$55,986
Interest receivable	18	9	18	9
Total Assets	<u>\$61,346</u>	<u>\$5,717</u>	<u>\$11,068</u>	<u>\$55,995</u>
Accounts payable and accrued liabilities	\$3,602	\$5,700	\$3,602	\$5,700
Refundable Deposits	57,744	17	7,466	50,295
Total Liabilities	<u>\$61,346</u>	<u>\$5,717</u>	<u>\$11,068</u>	<u>\$55,995</u>

(Continued)

CITY OF RICHMOND
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
<u>JPFA Reassessment</u>				
Cash and investments	\$1,493,865	\$1,009,377	\$983,020	\$1,520,222
Restricted cash and investments	1,276,736		40,007	1,236,729
Interest receivable	409	244	409	244
Investment in reassessment bonds	<u>6,430,000</u>		<u>575,000</u>	<u>5,855,000</u>
Total Assets	<u>\$9,201,010</u>	<u>\$1,009,621</u>	<u>\$1,598,436</u>	<u>\$8,612,195</u>
Due to assessment district bondholders	<u>\$9,201,010</u>	<u>\$1,009,621</u>	<u>\$1,598,436</u>	<u>\$8,612,195</u>
<u>1999 Revenue Refunding Bonds</u>				
Cash investments	\$746,467	\$2,734,315	\$3,480,782	
Restricted cash and investments	2,618,855		2,610,681	\$8,174
Interest receivable	<u>210</u>		<u>210</u>	
Total Assets	<u>\$3,365,532</u>	<u>\$2,734,315</u>	<u>\$6,091,673</u>	<u>\$8,174</u>
Due to assessment district bondholders	<u>\$3,365,532</u>	<u>\$2,734,315</u>	<u>\$6,091,673</u>	<u>\$8,174</u>
<u>Payroll Benefits</u>				
Cash and investments	\$762,974	\$181,160		\$944,134
Accounts receivable	<u>154,510</u>		<u>\$42,118</u>	<u>112,392</u>
Total Assets	<u>\$917,484</u>	<u>\$181,160</u>	<u>\$42,118</u>	<u>\$1,056,526</u>
Accounts payable and accrued liabilities	<u>\$917,484</u>	<u>\$181,160</u>	<u>\$42,118</u>	<u>\$1,056,526</u>
<u>2006 A&B Reassessment District</u>				
Cash and investments	\$639,541	\$1,152,979	\$873,761	\$918,759
Restricted cash and investments	833,707		262,583	571,124
Interest receivable	170	145	170	145
Investment in reassessment bonds	<u>10,090,000</u>		<u>237,500</u>	<u>9,852,500</u>
Total Assets	<u>\$11,563,418</u>	<u>\$1,153,124</u>	<u>\$1,374,014</u>	<u>\$11,342,528</u>
Due to assessment district bondholders	<u>\$11,563,418</u>	<u>\$1,153,124</u>	<u>\$1,374,014</u>	<u>\$11,342,528</u>

(Continued)

CITY OF RICHMOND
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
<hr/>				
<u>Total Agency Funds</u>				
Cash and investments	\$6,319,987	\$5,921,696	\$6,767,537	\$5,474,146
Restricted cash and investments	5,381,419	465	2,913,271	2,468,613
Investment in reassessment bonds	16,520,000		812,500	15,707,500
Accounts receivable	170,792		42,118	128,674
Interest receivable	1,546	731	1,546	731
Total Assets	<u>\$28,393,744</u>	<u>\$5,922,892</u>	<u>\$10,536,972</u>	<u>\$23,779,664</u>
Accounts payable and accrued liabilities	\$954,797	\$210,147	\$79,431	\$1,085,513
Refundable Deposits	855,794	216,519	7,706	1,064,607
Due to assessment district bondholders	26,583,153	5,496,226	10,449,835	21,629,544
Total Liabilities	<u>\$28,393,744</u>	<u>\$5,922,892</u>	<u>\$10,536,972</u>	<u>\$23,779,664</u>

City of Richmond
June 30, 2011

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, 2008 & 2010 Wastewater Revenue Bonds
3. Revenue Bond Coverage – 1996, 1999, 2004 & 2007 Port Terminal Lease Revenue Bonds, Note and Point Potrero Lease Revenue Bonds.
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:

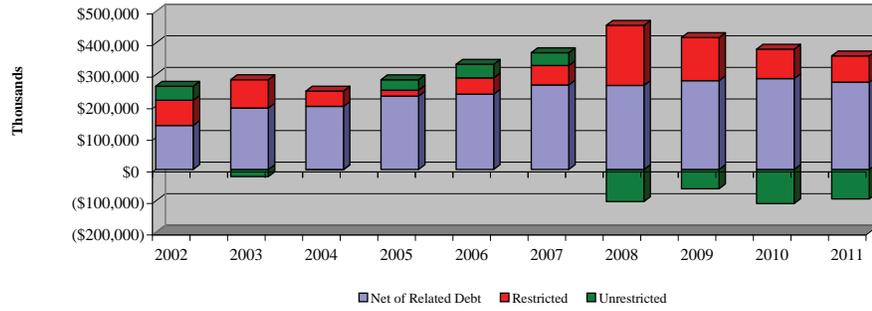
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Annual Financial Reports for the relevant year.

This Page Left Intentionally Blank

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



	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets,										
net of related debt	\$128,072,915	\$161,803,370	\$123,741,262	\$155,699,999	\$155,930,914	\$170,258,857	\$188,467,600	\$201,607,368	\$201,197,639	\$198,140,610
Restricted	79,855,592	90,011,285	45,358,192	16,193,394	49,291,795	60,271,169	188,950,882	135,801,179	72,114,985	74,995,735
Unrestricted	5,721,384	(40,308,547)	19,096,845	42,225,569	44,525,862	48,795,188	(101,295,871)	(57,236,422)	(66,103,671)	(77,003,046)
Total governmental activities net assets	<u>\$211,506,108</u>	<u>\$211,506,108</u>	<u>\$188,196,299</u>	<u>\$214,118,962</u>	<u>\$249,748,571</u>	<u>\$279,325,214</u>	<u>\$276,122,611</u>	<u>\$280,172,125</u>	<u>\$207,208,953</u>	<u>\$196,133,299</u>
Business-type activities										
Invested in capital assets,										
net of related debt	\$11,162,014	\$32,619,310	\$75,917,317	\$76,670,956	\$82,419,674	\$97,164,301	\$77,558,806	\$79,540,643	\$86,432,590	\$78,162,970
Restricted			3,156,207	2,246,548	2,283,065	1,427,804	1,526,840	612,613	21,150,740	8,334,722
Unrestricted	38,577,608	17,733,546	(19,724,085)	(8,865,682)	(1,351,641)	(8,084,756)	(519,625)	(3,963,417)	(42,004,396)	(16,389,951)
Total business-type activities net assets	<u>\$50,352,856</u>	<u>\$50,352,856</u>	<u>\$59,349,439</u>	<u>\$70,051,822</u>	<u>\$83,351,098</u>	<u>\$90,507,349</u>	<u>\$78,566,021</u>	<u>\$76,189,839</u>	<u>\$65,578,934</u>	<u>\$70,107,741</u>
Primary government										
Invested in capital assets,										
net of related debt	\$139,234,929	\$194,422,680	\$199,658,579	\$232,370,955	\$238,350,588	\$267,423,158	\$266,026,406	\$281,148,011	\$287,630,229	\$276,303,580
Restricted	79,855,592	90,011,285	48,514,399	18,439,942	51,574,860	61,698,973	190,477,722	136,413,792	93,265,725	83,330,457
Unrestricted	44,298,992	(22,575,001)	(627,240)	33,359,887	43,174,221	40,710,432	(101,815,496)	(61,199,839)	(108,108,067)	(93,392,997)
Total primary government net assets	<u>\$263,389,513</u>	<u>\$261,858,964</u>	<u>\$247,545,738</u>	<u>\$284,170,784</u>	<u>\$333,099,669</u>	<u>\$369,832,563</u>	<u>\$354,688,632</u>	<u>\$356,361,964</u>	<u>\$272,787,887</u>	<u>\$266,241,040</u>

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

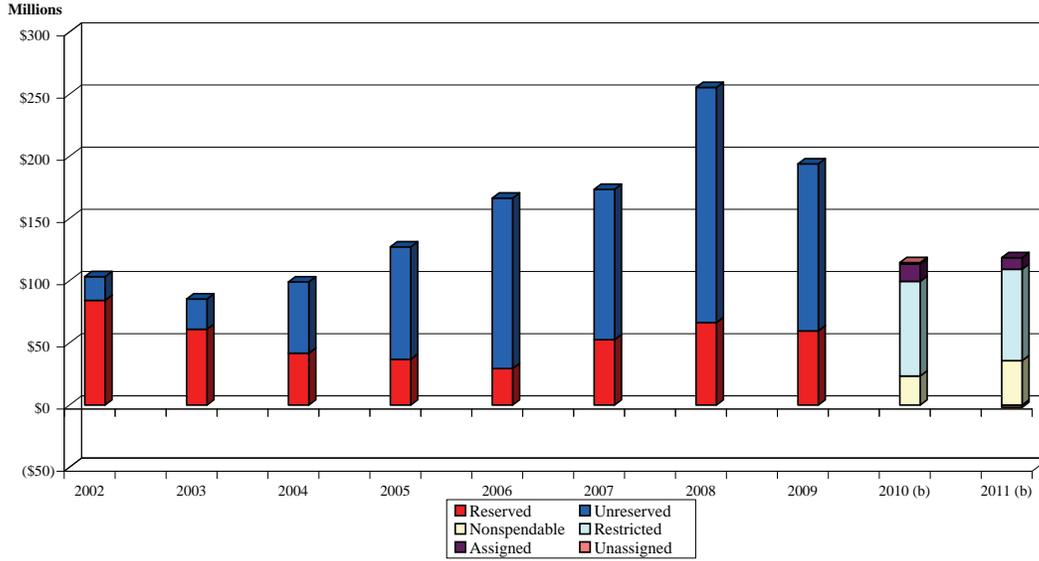
	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
Expenses					
Governmental Activities:					
General Government	\$16,988,258	\$20,866,018	\$33,157,403	\$11,798,558	\$20,757,394
Public Safety	42,564,720	51,888,399	55,122,382	46,320,116	64,704,505
Public Works	31,578,894	32,986,223	39,509,425	36,743,774	40,119,182
Community Development	5,638,218	8,494,108	5,771,490	4,487,223	6,400,700
Cultural and Recreational	9,878,567	11,150,363	11,426,024	7,120,024	10,516,483
Housing and Redevelopment	9,890,332	26,645,808	9,610,845	10,883,850	14,587,522
Other	33,638	75,785			
Unallocated Cost	491,464	8,458,336			
Interest and Fiscal Charges	17,480,844	13,022,532	14,665,716	10,163,111	13,970,272
Total Governmental Activities Expenses	134,544,935	173,587,572	169,263,285	127,516,656	171,056,058
Business-Type Activities:					
Richmond Housing Authority	19,735,553	25,518,702	27,920,939	28,054,660	25,761,763
Port of Richmond	3,011,432	2,811,056	2,911,772	2,545,842	2,896,324
Richmond Marina	357,066	578,370	272,694	248,045	245,732
Municipal Sewer	12,346,221	10,035,988	10,047,198	9,020,928	9,599,570
Storm Sewer	2,903,232	2,446,743	2,461,223	2,142,358	2,953,974
Cable TV	806,303	763,738	699,809	646,770	702,849
Convention Center	250,538	319,066	291,078	269,595	274,542
Total Business-Type Activities Expenses	39,410,345	42,473,663	44,604,713	42,928,198	42,434,754
Total Primary Government Expenses	\$173,955,280	\$216,061,235	\$213,867,998	\$170,444,854	\$213,490,812
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$5,077,586	\$5,509,407	\$12,779,067	\$6,195,631	\$9,579,562
Public Safety	1,171,026	697,659	22,300	1,061,832	2,674,213
Public Works	3,414,060	3,848,741	5,133,200	6,829,231	2,017,908
Community Development	173,060	1,682,781	17	1,488,832	2,488,628
Cultural and Recreational	457,027	364,665	234,308	230,187	1,230,022
Housing and Redevelopment		(680)	26	54	3,145,276
Operating Grants and Contributions	13,831,976	11,485,157	10,143,316	9,035,667	10,737,556
Capital Grants and Contributions	8,114,333	20,454,780	2,409,429	2,502,038	4,584,637
Total Government Activities Program Revenues	32,239,068	44,042,510	30,721,663	27,343,472	36,457,802
Business-Type Activities:					
Charges for Services:					
Richmond Housing Authority		2,064,716	2,234,580	1,822,316	1,663,345
Port of Richmond		2,265,785	2,491,147	5,913,472	6,130,166
Richmond Marina		366,288	458,473	456,142	579,581
Municipal Sewer		8,020,968	10,008,499	9,099,788	11,009,699
Storm Sewer	7,261,695	1,477,853	1,478,790	1,546,345	1,545,977
Cable TV	1,444,521	677,314	911,227	840,773	944,693
Convention Center	720,213	172,793	202,246	273,008	326,715
Operating Grants and Contributions	1,181	24,072,750	9,498		
Capital Grants and Contributions	17,436,628		33,845,368	32,707,460	33,223,130
Total Business-Type Activities Program Revenue	26,864,238	39,118,467	51,639,828	52,659,304	55,423,306
Total Primary Government Program Revenues	\$59,103,306	\$83,160,977	\$82,361,491	\$80,002,776	\$91,881,108
Net (Expense)/Revenue					
Governmental Activities	(\$102,305,867)	(\$129,545,062)	(\$138,541,622)	(\$100,173,184)	(\$134,598,256)
Business-Type Activities	(12,546,107)	(3,355,196)	7,035,115	9,731,106	12,988,552
Total Primary Government Net Expense	(\$114,851,974)	(\$132,900,258)	(\$131,506,507)	(\$90,442,078)	(\$121,609,704)
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes:					
Property Taxes:					
Current Collections	\$37,152,483	\$39,816,120	\$36,475,512	\$39,806,022	\$58,637,096
Released from Pension Reserve Fund				8,342,849	17,315,525
Sales Tax			12,352,198	20,273,363	25,402,253
Utility user taxes			29,322,850	29,721,091	30,199,388
Other Taxes	41,923,460	44,665,215	9,421,142	13,847,030	14,690,034
Use of Money and Property	10,736,228	6,568,865	2,597,233	2,993,086	5,490,761
Unrestricted Intergovernmental	1,003,303	978,228	4,157,098	3,031,587	954,905
Rental Revenue		2,819,462			
Lease Revenue		3,017,547			
Repayment of Principal		1,940,375			
Miscellaneous	10,159,396	3,433,249	18,778,396	152,775	3,144,463
Gain (Loss) on Sales of Capital Assets	(15,241,536)	(175,225)		11,361,312	2,361,410
Pension stabilization revenue					4,175,381
Developer revenue sharing					3,254,620
Settlement reimbursement					4,226,289
Transfers		(2,116,594)	49,486	167,153	375,740
Reimbursement from Pension Fund	(7,738)	3,928,959			
Total Government Activities	85,725,596	104,876,201	113,153,915	129,696,268	170,227,865
Business-Type Activities:					
Taxes:					
Property Taxes	134,870			10,193	10,867
Use of Money and Property			1,809,249	1,222,413	1,247,868
Investment Income	7,975,357	2,281,921			
Settlement					
Other	720,263			1,956,342	
Gain (Loss) on Sales of Capital Assets	(4,995)	(9,527)			
Special Item					
Transfers	7,738	2,116,594	(49,486)	(167,153)	(375,740)
Total Business-Type Activities	8,833,233	4,388,988	1,759,763	3,021,795	882,995
Total Primary Government	\$94,558,829	\$109,265,189	\$114,913,678	\$132,718,063	\$171,110,860
Change in Net Assets					
Governmental Activities	(\$16,580,271)	(\$24,668,861)	(\$25,387,707)	\$29,523,084	\$35,629,609
Business-Type Activities	(3,712,874)	1,033,792	8,794,878	12,752,901	13,871,547
Total Primary Government	(\$20,293,145)	(\$23,635,069)	(\$16,592,829)	\$42,275,985	\$49,501,156

Fiscal Year Ended June 30,

2007	2008	2009	2010	2011
\$24,107,042	\$26,826,443	\$18,745,594	\$19,044,449	\$17,127,696
69,145,528	80,140,357	91,432,506	95,147,888	101,613,767
25,265,766	31,252,681	43,289,943	43,342,529	41,004,033
5,446,357	5,046,846	4,316,710	7,698,693	7,685,733
15,637,748	19,624,717	16,618,663	14,952,438	14,647,978
11,338,512	17,471,811	19,209,243	18,014,624	15,524,912
<u>16,041,384</u>	<u>24,242,109</u>	<u>22,961,838</u>	<u>30,251,260</u>	<u>23,108,139</u>
<u>166,982,337</u>	<u>204,604,964</u>	<u>216,574,497</u>	<u>228,451,881</u>	<u>220,712,258</u>
21,902,483	24,324,334	23,335,623	27,709,496	27,246,056
3,690,733	4,589,789	4,739,269	8,611,216	7,033,016
331,099	240,542	235,571	232,855	343,734
12,236,185	15,084,727	14,290,536	13,611,098	14,193,822
3,590,975	4,685,796	4,466,645	2,527,838	2,670,397
798,758	853,646	898,370	991,506	961,059
<u>42,550,233</u>	<u>49,778,834</u>	<u>47,966,014</u>	<u>53,684,009</u>	<u>52,448,084</u>
<u>\$209,532,570</u>	<u>\$254,383,798</u>	<u>\$264,540,511</u>	<u>\$282,135,890</u>	<u>\$273,160,342</u>
\$12,500,031	\$13,061,289	\$7,813,724	\$6,612,893	\$8,155,496
3,337,186	3,435,021	3,931,893	5,674,457	5,177,825
1,641,139	952,330	1,669,681	1,656,353	3,741,601
562,647	393,878	170,872	504,726	135,215
277,523	257,258	594,205	1,294,976	1,151,374
320,165	1,037,112	7,000	222,459	
11,310,497	9,642,093	8,402,636	12,286,127	17,934,341
8,659,910	4,066,710	6,997,666	9,685,942	20,016,974
<u>38,609,098</u>	<u>32,845,691</u>	<u>29,587,677</u>	<u>37,937,933</u>	<u>56,312,826</u>
1,630,745	1,776,252	3,096,831	2,100,519	1,916,352
5,392,626	5,900,126	5,095,840	3,882,153	6,329,914
448,630	484,212	476,588	417,679	220,858
12,410,236	13,864,120	14,432,849	15,991,488	17,342,276
1,655,799	1,637,151	1,579,698	1,593,792	1,697,475
930,168	974,924	1,084,389	1,157,502	1,099,919
37,659				
		18,683,329	21,549,967	23,332,167
<u>23,789,008</u>	<u>24,675,667</u>	<u>50,027</u>	<u>2,429,709</u>	<u>2,685,479</u>
46,294,871	49,312,452	44,499,551	49,122,809	54,624,440
<u>\$84,903,969</u>	<u>\$82,158,143</u>	<u>\$74,087,228</u>	<u>\$87,060,742</u>	<u>\$110,937,266</u>
(\$128,373,239)	(\$171,759,273)	(\$186,986,820)	(\$190,513,948)	(\$164,399,432)
3,744,638	(466,382)	(3,466,463)	(4,561,200)	2,176,356
<u>(\$124,628,601)</u>	<u>(\$172,225,655)</u>	<u>(\$190,453,283)</u>	<u>(\$195,075,148)</u>	<u>(\$162,223,076)</u>
\$73,496,915	\$77,012,808	\$78,279,818	\$62,620,002	\$61,155,694
28,217,895	29,005,711	27,922,698	25,000,182	23,025,923
27,007,410	29,553,243	48,953,004	50,298,719	45,007,806
12,042,215	8,802,995	7,959,683	6,092,050	3,361,146
7,895,609	9,990,413	6,851,266	(7,618,093)	8,877,982
438,625	4,330,572	2,197,148	957,140	2,427,575
3,253,446	3,101,841	9,220,595	5,465,467	6,723,228
3,113,487	4,008,197	5,000,000		
4,240,135	4,256,500	5,292,746	2,728,314	2,728,314
591,051	201,270	51,767	138,454	101,739
(2,346,906)	(1,706,880)	(692,391)	500,000	(85,629)
<u>157,949,882</u>	<u>168,556,670</u>	<u>191,036,334</u>	<u>146,182,235</u>	<u>153,323,778</u>
10,576	10,382			
1,618,432	919,679	390,189	(2,768,103)	1,657,791
	313,863	7,701	1,922,260	609,031
41,000	(14,425,750)		188,143	
2,346,906	1,706,880	692,391	(500,000)	85,629
4,016,914	(11,474,946)	1,090,281	(1,157,700)	2,352,451
<u>\$161,966,796</u>	<u>\$157,081,724</u>	<u>\$192,126,615</u>	<u>\$145,024,535</u>	<u>\$155,676,229</u>
\$29,576,643	(\$3,202,603)	\$4,049,514	(\$44,331,713)	(\$11,075,654)
7,761,552	(11,941,328)	(2,376,182)	(5,718,900)	4,528,807
<u>\$37,338,195</u>	<u>(\$15,143,931)</u>	<u>\$1,673,332</u>	<u>(\$50,050,613)</u>	<u>(\$6,546,847)</u>

This Page Left Intentionally Blank

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



	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010 (b)	2011 (b)
General Fund										
Reserved	\$39,572,550	\$36,921,700	\$23,334,569	\$17,083,473	\$9,638,843	\$22,090,540	\$27,048,978	\$24,682,489		
Unreserved	6,284,507	(4,420,944)	12,440,443	26,510,417	38,590,926	32,341,360	19,387,650	20,855,189		
Nonspendable									\$23,360,596	\$28,021,103
Assigned									1,009,480	380,999
Unassigned									14,836,337	12,077,471
Total General Fund	<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>	<u>\$40,479,573</u> (a)
All Other Governmental Funds										
Reserved	\$44,654,025	\$24,082,816	\$18,402,465	\$19,734,505	\$19,716,191	\$30,517,337	\$39,341,789	\$34,982,192		
Unreserved, reported in:										
Special revenue funds	805,201	2,599,416	7,730,927	9,644,237	22,266,931	23,291,973	21,732,666	10,128,026		
Debt service funds	(3,264,769)	(32,671,008)	(1,555,799)	462,267	6,647,877	11,101,399	28,551,466	26,219,974		
Capital project funds	15,229,062	58,802,260	38,672,895	53,792,412	69,561,861	54,143,312	119,382,544	77,066,114		
Nonspendable									\$19,160	\$7,666,605
Restricted									76,120,393	73,538,765
Assigned									12,925,706	8,925,705
Unassigned									(13,673,750)	(13,944,936)
Total all other governmental funds	<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>	<u>\$76,186,139</u>

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

(b) The City implemented the provisions of GASB Statement 54 in fiscal year 2011, and years prior to 2010 have not been restated to conform with the new regulations.

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

	Fiscal Year Ended June 30,					
	2002	2003	2004	2005	2006	2007
Revenues						
Property taxes	\$37,152,483	\$39,816,120	\$36,475,512	\$48,148,871	\$76,431,421	\$73,983,141
Sales taxes	13,199,899	12,282,691	12,352,198	20,273,363	25,402,253	28,217,895
Utility user fees	21,144,888	23,463,409	29,322,850	29,721,091	30,199,388	27,007,410
Other taxes	7,578,673	10,810,643	9,421,142	13,847,030	14,690,034	12,042,215
Licenses, permits and fees	6,459,773	5,267,568	8,414,668	8,347,868	14,272,803	8,379,660
Developer revenue sharing					3,254,620	591,051
Fines, forfeitures and penalties	454,786	570,823	435,057	522,015	396,257	312,723
Use of money and property	11,950,076	9,710,818	2,628,566	2,496,624	5,149,718	6,879,814
Intergovernmental	15,391,085	26,727,129	15,892,578	15,980,671	16,303,188	24,439,246
Charges for services	6,158,955	6,775,324	6,775,449	3,864,491	4,421,803	4,488,092
Pension stabilization revenue					4,175,381	4,240,135
Settlement reimbursement					4,226,289	
Lease income	3,013,488	3,017,548				
Reimbursement from pension fund	4,017,246	3,928,959				
Rent	4,244,780	2,629,861	2,560,987	237,568	414,716	605,207
Other	2,364,500	6,184,893	23,152,932	3,191,685	3,496,107	3,009,820
Total Revenues	133,130,632	151,185,786	147,431,939	146,631,277	202,833,978	194,196,409
Expenditures						
Current:						
General government	17,316,203	17,981,557		12,871,884	18,986,723	22,646,791
Public safety	44,309,105	53,169,844		52,859,724	64,006,470	72,869,340
Public works				20,947,719	20,371,718	12,207,805
Highway and streets	24,689,873	18,345,397				
Health and sanitation						
Community development	6,139,781	8,556,636		4,542,606	6,306,343	5,449,106
Cultural and recreational	10,707,305	11,585,860		7,362,852	10,300,456	15,142,703
Housing and redevelopment	9,861,172	24,940,122		11,971,460	20,778,294	11,345,178
Salaries and wages			86,240,536			
General and administrative			40,886,151			
Maintenance			2,182,381			
Other	81,095	75,785	601,026			
SERAF						
Capital outlay	8,461,827	13,170,857	12,570,471	10,630,365	17,479,290	34,281,457
Debt service:						
Principal repayment	12,988,661	6,245,552	7,989,730	7,639,995	6,515,045	9,079,459
Interest and fiscal charges	13,939,372	13,930,315	12,102,434	9,206,783	11,257,775	10,129,575
Total Expenditures	148,494,394	168,001,925	162,572,729	138,033,388	176,002,114	193,151,414
Excess (deficiency) of revenues over (under) expenditures	(15,363,762)	(16,816,139)	(15,140,790)	8,597,889	26,831,864	1,044,995
Other Financing Sources (Uses)						
Transfers in	29,129,749	37,541,392	66,659,138	27,587,164	53,092,947	33,071,479
Transfers out	(30,137,487)	(42,657,986)	(69,609,652)	(34,410,933)	(54,131,970)	(31,800,296)
Sale of property	223,115	61,624	578,907	9,071,591	3,167,685	4,747,114
Payment to refund bond escrow agent		6,556,686				
Proceeds of long-term debt	7,437,213		29,145,759	17,356,100	124,111,809	
Payment to retirement plan					(113,877,017)	
Total other financing sources (uses)	6,652,590	1,501,716	26,774,152	19,603,922	12,363,454	6,018,297
Net Change in fund balances	(\$8,711,172)	(\$15,314,423)	\$11,633,362	\$28,201,811	\$39,195,318	\$7,063,292
Debt service as a percentage of noncapital expenditures	19.2%	13.0%	13.4%	13.2%	11.2%	11.9%

NOTE:

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

Fiscal Year Ended June 30,			
2008	2009	2010	2011
\$77,764,608	\$79,047,050	\$63,858,143	\$57,113,666
29,005,711	27,922,698	25,000,182	23,025,923
29,553,243	48,953,004	40,298,719	50,007,806
8,342,809	7,959,683	6,092,050	7,824,181
8,164,006	6,415,896	7,598,407	7,495,563
201,270	51,767	138,454	101,739
312,706	359,870	481,264	474,889
10,360,029	5,278,605	1,849,884	1,031,746
18,092,672	15,753,684	21,627,513	38,605,526
6,026,165	5,585,383	8,517,238	9,425,484
4,256,500	5,292,746	2,728,314	2,728,314
336,617	312,096	766,017	960,661
3,407,481	11,685,170	4,766,408	6,686,908
195,823,817	214,617,652	183,722,593	205,482,406
26,022,760	19,044,304	14,412,971	15,053,928
86,716,916	93,507,626	95,989,053	94,269,101
18,121,576	20,513,373	20,997,847	23,144,011
5,196,860	4,334,599	7,692,545	7,655,697
20,814,698	16,796,528	15,137,648	14,559,213
22,828,774	22,049,876	12,098,783	11,767,304
62,742,853	80,466,151	10,118,826	2,083,288
		25,142,692	27,189,722
6,300,998	9,684,582	171,714,191 (a)	14,879,506
15,612,543	14,038,265	21,418,597	14,559,340
264,357,978	280,435,304	394,723,153	225,161,110
(68,534,161)	(65,817,652)	(211,000,560)	(19,678,704)
184,513,795	79,414,731	49,963,245	62,507,821
(185,857,975)	(80,148,188)	(43,560,606)	(55,482,457)
4,287,517	5,040,000	23,300	
(32,897,515)			
172,962,622		121,076,391	14,721,130
143,008,444	4,306,543	127,502,330	21,746,494
\$74,474,283	(\$61,511,109)	(\$83,498,230)	\$2,067,790
10.7%	11.1%	51.9%	14.5%

CITY OF RICHMOND
ASSESSED AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

(In Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
ASSESSED VALUE ⁽¹⁾										
Land	\$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	\$3,427,021
Improvements	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	6,721,515
Total Real Property	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	10,148,536
Personal Property	496,737	522,772	558,698	563,253	538,693	572,948	333,505	632,670	683,995	671,258
TOTAL	\$8,224,495	\$8,474,004	\$8,925,193	\$10,144,424	\$11,222,993	\$12,475,546	\$13,243,376	\$14,127,018	\$12,297,705	\$10,819,794
EXEMPTIONS ⁽²⁾										
Homeowners ^(a)	\$115,472	\$116,607	\$116,687	\$115,580	\$117,722	\$111,746	\$113,417	\$113,296	\$111,793	\$110,280
Other ^(b)	240,583	245,704	243,788	267,660	317,429	332,611	338,751	364,531	432,140	473,917
TOTAL	\$356,055	\$362,311	\$360,475	\$383,240	\$435,151	\$444,357	\$452,168	\$477,827	\$543,933	\$584,197
ASSESSED VALUE										
(Net of Exemptions)	\$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	\$10,235,597
Less:										
Redevelopment Tax										
Increments ⁽³⁾	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	1,594,287
NET ASSESSED VALUE	\$6,965,210	\$7,091,306	\$7,462,219	\$8,560,934	\$9,441,403	\$10,048,259	\$10,457,437	\$11,244,866	\$10,017,226	\$8,641,310
NET INCREASE (DECREASE)	\$884,202	\$126,096	\$370,913	\$1,098,715	\$880,469	\$606,856	\$409,178	\$787,429	(\$1,227,640)	(\$1,375,916)
% OF INCREASE (DECREASE)	12.69%	1.81%	5.23%	14.72%	10.28%	6.43%	4.07%	7.53%	-10.92%	-14%
Total Direct Tax Rate ⁽⁴⁾	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

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

⁽²⁾ Exemptions are summarized as follows:

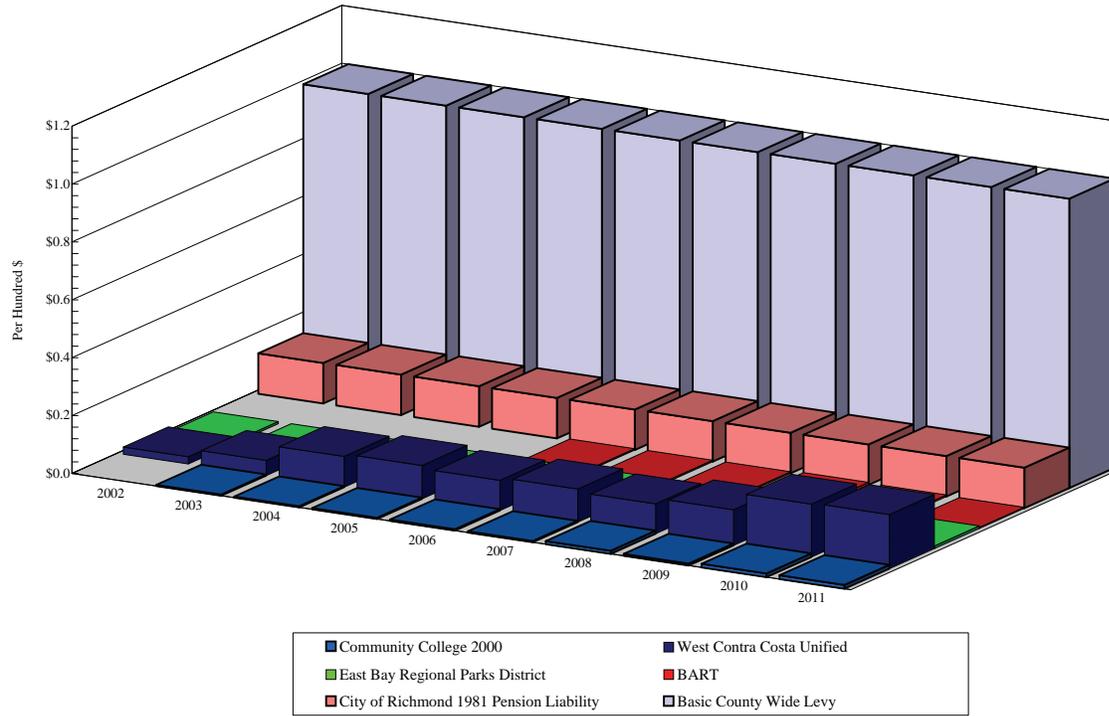
- (a) Homeowners' exemption arises from Article XIII(25) which reimburses local governments for revenues lost through the homeowners' exemption in Article XIII(3)(k).
- (b) Other exemptions are revenues lost to the City because of provisions of California Constitution, Article XIII(3).

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

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

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

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



Fiscal Year	Basic County Wide Levy	City of Richmond 1981 Pension Liability (1)	BART	East Bay Regional Parks District	West Contra Costa Unified	Community College 2000	Total
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
2011	1.0000	0.1400	0.0031	0.0084	0.1869	0.0133	1.3517

(1) Voter approved debt.

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

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

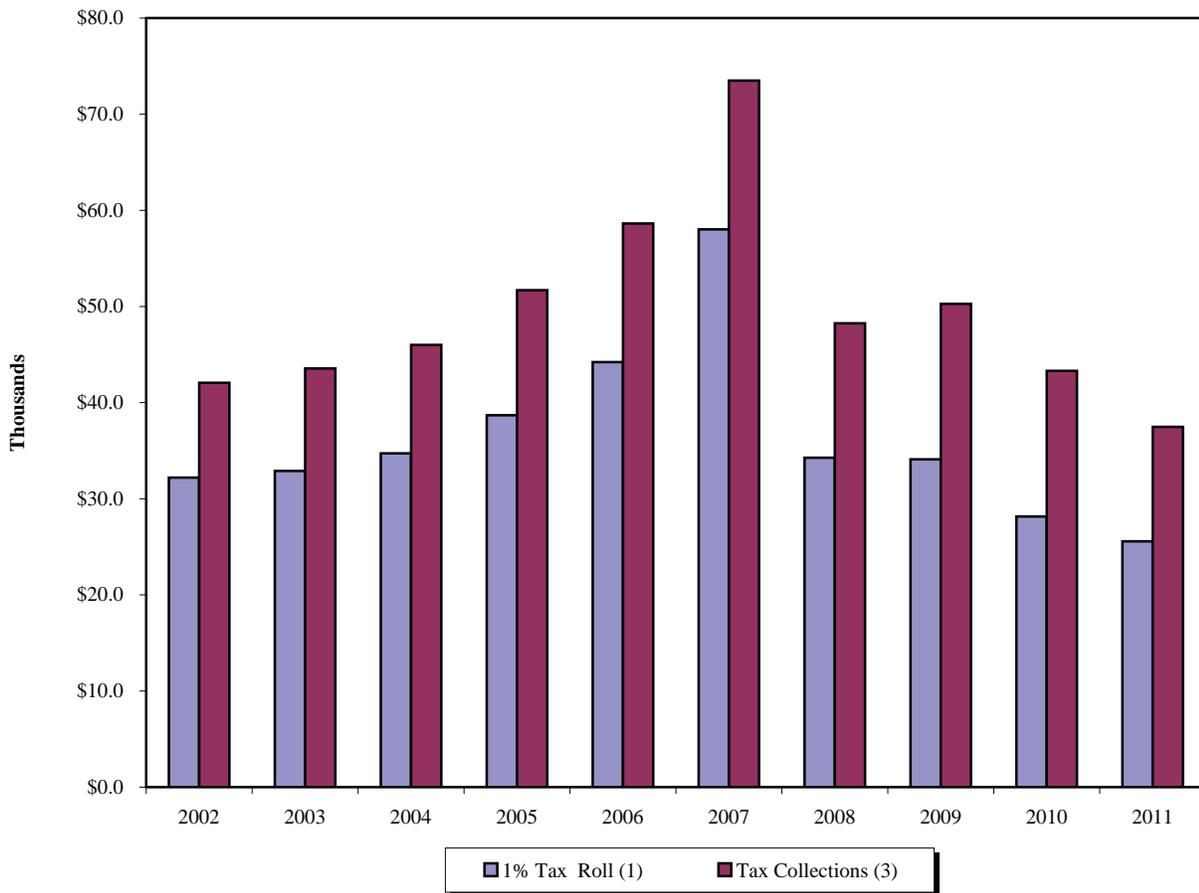
Taxpayer	Type of Business	2010-11			2001-02		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Chevron USA	Industry	\$2,368,792	1	23%	\$2,475,669	1	31.46%
Guardian of KW Hilltop LLC	Residential	101,837	2	0.99%	N/A		N/A
Richmond Parkway Associates	Residential	64,676	3	0.63%	58,492	4	0.74%
Kaiser Foundation Hospitals	Institutional	62,319	4	0.61%	N/A		N/A
Berlex Laboratories, Inc.	Industrial	61,446	5	0.60%	133,844	2	1.70%
Richmond Essex, LP	Residential	47,663	6	0.47%	N/A		N/A
Cherokee Simeon Venture I LLC	Commercial	47,661	7	0.47%	N/A		N/A
DDRM Hilltop Plaza, LP	Commercial	46,000	8	0.45%	N/A		N/A
Lennar Emerald Marina Shores	Residential	44,443	9	0.43%	N/A		N/A
Foss Maritime Company	Industrial	42,696	10	0.42%	N/A		N/A
ICI Americas, Inc.	Industrial	N/A		N/A	73,123	3	0.93%
Watch Holdings, LLC.	Residential	N/A		N/A	53,936	5	0.69%
Security Capital Pacific Trust	Residential	N/A		N/A	42,703	6	0.54%
Burnham Pacific Operating Partners	Commercial	N/A		N/A	39,700	7	0.50%
California Fats & Oils	Industrial	N/A		N/A	37,234	8	0.47%
The Hearst Corporation	Industrial	N/A		N/A	32,434	9	0.41%
Pt Richmond R & D Associates	Industrial	N/A		N/A	30,898	10	0.39%
Subtotal		<u>\$2,887,533</u>		<u>28.21%</u>	<u>\$2,978,033</u>		<u>37.41%</u>

Total Net Assessed Valuation:

Fiscal Year 2010-2011	\$10,235,597
Fiscal Year 2001-2002	7,868,440

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

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

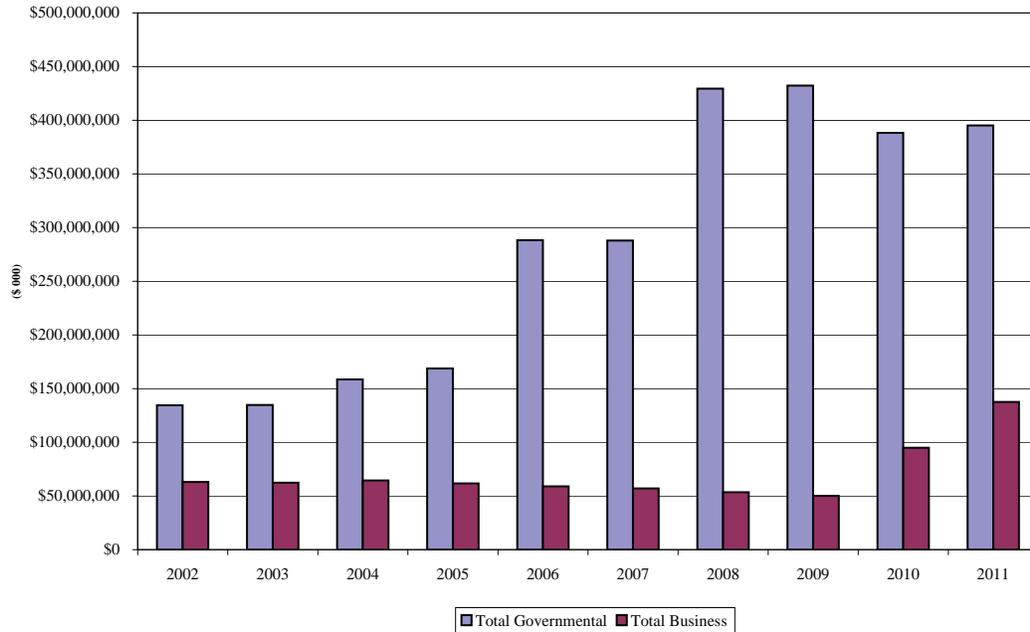


Fiscal Year	1% Tax Roll (1)	Voter Approve Debt Tax Rolls (2)	Total Tax Collections (3)	Percent of Total Tax Collections to Tax Levy
2002	\$32,193	\$9,867	\$42,060	100%
2003	32,890	10,656	43,546	100%
2004	34,721	11,282	46,003	100%
2005	38,687	13,009	51,696	100%
2006	44,209	14,426	58,635	100%
2007	58,024	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%
2011	25,573	11,900	37,473	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	Governmental Activities					Total
	Tax Allocation Bonds	Pension Obligation Bonds	Revenue Bonds	Loans and Notes Payable	Capital Leases	
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
2011	125,899,530	153,589,314	87,906,545	20,723,084	7,022,284	395,140,757

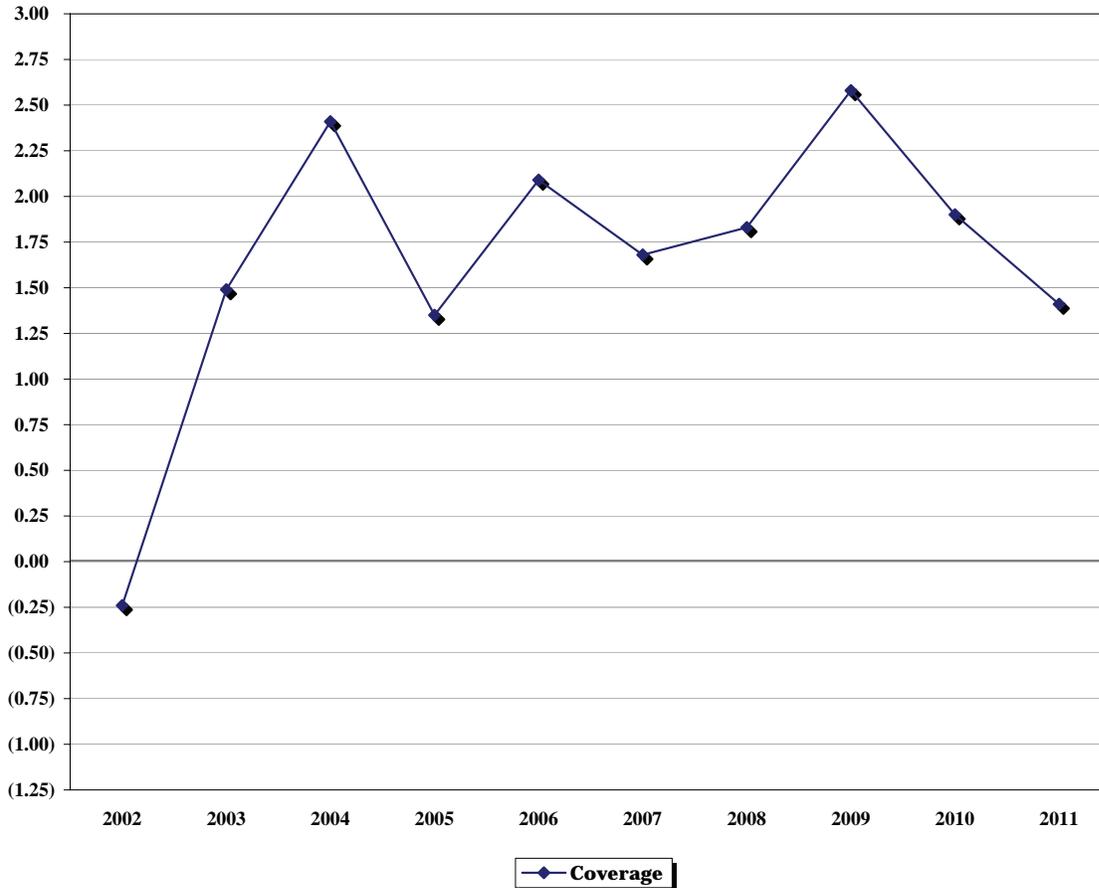
Business-Type Activities

Fiscal Year	Business-Type Activities				Total Primary Government	Percentage of Personal Income (A)	Per Capita (A)
	Wastewater Revenue Bonds	Port Lease Revenue Bonds	Loans and Notes Payable	Total			
2002	\$38,904,150	\$14,501,865	\$9,682,769	\$63,088,784	\$197,587,413	9.73%	\$1,969
2003	39,422,497	13,273,027	9,704,142	62,399,666	197,209,429	9.62%	1,954
2004	39,903,191	11,989,189	12,543,740	64,436,120	222,965,194	10.63%	2,205
2005	39,218,632	10,650,351	11,877,513	61,746,496	230,514,561	10.48%	2,268
2006	38,516,264	9,251,513	11,195,682	58,963,459	347,165,507	15.09%	3,393
2007	41,857,327	7,782,675	7,419,009	57,059,011	344,974,276	14.20%	3,376
2008	42,152,480	5,933,813	5,427,429	53,513,722	482,967,537	18.98%	4,675
2009	41,934,902	3,203,312	4,971,846	50,110,060	482,399,002	18.70%	4,643
2010	41,416,658	49,015,199	4,501,732	94,933,589	483,215,633	19.08%	4,651
2011	84,893,408	48,683,747	4,016,617	137,593,772	532,734,529	21.12%	5,043

Notes: Debt amounts exclude any premiums, discounts, or other amortization amounts.
(A) 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, 2008, 2010A AND 2010B WASTEWATER REVENUE BONDS
LAST TEN FISCAL YEARS**



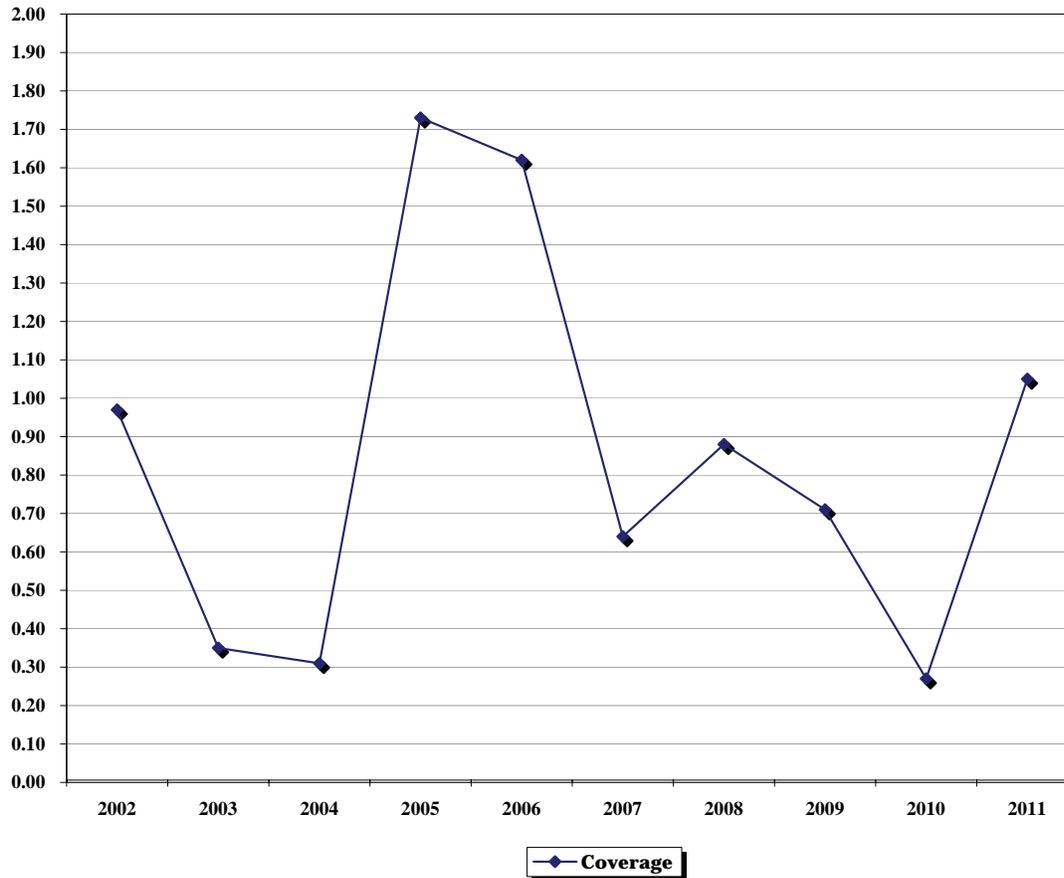
Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2002	\$9,690,868	\$10,059,777	(\$368,909)		\$1,559,561	\$1,559,561	(0.24)
2003	10,163,012	7,727,467	2,435,545	\$75,000	1,557,874	1,632,874	1.49
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
2011	17,399,624	9,154,788	8,244,836	905,000	4,943,042	5,848,042	1.41

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

(2) Includes all Municipal Sewer Operating Expenses less Depreciation

Source: City of Richmond Annual Financial Statements

**CITY OF RICHMOND
REVENUE BOND COVERAGE
1996, 1999, 2004, 2007 AND 2009 PORT TERMINAL LEASE REVENUE BONDS, NOTE
AND POINT POTRERO LEASE REVENUE BONDS
LAST TEN FISCAL YEARS**

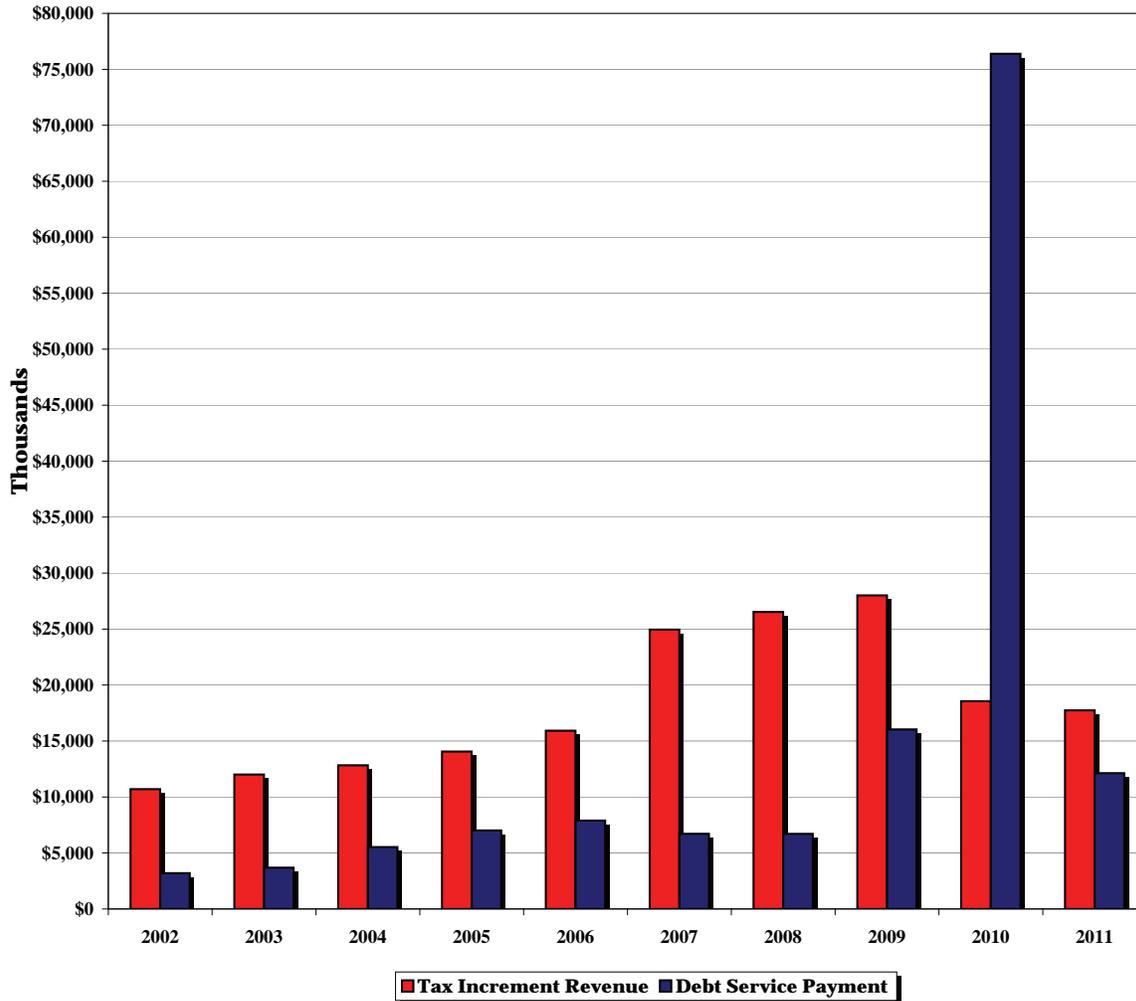


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2002	\$3,698,781	\$1,785,720	\$1,913,061	\$1,185,000	\$790,037	\$1,975,037	0.97
2003	2,319,180	1,618,331	700,849	1,235,000	739,776	1,974,776	0.35
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
2011	6,357,466	2,035,968	4,321,498	405,000	3,728,541	4,133,541	1.05

Notes: (1) Includes all Port of Richmond Operating Revenues and Non-operating Interest Revenue excluding Derivative Investment Interest
(2) Includes all Port of Richmond Operating Expenses less Depreciation

Source: City of Richmond Annual Financial Statements

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

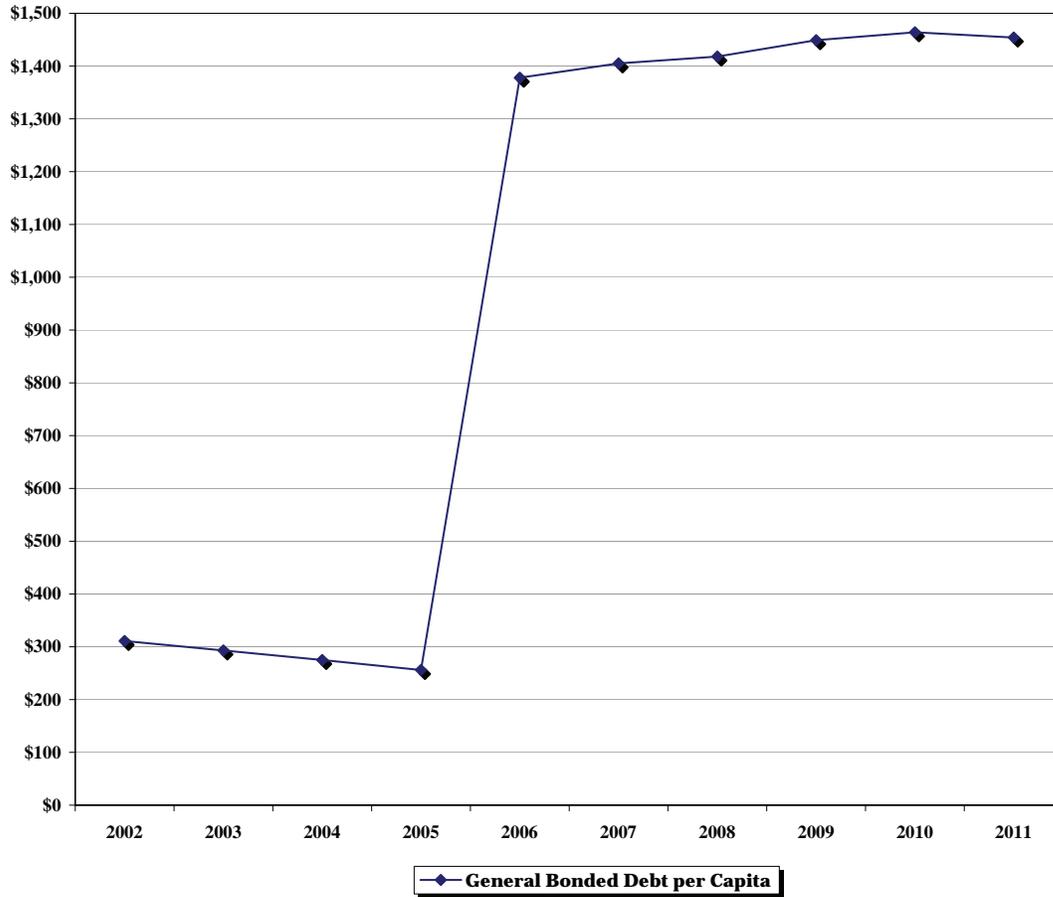


Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2002	\$10,699,505	\$346,000	\$2,850,068	\$3,196,068	3.35
2003	12,010,629	895,000	2,794,504	3,689,504	3.26
2004	12,835,207	2,035,000	3,491,256	5,526,256	2.32
2005	14,065,091	2,610,000	4,404,180	7,014,180	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
2011	17,743,295	6,225,000	5,905,703	12,130,703	1.46

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>
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%	1,464
2011	153,589,314	8,641,310,346	1.78%	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, 2011**

2010-2011 Assessed Valuation: \$10,345,898,152
 Redevelopment Incremental Valuation: 1,594,286,654
 Adjusted Assessed Valuation: \$8,751,611,498

	Total Debt June 30, 2011	% Applicable (1)	City's Share of Debt June 30, 2011
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Bay Area Rapid Transit District	\$413,865,000	2.011%	\$8,322,825
Contra Costa Community College District	237,095,000	7.012%	16,625,101
West Contra Costa Unified School District	742,826,995	52.005%	386,307,179
West Contra Costa Healthcare District Parcel Tax Obligations	22,420,000	47.041%	10,546,592
East Bay Municipal Utility District, Special District No. 1	24,545,000	0.861%	211,332
East Bay Regional Park District	153,990,000	3.117%	4,799,868
City of Richmond Community Facilities District No. 1998-1	3,545,000	100%	3,545,000
City of Richmond 1915 Act Bonds	18,030,000	100%	18,030,000
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			448,387,897
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Contra Costa County General Fund Obligations	\$319,867,903	6.983%	\$22,336,376
Contra Costa County Pension Obligations	399,840,000	6.983%	27,920,827
Alameda-Contra Costa Transit District Certificates of Participation	37,465,000	6.222%	2,331,072
Contra Costa Community College District Certificates of Participation	925,000	7.012%	64,861
West Contra Costa Unified School District Certificates of Participation	20,205,000	52.005%	10,507,610
City of Richmond General Fund Obligations	136,500,000	100%	136,500,000
City of Richmond Pension Obligations	119,625,133	100%	119,625,133
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			319,285,879
Less: Contra Costa County general fund obligations supported by revenue funds			8,466,894
City of Richmond obligations supported from port revenues			49,791,700
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			261,027,285
GROSS COMBINED TOTAL DEBT			\$767,673,776 (2)
NET COMBINED TOTAL DEBT			\$709,415,182

- (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 2010-11 Assessed Valuation:
 Total Net Overlapping Tax and Assessment Debt 4.33%

Ratios to Adjusted Assessed Valuation:
Gross Combined Direct Debt (\$256,125,133) 2.93%
Net Combined Direct Debt (\$206,333,433) 2.36%
 Combined Total Debt 8.77%
 Net Combined Total Debt 8.11%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0

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

**CITY OF RICHMOND
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2011**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$10,235,597,000
---	------------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$383,834,888
---	---------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$0
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	0
Amount of debt subject to limit	0

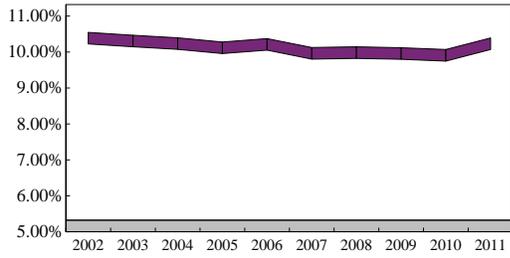
LEGAL BONDED DEBT MARGIN	\$383,834,888
--------------------------	---------------

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
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%
2011	383,834,888	0	383,834,888	0.00%

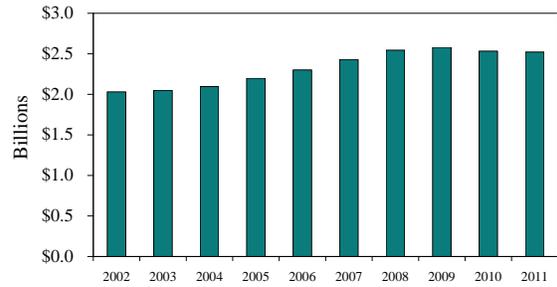
NOTE:

- (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.

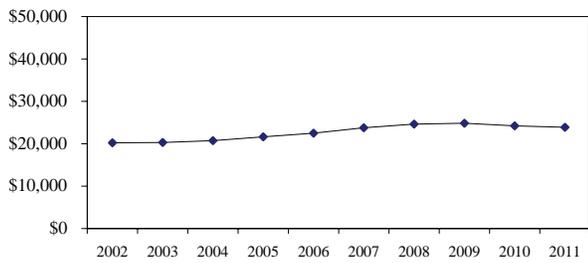
**CITY OF RICHMOND
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**



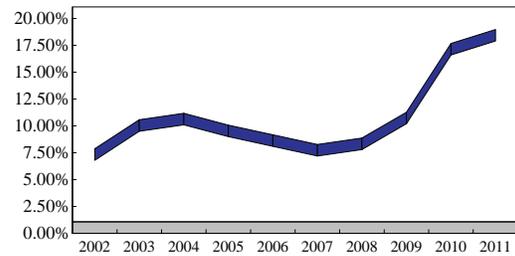
■ City Population as a % of County Population



■ 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
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%
2011	105,630	2,522,550,000	23,881	17.9%	1,049,025	10.07%

Source: HDL Coren & Cone

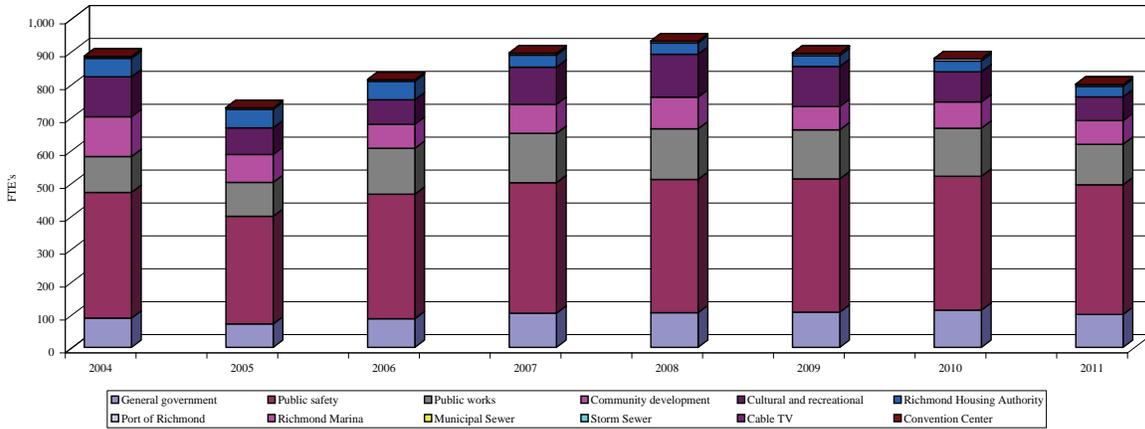
CITY OF RICHMOND
Principal Employers
Current Year

<u>Employer</u>	<u>2010-11</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Chevron Refinery	1,950	1	1.8%
West Contra Costa Unified School District	1,500	2	1.4%
City of Richmond	911	3	0.9%
Kaiser Permanente	786	4	0.7%
Sun Power	600	5	0.6%
Inovis Inc.	499	6	0.5%
Richmond Health Center	350	7	0.3%
Macy's	300	8	0.3%
California Autism Foundation, Inc	270	9	0.3%
Galaxy Desserts	<u>250</u>	10	<u>0.2%</u>
Subtotal	<u><u>7,416</u></u>		<u><u>7.0%</u></u>
Total City Day Population	<u><u>105,630</u></u>		

Source: City of Richmond Community Development Department

Notes: Data for fiscal year 2001/02 is not available

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



Adopted for Fiscal Year Ended June 30,								
Function	2004	2005	2006	2007	2008	2009	2010	2011
General government	89.0	71.5	87.2	104.0	105.5	107.2	113.2	100.2
Public safety	382.0	327.0	378.5	396.5	405.0	405.0	407.0	394.0
Public works	109.0	103.0	139.5	150.0	154.0	149.0	146.0	123.0
Community development	120.9	84.9	73.0	88.0	96.0	71.0	80.0	72.0
Cultural and recreational	121.6	80.8	74.4	113.2	130.4	121.5	91.2	72.2
Housing and redevelopment	38.2	39.2	39.0	39.0	41.0	40.0	34.0	19.0
Richmond Housing Authority and RHA Properties	56.0	56.0	56.0	36.5	34.0	33.0	33.0	32.0
Port of Richmond	6.1	5.1	5.0	6.0	6.0	7.0	7.0	6.0
Richmond Marina	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Municipal Sewer	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Storm Sewer	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Cable TV	(1)	(1)	(1)	(1)	(1)	(1)	(3)	(3)
Convention Center	(1)	(1)	(1)	(2)	(2)	(2)	(3)	(3)
Total	922.80	767.50	852.60	933.20	971.90	933.70	911.40	818.40

Source: City of Richmond Budget

Notes:

Data prior to fiscal year 2004 is not available

(1) These services are provided by outside contractors.

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

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

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

Function/Program	2005	2006	2007	2008	2009	2010	2011
Public safety:							
Fire:							
Fire calls for service	10,068	10,068	11,006	10,677	9,861	11,723	12,237
Primary fire inspections conducted	5,502	5,502	9,795	5,581	6,201	5,752	5,055
Number of firefighters	77.5	93	99	99	98	109	83
Number of firefighters and civilians per thousand population	0.8	0.9	1.0	1.0	1.1	1.0	1.2
Police:							
Number of police officers per thousand population	1.6	1.7	1.7	1.7	1.7	1.9	1.7
Number of sworn officers	164	179	179	187	176	200	188
Water							
Daily average consumption in gallons per family	250	250	250	250	250	250	250

Source: City of Richmond

Note: Data prior to 2005 is not available

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Function/Program						
Public safety:						
Fire stations	7	7	7	7	7	7
Police stations	6	6	6	6	6	4
Library (#) of Locations	1	1	3 *	3	3	3
(* two branch library sites were refurbished and opened in January 2008)						
Public works						
Miles of streets	280	280	280	280	280	280
Street lights	7,000	7,000	7,000	7,000	7,000	7,000
Urban Forest (trees)	39,900	40,200	40,200	40,200	40,757	41,293
Culture and recreation:						
Community services:						
City parks	53	55	55	55	55	55
City parks acreage	280.0	336.6	336.6	336.6	336.6	336.6
Open Space & Public Landscapes acreage	562.0	510.0	510.0	510.0	510.0	510.0
Lawn bowling	1	1	1	1	1	1
Recreation centers	8	8	8	8	8	8
Auditorium/Theater	1	1	1	1	1	1
Gymnasiums	3	3	3	3	3	3
Senior centers	2	2	2	2	2	2
Headstart centers/day cares	10	6	6	6	6	6
Putting green	1	1	1	1	1	1
Basketball courts	28	28	28	28	28	28
Swimming pools	1	1	1	1	1	2
Tennis courts	17	20	20	20	20	20
Baseball/softball diamonds	26	26	26	26	26	26
Soccer/football fields	17	17	17	17	17	17
Cricket fields	2	2	2	2	2	2
Water						
Fire hydrants	3,153	3,153	3,153	3,153	3,153	3,153
Wastewater						
Miles of sanitary sewers	230	230	230	230	230	230
Miles of storm sewers	310	310	310	310	310	310
Land Area (square miles)	33.7	33.7	33.7	33.7	33.7	33.7
Miles of waterfront	32	32	32	32	32	32

Source: City of Richmond

Note: Data prior to 2006 is not available

This Page Left Intentionally Blank