



## Glossary of Finance and Budget Terms

The City's Policy contains specialized and technical terminology that is unique to public finance and budgeting. To assist the reader of the Policy Budget document in understanding these terms, a glossary of budgetary terminology is included as follows:

<b>Accounting System</b>	The total set of records and procedures which are used to record, classify, and report information on the financial status and operations of an entity.
<b>Accounts Payable</b>	Amounts owing to private persons, firms, or corporation for goods and services received.
<b>Accounts Receivable</b>	Amounts owing from private persons, firms or corporation for goods and services furnished.
<b>Accrual Basis</b>	The basis of accounting whereby revenues are recognized when earned and measurable regardless of when collected; and expenses are recorded on a matching basis when incurred. All proprietary and fiduciary funds use the accrual basis of accounting.
<b>Accrue</b>	To record revenues and expenditures/expenses when they meet the recognition criteria of the fund type involved regardless of when the cash activity occurs.
<b>Accrued Expenditures/Expenses</b>	Expenses or expenditures that meet the appropriate recognition criteria of the fund type involved but have not been paid. Accrued expenditures are expected to be paid in a subsequent accounting period.
<b>Accrued Revenues</b>	Revenues that meet the appropriate recognition criteria of the fund type invoiced, but are not realized during the accounting period. <i>Refer to Accrual basis, accrual and modified accrual basis.</i>
<b>Actual</b>	Actual refers to the expenditures and/or revenues realized in the past.
<b>Adjusted Budget</b>	The status of appropriations as of a specific date between July 1, at the beginning of the fiscal period, and June 30, at the end of the fiscal period. Includes the adopted budget, budget amendments, prior year encumbrances, approved project carry forwards from prior years, and transfers between accounts, divisions and departments.
<b>Adopted Budget</b>	Revenues and appropriations approved by the City Council immediately preceding for the new fiscal period effective July 1.
<b>Agency / Department</b>	A major unit of the municipal organization which is managed by an Agency/Department Director and comprised of a number of divisions which are functionally related to one another.
<b>Allocation</b>	The practice of spreading costs among various cost centers on some predetermined reasonable basis (e.g. percentages based on allocation plan) as opposed to distribution of expenses on a unit charge or direct identification basis.
<b>Appropriation</b>	An authorization made by the City Council that permits the officials to incur obligations against and to make expenditures of governmental resources.



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<b>Appropriation Limit</b>	Imposed by Proposition 4 and 111, creates a restriction on the amount of revenue which can be appropriated in any fiscal year. The limit is based on actual appropriations, and is increased each year using the growth of population and inflation. Not all revenue are restricted by the limit; only those which are referred to as "proceeds of taxes."
<b>Appropriation Resolution</b>	The official enactment by the City Council to establish legal authority for City officials to obligate and expend funds.
<b>Assets</b>	The entries on a balance sheet showing all properties and claims against others that may be used directly or indirectly to cover liabilities.
<b>Audit</b>	Prepared by an independent Certified Public Accountant (CPA), the primary objective of an audit is to determine if the City's financial statements present fairly the City's financial position and results of operations in conformity with general accepted accounting principals. In conjunction with their performance of an audit, it is customary for an independent auditor to issue a Management Letter stating the adequacy of the City's internal controls and as well as recommending improvements to the City's financial management practices.
<b>Balance Sheet</b>	A statement purporting to present the financial position of an entity by disclosing its assets, liabilities, and fund equities as of a specific date.
<b>Base Line Budget</b>	Previous year adopted budget with adjustments or current salaries, benefits, indirect, internal service rates.
<b>Bond (Debt Instrument)</b>	A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt to pay for specific capital expenditures.
<b>Budget</b>	A financial plan for a specific period of time (fiscal period) that matches all planned revenues and expenditures with various municipal services.
<b>Budget Adjustment</b>	A legal procedure utilized by City staff to revise a budget appropriation. City staff has the prerogative to adjust expenditures within departmental budgets. Council approval is required for transfers between funds, and for additional appropriations from fund balance or new revenue sources.
<b>Budget Calendar</b>	The schedule of key dates or milestones that the City follows in the preparation, adoption and administration of the budget.
<b>Budget Document</b>	A financial and planning tool that reflects the proposed (and later adopted) revenues and appropriations for the City (including operating and capital), performance standards, targets, organizational structure and goals, along with historical financial information.
<b>Budgetary Amendments</b>	The City Council has the sole responsibility for adopting the City's budget, and may amend or supplement the budget at any time after adoption by majority vote. The City Manager has the authority to approve administrative adjustments to the budget as long as those changes are between objects within the same expenditure category.



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<b>Budgetary Basis</b>	The process by which 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.
<b>Budgetary Control</b>	The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available resources.
<b>Capital Assets</b>	Assets of significant value and having a useful life of more than one year. Capital assets are also called fixed assets.
<b>Capital Budget</b>	A plan of proposed capital expenditures and the means of financing them. The capital budget is enacted as part of the City's consolidated budget which includes both operating and capital outlays, and is based on a Capital Improvement Program (CIP).
<b>Capital Improvement Program (CIP) or Capital Projects</b>	A plan for capital expenditures for the acquisition, expansion or rehabilitation of an element of the City's physical plant to be incurred within a fixed period of several future years.
<b>Capital Outlay</b>	Expenditures relating to the purchase of equipment, facility modifications, land, and other fixed assets.
<b>Capital Project Fund</b>	Used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).
<b>Carry Forward</b>	Appropriations brought forward from a previous fiscal year to continue or complete a specific project, program or activity.
<b>Cash Basis</b>	A basis of accounting in which transactions is recognized only when cash is increased or decreased.
<b>Commitment</b>	Planned expenditures from the general ledger details are rolled-up in a commitment line item. City Council approved budget is based on a commitment item.
<b>Consumer Price Index (CPI)</b>	A statistical description of price levels provided by the U.S. Department of Labor. The change in the index from year to year is used to measure the cost of living and economic inflation.
<b>Contingency (Reserve)</b>	A budget reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted for. Please see "Supplemental" portion of this Policy Budget for details on the City Council's reserve policies.
<b>Contractual Services</b>	Expenditures for services the City received from an outside company. Professional and technical services perform by non COR staff are consider contractual services.
<b>Debt Service</b>	Payment of interest and repayment of principal to holders of the City's debt instruments.



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<b>Debt Service Fund</b>	This fund type is used to account for the payment and accumulation of resources related to general long-term debt principal and interest.
<b>Deficit</b>	1)The excess of entity's liabilities over its assets (See Fund Balance). 2)The excess of expenditures or expenses over revenues during a single accounting period.
<b>Department / Agency</b>	A major unit of the municipal organization which is managed by an Agency/Department Director and comprised of a number of divisions which are functionally related to one another.
<b>Depreciation</b>	1) Expiration in the service life of capital assets attributable to wear and tear, deterioration or action of the physical elements. 2) That portion of the cost of capital asset which is charged as an expense during a particular period.
<b>Disbursement</b>	The expenditure of monies from an account.
<b>Division</b>	A unit of the municipal organization which reports to a department or agency.
<b>Documentary Transfer Tax</b>	This is a 0.7% tax on the fair market value that is imposed on the transfer or sale of real property.
<b>Encumbrance</b>	Obligations in the form of purchase orders, contracts or salary commitments, which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated.
<b>Enterprise Fund</b>	A governmental accounting fund in which the services provided are financed and operated similarly to those of a private business. The rate schedules for these services are established to ensure that the revenues are adequate to meet all necessary expenditures.
<b>Expenditure</b>	The outflow of funds paid or to be paid for an asset obtained or goods and services obtained regardless of when the expense is actually paid. This term applies to all funds. Note: An encumbrance is not an expenditure; an encumbrance reserves funds to be expended.
<b>Expenditure Category</b>	A basis for distinguishing types of expenditures. The major expenditure categories used by the City of Richmond are personnel services, operations and maintenance, and capital outlay.
<b>Expense</b>	Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest, or other charges.
<b>Fiduciary Funds</b>	Account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own program.
<b>Financial Plan</b>	A parent document for the budget, which establishes management policies, goals, and objectives for all programs within the City over a one-year period (see Budget).



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### **Fines and Forfeitures**

Fines and Forfeitures consist primarily of fines for parking violations on the City's streets, Municipal Court fines and Library fines.

### **Fiscal Year**

A twelve-month time period signifying the beginning and ending period for recording financial transactions. The City of Richmond has specified July 1 through June 30 as its fiscal year.

### **Fixed Assets**

Assets of long-term nature such as land, buildings, machinery, furniture, and other equipment. The City has defined such assets as those with an expected life in excess of one year and an acquisition cost in excess of \$5,000.

### **Fixed Charges**

Are items of expenditures for services rendered by internal operations or the City. Rental of City equipment, computer services, building rental, indirect operating expenses, and depreciation are examples of fixed charges.

### **Franchise Fees**

A .5% to 5% fee imposed on franchise revenue in accordance with franchise agreements with utility companies.

### **Fringe Benefits**

These include employee retirement, social security, health, dental, life insurance, worker's compensation, uniforms, and deferred compensation plans.

### **FTE (Full-Time Equivalent)**

An FTE or full-time equivalent is defined as a staff year. For example, two employees who work one-half time are considered one full-time equivalent.

### **Fund**

An accounting entity that records all financial transactions for specific activities or government functions. The six generic fund types used by the City are: General Fund, Special Revenue, Debt Service, Capital Project, Enterprise, Internal Service and Trust & Agency Funds.

### **Fund Accounting**

Governments use funds to account for activities within the entity.

### **Fund Balance**

The net effect of assets less liabilities at any given point in time. The total fund balance includes a designated / reserved portion, usually for encumbrances, projects, or other prior commitments, as well as an undesignated / unreserved (i.e. "available") portion.

### **Fund Group**

A group of funds with similar restrictions and accounting treatment. The seven fund groups included in the City's budget are: general funds; special revenue funds; enterprise funds; internal service funds; capital projects funds; debt service funds; and trust and agency funds.

### **Generally Accepted Accounting Principles (GAAP)**

Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.



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<b>General Fund</b>	The fund supported by taxes, fees and other revenues that may be used for any lawful purpose. The general fund accounts for all financial resources except those required to be accounted for in another fund.
<b>General Ledger Accounts</b>	Accounting detailed list of accounts for revenue and expenditure where the departments/division earnings and expenditures are recorded.
<b>Governmental Funds</b>	Account for activities that are primarily tax-supported operations or other mandatory payments.
<b>Grant</b>	A contribution by a government, other organization, or a private individual to support a particular function. Grants may be classified as either categorical or block, depending upon the amount of discretion allowed the grantee. Grants may be competitive or based on allocation.
<b>Inter-Fund Transfers</b>	The movement of monies between funds of the same governmental entity.
<b>Internal Service Charges</b>	The charges to user departments for internal service provided by another government agency, such as fleet maintenance or insurance funded from a central pool.
<b>Investment</b>	Securities and real estate purchased and held for the production of income in the form of interest, dividends, rental or base payments.
<b>Letter of Transmittal</b>	The opening section of the budget, which provides the City Council and the public with a general summary of the most important aspects of the budget, changes from the previous fiscal years, and the views and recommendations of the City Administrator.
<b>Liability</b>	Debt or other legal obligation arising out of transaction in the past which must be liquidated, renewed or refunded at some future date; financial obligations entered in the balance sheet. Note: The term doesn't include encumbrances.
<b>Licenses and Permits</b>	Revenues under this category are from fees for business licenses, building regulation and planning permits. In Richmond, the Business License Tax is charged annually at different rates depending on the Business Tax Category. Licenses and Permits revenue comes from construction permits from the construction of sidewalks, driveways, sewer, grading and excavating, encroachment and obstruction.
<b>Line Item Budget</b>	A budget that lists detailed expenditure categories (salary, material, telephone service, travel, etc.) separately, along with the amount budgeted for each specified category. The City uses a line-item detail to maintain and record for financial reporting and control purpose. (See General Ledger Accounts & Commitment Item)



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### **Local Agency Investment Fund (LAIF)**

A program established by the state to enable treasurers to place idle funds in a pool for investment. Each agency is currently limited to LAIF of an investment of \$20 million plus any bond proceeds.

### **Maturities**

The dates on which the principal or stated values of investments or debt obligations mature and may be reclaimed.

### **Measure Q - City Sales Tax**

A one-half of one percent (1/2%) sales tax increment approved by Richmond voters in the November 2004 election. This increased the Richmond tax from 8.25% to 8.75%.

### **Mission Statement**

Provides policy guidance and direction for the highest priority objectives to be accomplished during the budget period. Over the last several years, the City Council has developed community goals and long-range vision for the City, which best summarize expectations of the community.

### **Modified Accrual Basis**

The basis of accounting under which expenditures, whether paid or unpaid, are formally recognized when incurred against the account, but revenues are recognized only when they become both measurable and available to finance expenditures of the current accounting period. All governmental funds use the modified accrual basis of accounting.

### **Objectives**

Departmental statements describing significant activities to be accomplished during the fiscal year.

### **Operating Budget**

A financial plan for the provision of City services and basic governmental functions. The operating budget contains appropriations for such expenditures as personnel services, fringe benefits, commodities, services and minor capital expenses. It does not include Capital Improvement Project expenditures.

### **Operations and Maintenance**

Expenditures related to operating costs including supplies, commodities, contract services, materials, utilities and educational services.

### **Ordinance**

A formal legislative enactment by the governing board (City Council) of a municipality. If it is not in conflict with any higher form of law, it has the full force and effect of law within the boundaries of the municipality to which it applies.

### **Performance Measures**

Specific quantitative measures of work performed within an activity or program (e.g., total miles of streets cleaned). Also, a specific quantitative measure of results obtained through a program or activity (e.g., reduced incidence of vandalism due to new street lighting program).

### **Personnel Services**

Expenditures related to employee compensation including wages and salaries, fringe benefits, retirement, premiums, allowances and special/supplemental pay such as shift differentials.



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### **Program**

An activity or division within a department which furthers the objectives of the City Council, by providing services or a product.

### **Program Budget**

Programs, and associated program codes, are created to articulate the programmatic functions performed by the City organization. The budget (both revenues and expenditures) can be described in programmatic terms. This enables the Mayor and Council to view how much is being committed and/or spent to achieve their goals and objectives.

### **Property Tax**

A major portion of the revenues of the City is from property taxes. Property such as land, structures and improvements is subject to tax which is applied to a property's value. In 1978, Proposition 13 revised the calculation of the California property taxes by establishing a fixed rate of one percent of a property's value and thereby limiting the growth in assessed valuation to 2 percent per year. The exception to this is when property changes hands, in which case fair value becomes the basis of valuation. The City receives its share of property taxes during the months of December, April and June of each fiscal year at 55%, 40% and 5% of the total amount.

Of the total property tax received, approximately 48% is General fund, 16% is Sewer, 24% is Pension Tax Override and 12% is from Assessment Districts.

### **Proprietary Funds**

Account for activities that are primarily funded by income from operations resulting from payments for goods and services provided to users.

### **Reimbursements**

Payments remitted by another agency, department, or fund to help defray the costs of a particular service or activity for which some benefit was obtained by the reimbursing party. These amounts are recorded as expenditures, or expenses in the reimbursing fund and as a reduction of expenditures, or expenses, in the fund that is reimbursed.

### **Reserved Fund Balance**

A portion of a fund's balance that is legally restricted for a specific purpose and is, therefore, not available for general appropriation.

### **Resolution**

A special order of the City Council which requires less legal formality than an Ordinance in terms of public notice and the number of public readings prior to approval. A Resolution has lower legal standing than an Ordinance. The adopted operating budget is approved by Resolution and requires a majority vote of the Council members present at the time of adoption.

### **Revenue**

Funds that the City receives as income. It includes such items as taxes, licenses, user fees/charges for services, fines/penalties, grants, and internal revenue.

### **Revenue estimates**

A formal estimate of how much revenue will be earned from a specific revenue source for some future period typically; a future fiscal year.



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### **Salaries and benefits**

An operating budget category which generally accounts for full-time and part-time salaries, overtime costs, and fringe benefits.

### **Sales and Use Tax**

The current Sales Tax rate in Richmond is 8.75 percent. The City's share of this is 1% percent with the State getting 6.25%. Sales tax revenue is influenced by different factors such as the number of retail outlets, the interest rates, disposable income, and the rate of inflation. Richmond also has revenue sharing agreements with the City of El Cerrito.

### **SB 172 Sales Tax**

This is the 0.05% from the State's Public Safety Fund that was authorized by Proposition 172 and it is given to the City by the county.

### **Source of Revenue**

Revenues are classified according to their source or point of origin.

### **Special Revenue Fund**

Used to account for the proceeds of special revenue sources that are restricted by law (or administrative action) to expenditures for specific purposes.

### **Supplemental Appropriation**

An act appropriating funds in addition to those in an annual appropriation act. Supplemental appropriations provide additional budget authority beyond the original estimates for programs or activities (including new programs authorized after the date of the original appropriation act) in cases where the need for funds is too urgent to be postponed until enactment of the next regular appropriation bill.

### **Supplies and Services**

This budget category accounts for all no personnel, and no capital outlay expenses.

### **Transfer**

A movement of budgetary or actual revenues or expenditures between organizational units, accounts, projects, programs or funds. Transfers between funds appear as an expenditure ("transfer out") in one fund and revenue ("transfer in") in the other. Transfers between fiscal years represent the carry forward of funds received in previous years to be expended in the new year and appear as a revenue in the new year. Transfers between departments, funds or from one fiscal year to another must be approved by City Council.

### **Transfers In/Out**

Payments from one fund to another fund, primarily for work or services provided.

### **Transient Occupancy Tax**

The Transient Occupancy Tax at 10% is imposed on and paid by the hotel/motel lodgers who stay less than thirty days. The tax is collected and remitted by hotel/motel operators.



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### Triple Flip State

On July 1, 2004 the State began reducing the Sales Tax Allocation to Cities by .25%. The .25% reduction was used for security for the State's "Economy Recovery Bonds". This was replaced dollar for dollar by an allocation of local property tax from the County ERAF funds paid to Cities in two payments in January and May.

### Trust and Agency Funds

Also known as Fiduciary Fund types, these funds are used to account for assets held by the City in a trustee capacity or as an agent for private individuals, organizations, or other governmental agencies. The fiduciary funds used by the City include expendable trust and agency funds. Expendable trust funds are accounted for in the same manner as Governmental Funds (general, special revenues, debt service, and capital project funds). Agency funds are custodial in nature (assets equal liabilities) and do not measure the results of operations.

### Use of Money and Property

Under this category, we show the revenues earned by the City as interest income from the investment of the City's available cash. The City's investment policy limits the type of investments that can be made primarily to protect the safety of the taxpayers' money. Funds are invested in a variety of instruments including US Treasury and agency instruments, other governmental securities, bankers' acceptances, time deposits and commercial paper.

### Utility Users Tax

A 10% tax imposed on utility (telecommunication, gas, electricity, water and video) revenue.

### Vehicle License Fee (VLF) Backfill

In FY2004, the State dropped the Motor Vehicle License Fee (VLF) from 2% to .67%. In the FY 2004 the State backfilled the fee reduction with other State funds. In FY 2005, the backfill was replaced with an allocation of local property tax from County ERAF funds that was paid to Cities in two payments in January and May.

### Working Capital

Also known as financial position in private sector accounting and in enterprise fund accounting in the public sector, working capital is the excess of current assets over current liabilities. For the enterprise funds, this term is used interchangeably with "fund balance", a comparable financial position concept in the governmental fund types.

### Zero Base Budget

A process emphasizing management's responsibility to plan, budget, and evaluate. Zero-base budgeting provides for analysis of alternative methods of operation and various levels of effort. It places new programs on an equal footing with existing programs by requiring that program priorities be ranked, thereby providing a systematic basis for allocating resources.



## Glossary of Finance and Budget Terms

### Abbreviation Guide

<b>A/P</b>	Accounts Payable
<b>A/R</b>	Accounts Receivable
<b>BART</b>	Bay Area Rapid Transit
<b>BD</b>	Budget Division
<b>CAFR</b>	Comprehensive Annual Financial Report
<b>CalPERS</b>	California Public Employees' Retirement System
<b>CIP</b>	Capital Improvement Program
<b>CM</b>	City Manager's Office
<b>COR</b>	City of Richmond
<b>DHS</b>	Department of Human Services
<b>EEO</b>	Equal Employment Opportunity
<b>FD</b>	Finance Department
<b>FTE</b>	Full-Time Equivalent
<b>GAAP</b>	Generally Accepted Accounting Principles
<b>GASB</b>	Governmental Accounting Standards Board
<b>GFOA</b>	Government Financial Officers Association
<b>GL</b>	General Ledger
<b>MOU</b>	Memorandum of Understanding
<b>HR</b>	Human Resources
<b>HUD</b>	Federal Department of Housing and Urban Development
<b>IT</b>	Information Technology
<b>PAF</b>	Personnel Action Form
<b>PO</b>	Purchase Order
<b>PR</b>	Purchase Requisition
<b>RFP</b>	Request for Proposal
<b>RFQ</b>	Request for Qualification
<b>SAP</b>	Systems, Applications, Products in Data Processing (Accounting System)
<b>SAP- BW</b>	SAP - Business Information Warehouse
<b>TM1</b>	Is a trademark of Applix, Inc. and are trademarks of Microsoft Corporation.



**CITY OF RICHMOND – BUDGET PREPARATION CALENDAR**  
***FY 2008-09***

<i>RESPONSIBLE DEPARTMENT / STAFF</i>	<i>ACTION / ACTIVITY</i>	<i>DATE</i>
<b>Finance Department/All Departments</b>	Preliminary Budget Presentation: Budget process, schedule and performance measures.	<b>October 17, 2007 11:00 A.M.</b>
<b>Finance Department/All Departments</b>	Budget training for department finance staff.	<b>October 19, 2007 9:00A.M. – 4:00 P.M.</b>
<b>Finance Department &amp; Finance Committee</b>	Prepare Operating & CIP Budget Policies and Procedures; Prepare Budget Guidelines; Develop Budget Format.	<b>October 22, 2007</b>
<b>Finance Department</b>	Develop baseline that will be distributed to departments; Develop Revenue Estimates; Update personnel benefit rates, payroll rates, and overhead costs; Update Internal Service Fund rates.	<b>January 4, 2008</b>
<b>Finance Department/ All Departments</b>	Mid-year adjustments and year-end projections due.	<b>January 11, 2008</b>
<b>All Departments/ Accounting Staff</b>	All journal entries due from each department.	<b>January 11, 2008</b>
<b>Finance Department/ All Departments</b>	Mid-year Performance Measure Status Reports due.	<b>January 11, 2008</b>
<b>General Ledger Division</b>	Period 6 closing. All revenue and expense entries posted. Factual revenue and expense numbers available.	<b>January 25, 2008</b>
<b>Finance Department and All Departments</b>	Update Master Fee Schedule. Project revenues for FY 2008-09.	<b>January 18, 2008 - February 29, 2008</b>
<b>Finance Department/ City Manager/ City Council</b>	<b>Mid-Year Budget Review - Workshop with the City Manager and City Council.</b> Presentation of Baseline Budget completed and reviewed for all departments including Capital Projects, RCRA, Housing Authority, as well as the Operating Budget for the City.	<b>February 19, 2008</b>
<b>Finance Department/ Department Heads &amp; Budget Designees</b>	<b>BUDGET TRAINING &amp; KICK OFF PARTY</b>	<b>February 20, 2008 1-4PM</b>
	<ul style="list-style-type: none"> <li>▪ Budget Guidelines and Policies &amp; Procedures distributed;</li> <li>▪ Discussion of budget changes and policies;</li> <li>▪ Presentation of Baseline Budget;</li> <li>▪ Appropriate Budget Forms distributed;               <ul style="list-style-type: none"> <li>▪ Budget input training.</li> </ul> </li> </ul>	
<b>All departments</b>	Budget input window	<b>February 20, 2008- February 28, 2008</b>
<b>Finance Department/City Manager/All Departments</b>	City Manager and Executive Budget Committee hold internal budget hearings with individual departments to review first draft of Projected FY2008-09 Operating & CIP Budget.	<b>March 17, 2008– April 4, 2008</b>



**CITY OF RICHMOND – BUDGET PREPARATION CALENDAR**  
***FY 2008-09***

<b>Finance Department/City Manager/All Departments</b>	Second draft of Projected FY2008-09 Operating & CIP Budget available for departmental review.	<b>April 14, 2008</b>
<b>Finance Department/City Manager</b>	Departmental review of final budget submissions.	<b>April 18, 2008</b>
<b>Finance Department/City Manager/City Council</b>	Community Budget Meeting Richmond Annex Neighborhood Council Richmond Annex Senior Center 5801 Huntington Avenue	<b>April 24, 2008 7:00PM</b>
<b>Finance Department/City Manager/City Council</b>	Proposed Budget to City Council.	<b>May 6, 2008</b>
<b>Finance Department/City Manager/City Council</b>	Community Budget Meeting Iron Triangle Neighborhood Council Nevin Community Center 598 Nevin Avenue	<b>May 15, 2008 7:00PM</b>
<b>All Departments/City Manager/City Council</b>	Budget presentation and workshop. Checklist created.	<b>May 20, 2008 1:00PM – 5:00PM</b>
<b>Finance Department/City Manager/City Council</b>	Community Budget Meeting Fairmede Hilltop Neighborhood Council Sojourner Truth Church 2621 Shane Drive	<b>May 22, 2008 7:00PM</b>
<b>Finance Department/City Manager/City Council</b>	Community Budget Meeting Richmond Heights Neighborhood Council Adult Education Serra Campus 6028 Ralston Avenue	<b>June 2, 2008 7:00PM</b>
<b>All Departments/City Manager/City Council</b>	Budget presentation and workshop continued. Checklist finalized.	<b>June 3, 2008 1:00PM – 5:00PM</b>
<b>Finance Department/City Manager/City Council</b>	Council decision on checklist items.	<b>June 3, 2008 7:00PM</b>
<b>Finance Department/City Manager/City Council</b>	Council to adopt budget	<b>June 17, 2008</b>
<b>Finance Department</b>	Adopted budget loaded into SAP.	<b>June 30, 2008</b>
<b>Finance Department/City Manager/City Council</b>	Proposed Capital Improvement Plan (CIP) budget to City Council.	<b>July 1, 2008</b>
<b>Finance Department/City Manager/City Council</b>	Council to adopt Capital Improvement Plan (CIP) budget	<b>July 15, 2008</b>
<b>Finance Department</b>	Deadline to submit adopted budgets to GFOA & CSMFO for Distinguished Budget Awards Programs.	<b>September 17, 2008</b>

**STATISTICS**

**CERTAIN DEMOGRAPHIC, ECONOMIC AND FINANCIAL INFORMATION  
REGARDING THE CITY OF RICHMOND**

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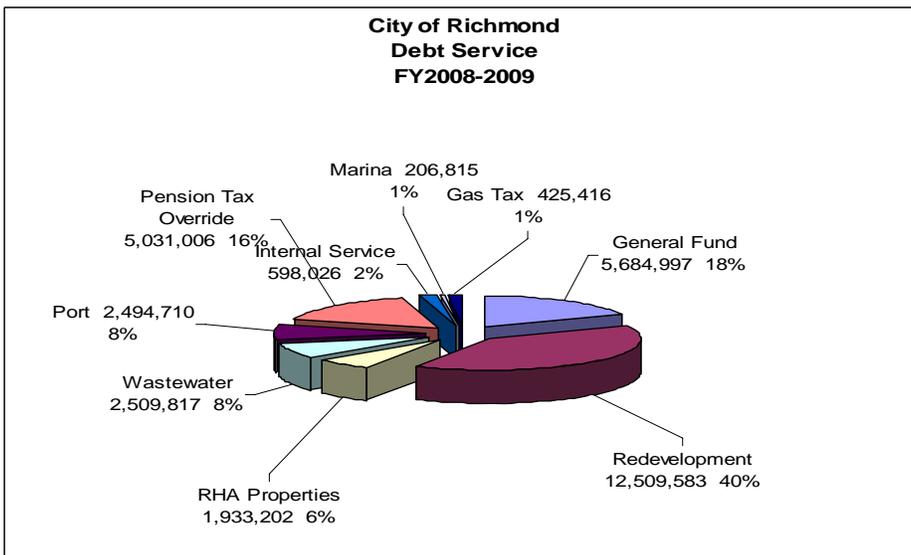
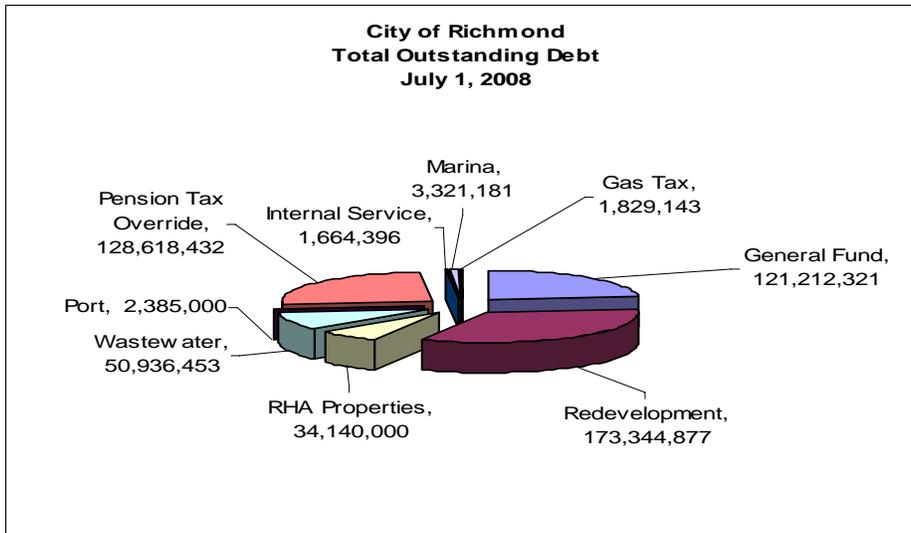
## CITY DEBT SUMMARY

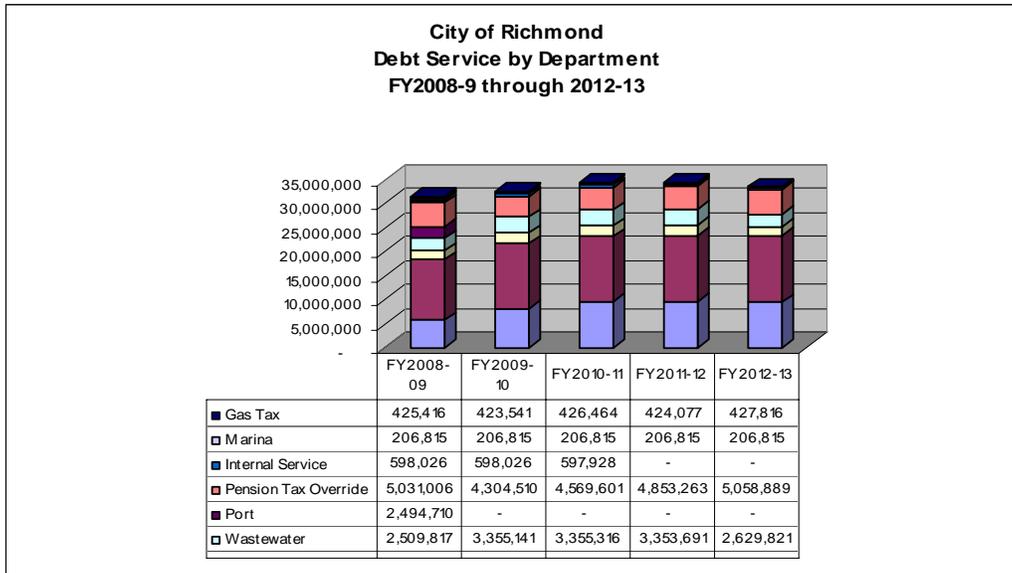
The City has no outstanding general obligation bonds.

### General Fund and Lease Obligation Debt

The City may enter into long-term lease obligations such as certificates of participation or lease revenue bonds without first obtaining voter approval. The City has entered into various lease arrangements under which the City must make annual payments to finance its occupancy of public buildings or acquisition of equipment necessary for City operations.

The following charts provide information on the City's debt obligations. The City has never failed to pay principal of or interest on any debt or lease obligation when due nor made any draws on debt service reserves.





### Interest Rate Swap Agreements

The City is authorized under California Government Code Section 5922 to enter into interest rate swaps to reduce the amount and duration of rate, spread, or similar risk when used in combination with the issuance of bonds. The City has entered into current interest rate swaps for the following transactions:

Wastewater Revenue Bonds Series 2006B

Pension Obligation Bonds Series 2005

RCRA Subordinate Tax Allocation Bonds Series 2007A

JPFA Lease Revenue Bonds (Civic Center) Series 2007

## DEMOGRAPHIC AND ECONOMIC INFORMATION

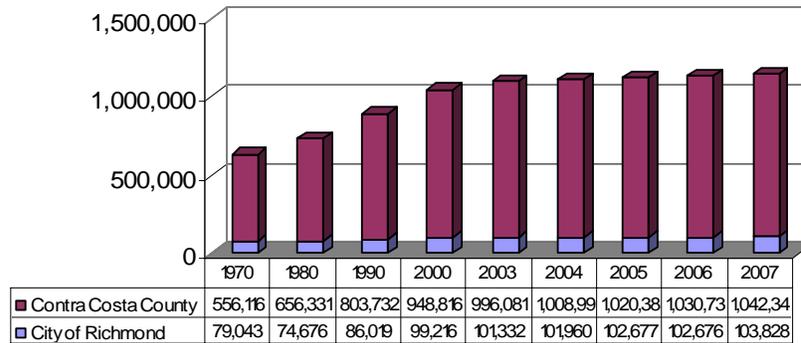
### Introduction

The demographic and economic information provided below has been collected from sources that the City has determined to be reliable. Because it is difficult to obtain complete and timely regional economic and demographic information, the City's economic condition may not be fully apparent in all of the publicly available regional economic statistics provided herein.

## Population

City residents account for approximately 10% of the population of the County. While the period from 1980 to 2000 was characterized by rapid population growth in both the City and the County, the last five years reflect a trend of slower growth.

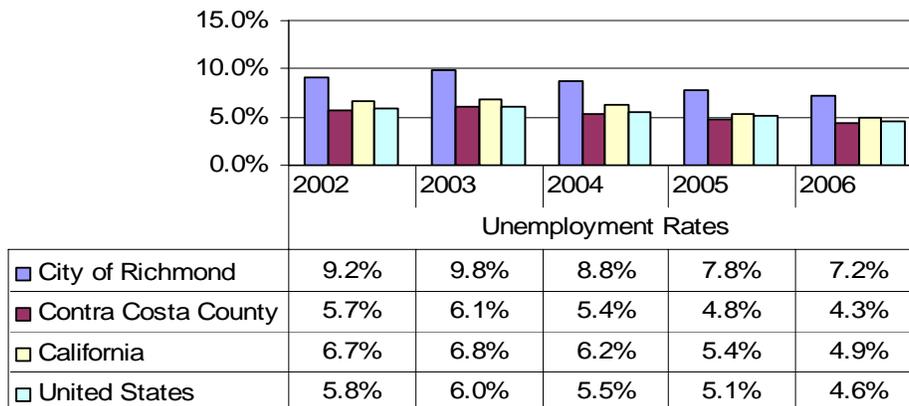
**City and County Population**



Sources: U.S. Census Bureau (1970-2000), California Department of Finance (2003-2007)

## Employment

The chart below sets forth employment/unemployment rates for the City, the County, the State and the United States for the five most recent years and through September 30, 2006. The City's unemployment rate rose in 2002 as a result of a general decline in the national and State economies; however, the City's unemployment rate decreased from a high of 9.8% in 2003 to 7.2% in 2006.



(1) Not seasonally adjusted.

(2) Totals may not add due to independent rounding.

Sources: California Employment Development Department, Labor Market Information Division; U.S. Department of Labor, Bureau of Labor Statistics.

The City is centrally located in western Contra Costa County, within a short distance of the cities of San Francisco and Oakland, as well as Marin County; and it is approximately 80 miles from the State capital, Sacramento. The economy of the City includes heavy and light manufacturing, distribution facilities, services, commercial centers, and a multi terminal shipping port on San Francisco Bay. Richmond also serves as a government center for the western portion of Contra Costa County.

Historically, the City has been viewed as a distribution center and a city of heavy industry, largely due to the visible presence of a major oil refinery, Chevron USA Richmond Refinery, and other major industrial and distribution uses: General Chemical, Bio-Rad Laboratories, the bulk liquid terminals in the Port of Richmond, the BNSF rail yard, a USPS distribution center and a UPS distributing center. The 500,000 square-foot Ford Assembly plant opened in early 2006, which significantly increased the amount of warehouse and manufacturing space in the City.

Since 1990, the City’s economy has experienced growth in the high technology, light industry, research and development, medical technology, computer software and biotechnology sectors. Growth in these sectors is driven by a variety of factors, including proximity to San Francisco and the University of California at Berkeley, the availability of affordable housing for employees in a variety of neighborhoods, housing types and price ranges, and good access to freeway, rail and water transportation. While these new entrants have added diversity to the City’s economy, older heavy industries continue to upgrade their facilities, making major investments in modernization and expansion. At the same time, green businesses, such as Power Light, have chosen to make Richmond their home.

The following table shows 10 selected major private employers in the City, ranked by the number of their employees estimated for Fiscal Year 2006-07.

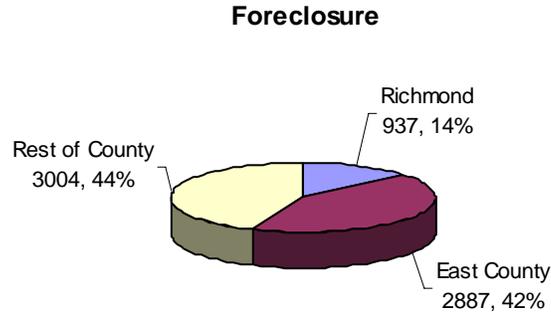
**SELECTED MAJOR RICHMOND PRIVATE EMPLOYERS  
2006-07**

Manufacturing Companies	Employment	Products
Chevron U.S.A., Inc. Refinery	2,461	Petrochemicals
Permanente Medical Group	732	Medical Services
Berlex, Inc.	413	Pharmaceuticals
Costco Wholesale	325	Non-Durable Wholesale Trade
Macy’s Hilltop	261	Department Store
California Autism Foundation, Inc.	250	Social Services
Palecek Imports, Inc.	220	Furniture and Fixtures
The Home Depot	209	Building Materials
QRS Corporation	188	Software Company
TPMG Regional Laboratory	176	Laboratory

*Source: City of Richmond, Community Development Department.*

## Foreclosure Activity

The following chart illustrates the foreclosure activity in the City, as compared to the rest of Contra Costa County.

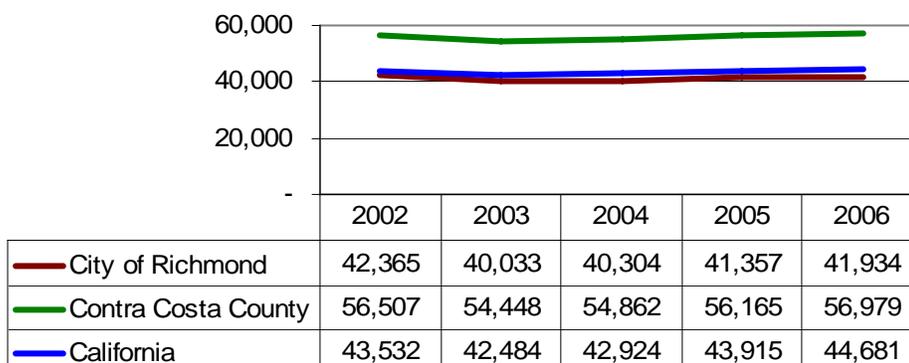


## Effective Buying Income

“Effective Buying Income” is defined as money income less personal tax and non-tax payments, a number often referred to as “disposable” or “after-tax” income. Money income is the aggregate of wages and salaries, net farm and non-farm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling and other periodic income. Deducted from this total money income are personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied non-business real estate.

The following table summarizes the median effective buying income for the City, the County and the State for the period from 2002 through 2006. Claritas Inc. estimated 2006 median household effective buying income at \$41,934 for the City.

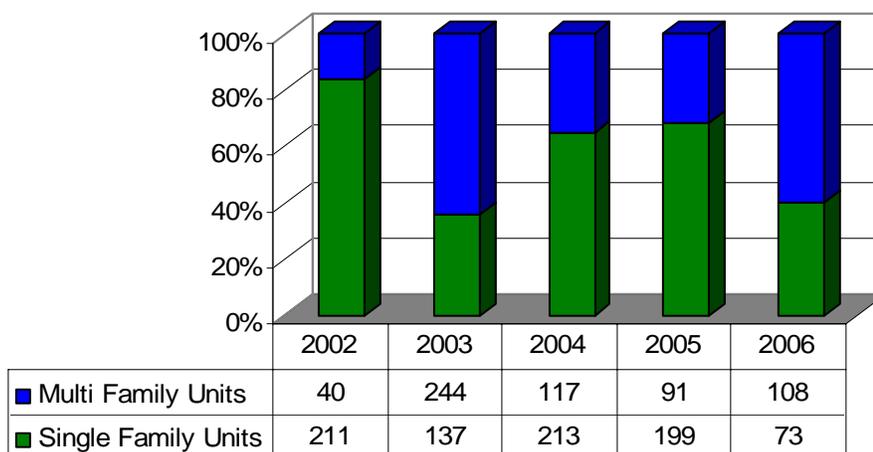
### Effective Buying Income



Sources: *Survey of Buying Power*, Sales & Marketing Management Magazine (2002 through 2005) and *Demographics USA*, Claritas Inc. (2006). Data for 2006 may not be comparable with prior years due to change in source.

### Construction Activity

The following graph sets forth the number of residential building permits issued for the City from calendar year 2002 through 2006.



Source: *Construction Industry Research Board*.

### Community Facilities

Richmond area residents have access to modern health care facilities. The Richmond area has one general hospital, Doctors Hospital in San Pablo – neighboring Richmond – plus the Kaiser Hospital Facility located in downtown Richmond. Richmond also has several convalescent hospitals. The Richmond area offers a variety of leisure, recreational and cultural

resources, from boating, fishing and hiking, to live theater, golf, tennis and team athletics. Three regional parks are on the shoreline: Point Pinole, George Miller Jr./John T. Knox, Ferry Point and Point Isabel. In addition, the City is home to the Rosie the Riveter/World War II Home Front National Historical Park. The City operates a public marina (775 boat berths at Marina Bay), four large community parks (Point Molate Beach Park, Hilltop Lakeshore Park, Nicholl Park, and Marina Park and Green), 25 neighborhood parks ranging in size from one to 22 acres, many play lots and mini parks, and seven community centers.

In addition, the City operates a disabled person's recreation center, a sports facility, two senior centers (Richmond Senior Center and Richmond Annex Senior Center), the Richmond Museum, the Richmond Municipal Auditorium, the Richmond Swim Center, Coach Randolph Pool, the Washington Fieldhouse, the Veterans Memorial Auditorium, and the Richmond Public Library. The Richmond Art Center, a privately funded arts organization, is partly supported by the City of Richmond.

Also in Richmond are several private yacht harbors, golf and country clubs, and community theaters. Within 30-45 minutes by BART or car are the cultural resources of other cities in the East Bay and Bay Area, including Oakland, Berkeley and San Francisco.

East Bay Regional Park District (EBRPD) maintains one regional park, four regional shorelines, and one regional preserve within Richmond. One additional parkland facility, the 214-acre Kennedy Grove Regional Recreation Area, is located in an unincorporated area of the County bordering on the City at the eastern end of El Sobrante Valley. The four regional shorelines presently owned and maintained by EBRPD represent a substantial portion of the City's shoreline. The regional shorelines and Wildcat Canyon Park are used not only by residents of the City but also by the general public within the Bay Area region.

## **Transportation**

The City is a central transportation hub in the Bay Area, offering convenient access throughout the region and well into central California. The City's port facilities, railroads and proximity to international airports are complemented by a network of freeways and public transportation services.

### *Freeways*

Existing and new highways have made travel to and through the City more efficient and convenient. Interstate 80, which passes through the City, is a direct route to Oakland, San Francisco, Vallejo, Fairfield and Sacramento. Interstate 580 (the John T. Knox Freeway) provides continuous freeway access from Richmond's South Shoreline area to East Bay communities and to Marin County, and is stimulating new commercial, industrial and residential development along Richmond's South Shoreline. Similarly, completion of the Richmond Parkway through North Richmond in 1996 improves vehicular access between Marin and communities to the north and east on Interstate 80, while opening major tracts of land along the City's north shoreline for new development.

### *Port and Rail*

The City's deep water port is California's third largest in annual tonnage, handling more than 20.8 million metric tons of general, liquid and dry bulk commodities each year, over 90% of which is in bulk liquids, the majority of which arrive at the private Chevron USA Long Wharf facility (the "Chevron Terminal"). The Port of Richmond (the "Port") is comprised of seven City owned terminals, five dry docks and 11 privately-owned terminals. One of the City-owned terminals (Terminal One) is currently in the process of being sold to a developer for use as a residential development. In early 2004, the City entered into a lease with Auto Warehousing Company for the operation on City property of an auto importation business, which has been handling approximately 90,000 automobiles per year arriving on ships from South Korea. Private terminals are responsible for almost 95% of the Port's annual tonnage. On dock rail service is provided to many port terminals by the Burlington Northern Santa Fe ("BNSF") and the Union Pacific. The Port, together with the BNSF operations, serves as an intermodal rail facility. Interstate 580 has enhanced truck access to the Port.

The Port handles a widely varied assortment of cargo, although over 90% of the annual tonnage is in liquid bulk cargo, most of which is shipped through the Chevron Terminal. Principal liquid bulk cargoes are petroleum and petroleum products, chemicals and petrochemicals, coconut oil and other vegetable oils, tallow and molasses. Dry bulk commodities include coal, gypsum, iron, ore, cement, logs and various mineral products. Automobiles, agricultural vehicles, steel products, scrap metals, and other diversified break bulk cargoes are also a significant part of the Port's business.

The City is currently undertaking a 10-year Port expansion plan that is designed to increase the capacity and profitability of the Port.

### *Regional Airports*

Oakland International Airport (18 miles away) and San Francisco International Airport (28 miles away) provide the City with world-wide passenger and freight service. In addition, Concord's Buchanan Field, in central Contra Costa County, is 25 miles to the east and provides limited scheduled service and general aviation services.

### *Public Transit*

The public is served by the San Francisco Bay Area Rapid Transit System ("BART") with a station conveniently located in downtown Richmond; AMTRAK passenger train service is available from a station adjacent to the Richmond BART station; and AC Transit offers local bus service within the City, to other East Bay communities and to San Francisco.

### **Utilities**

Electric power and natural gas services to the City are supplied by Pacific Gas & Electric Co. Telephone services to the City are supplied by AT&T. Water services to the City are supplied by East Bay Municipal Utility District. Sewer services to the City are supplied by West Contra Costa Sanitary District, Richmond Municipal Sewer District and Stege Sanitary District.

## **Education**

The City comprises a portion of the attendance area of the West Contra Costa Unified School District, which comprises 42 elementary schools (18 of which are located in the City), seven middle schools (two of which are located in the City), and 14 high schools and alternative schools (six of which are located in the City) and has a total K-12 enrollment of approximately 35,000 students. In addition, private schools operate in the City and several institutions of higher education are located in or near the City, including the University of California at Berkeley, Contra Costa College, Diablo Valley College, Los Medanos College, the California Maritime Academy, California State University – East Bay, San Francisco State University, and the University of California at San Francisco.