NEW ISSUE - BOOK ENTRY ONLY **RATING: S&P: SP-1+**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City of Richmond, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest with respect to the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel, interest with respect to the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest with respect to the Notes. See "TAX MATTERS."

$10,850,000
CITY OF RICHMOND, CALIFORNIA
2010-2011 TAX AND REVENUE ANTICIPATION NOTES
INTEREST RATE: 2.00%
PRICED TO YIELD: 0.60%
CUSIP NO.: 764411BK9†

Dated: Date of Delivery **Due: July 14, 2011**

The City of Richmond, California (the "City") 2010-2011 Tax and Revenue Anticipation Notes (the "Notes") are being issued to finance the seasonal cash flow requirements of the City during the fiscal year ending June 30, 2011. The Notes will be issued as fixed-rate notes in fully registered form. The Notes, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchases of the Notes will be made only through DTC Participants under the book-entry system maintained by DTC in denominations of $5,000 or any integral multiple thereof. Purchaser(s) will not receive certificates representing their ownership interest in the Notes purchased.

The Notes will be dated the date of delivery thereof and will not be subject to redemption prior to maturity. The Notes will bear interest at a fixed rate per annum from their dated date. Principal of and interest on the Notes are payable at maturity on July 14, 2011.

In accordance with California law, the Notes are general obligations of the City, but are payable only out of the taxes, income, revenue, cash receipts and other general fund moneys of the City attributable to Fiscal Year 2010-11 and legally available for payment thereof. The City is not authorized to levy or collect any tax for the repayment of the Notes. See "THE NOTES–Security for the Notes."

This cover page contains certain information for quick reference only and is ***not*** a summary of the transaction. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Notes are offered when, as and if issued by the City and received by the Underwriter, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the City. Certain other legal matters will be passed upon for the City by the City Attorney and for the City and the Underwriter by Lofton & Jennings, San Francisco, California, Disclosure Counsel. It is anticipated that the Notes in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about July 15, 2010.

WEDBUSH

Date of Official Statement: July 8, 2010

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Notes. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information and expressions of opinions herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the City, since the date hereof. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Electronic Municipal Market Access site maintained by the Municipal Securities Rulemaking Board

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Notes to certain dealers and others at prices lower than the public offering price set forth on the cover page hereof and said public offering price may be changed from time to time by the Underwriter.

The issuance and sale of the Notes have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

The City maintains a website. Unless specifically indicated otherwise, the information presented on that website is ***not*** incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Notes.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements contained in this Official Statement reflect not historical facts but forecasts and “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” expect,” “intend,” “believe,” “plan,” “budget,” and similar expressions are intended to identify forward-looking statements. Projections, forecasts, assumptions, expressions of opinions, estimates and other forward statements are not to be construed as representations of fact and are qualified in their entirety by the cautionary statements set forth in this Official Statement.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur or do not occur.

Appendix A to this Official Statement contains information concerning the ratings assigned by the Moody’s Investors Service, Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. and Fitch, Inc. for the Swap Counterparties and the Guarantors of the Swap Counterparties, if any (each as defined herein). Such ratings reflect only the view of the agency giving such rating and are provided for convenience of reference only. Such rating information has been obtained from sources believed to be reliable but has not been confirmed or re-verified by such rating agencies. Neither the City nor the Underwriter takes any responsibility for the accuracy of such ratings, gives any assurance that such ratings will apply for any given period of time, or that such ratings will not be revised downward or withdrawn if, in the judgment of the agency providing such rating, circumstances so warrant.

TABLE OF CONTENTS

LIST OF TABLES

CITY OF RICHMOND

GOVERNING BOARD/CITY COUNCIL

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

CITY ADMINISTRATION

William A. Lindsay, *City Manager*
James C. Goins, *City Finance Director*
Steve Duran, *City Community & Economic Development Director*
Randy Riddle, *City Attorney*

SPECIAL SERVICES

Orrick, Herrington & Sutcliffe LLP
San Francisco, California
Bond Counsel

Lofton & Jennings
San Francisco, California
Disclosure Counsel

Tamalpais Advisors, Inc.
Sausalito, California
Financial Advisor

Union Bank, N.A.
San Francisco, California
Paying Agent

$10,850,000
CITY OF RICHMOND, CALIFORNIA
2010-2011 TAX AND REVENUE ANTICIPATION NOTES

INTRODUCTION

The purpose of this Official Statement, which includes the front cover through the attached Appendices, is to provide certain information concerning the issuance, sale and delivery of $10,850,000 principal amount of 2010-2011 Tax and Revenue Anticipation Notes (the "Notes") of the City of Richmond, California (the "City"). Issuance of the Notes will provide moneys to help meet Fiscal Year 2010-11 City General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the City.

The Notes are authorized by and are being issued in accordance with Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the Government Code of the State of California (the "Act"), and Resolution No. 64-10 adopted by the City Council on June 1, 2010, entitled "Resolution Authorizing the Issuance and Sale of Not to Exceed $30,000,000 City of Richmond, California, 2010-2011 Tax and Revenue Anticipation Notes" (the "Resolution").

The Notes are issued subject to the Act and the terms and conditions of the Resolution. Pursuant to California law, the Notes and the interest thereon are general obligations of the City payable from and secured by a pledge of unrestricted taxes, income, revenue, cash receipts and other General Fund moneys received by the City attributable to Fiscal Year 2010-11 and lawfully available therefor. See "THE NOTES–Security for the Notes."

THE NOTES

General

The Notes will be issued in fully registered form in the principal amount of $10,850,000. The Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchaser(s) will not receive certificates representing their ownership interest in the Notes purchased. See APPENDIX F– "DTC AND THE BOOK-ENTRY ONLY SYSTEM." Beneficial ownership interests in the Notes may be transferred only in accordance with the rules and procedures of DTC.

The Notes will be dated the date of issuance thereof and will pay interest at maturity of the Notes on July 14, 2011. The Notes are not subject to redemption prior to maturity. Principal of the Notes is payable at maturity.

The Notes will be issued in denominations of $5,000 or any integral multiple thereof ("Authorized Denominations") and will bear interest at the rate per annum set forth on the cover page hereof. Interest on the Notes will be computed on the basis of twelve 30-day months and a 360-day year. Principal and interest payable at maturity will be payable in immediately available funds to the registered owners of the Notes, upon presentation and surrender of the Notes at the office of Union Bank, N.A., as initial paying agent for the Notes (the "Paying Agent") in San Francisco, California, upon the maturity thereof. No interest will be payable on any Note for any period after maturity during which the registered owner thereof fails to properly present such Note for payment.

As long as the Notes are held by DTC or a successor securities depository, ownership of the Notes will be evidenced by book-entry as described in APPENDIX F–"DTC AND THE BOOK-ENTRY ONLY SYSTEM." Principal of and interest on the Notes will be payable when due on behalf of the City by the Paying Agent to DTC which will, in turn, remit such principal and interest to its Participants, which will, in turn, remit such principal and interest to the Indirect Participants or Beneficial Owners of the Notes. See APPENDIX F–"DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Authority for Issuance

The Notes are issued under the authority of the Act and pursuant to the Resolution and are subject to the terms and conditions of the Act and the Resolution.

Purpose of Issue

The Notes are being issued to finance the General Fund of the City cash flow requirements during Fiscal Year 2010-11 (July 1, 2010 through June 30, 2011). General Fund expenditures tend to occur in level amounts throughout the Fiscal Year. Conversely, receipts have followed an uneven pattern attributable primarily to: (i) secured property tax collections being concentrated in December and April and (ii) non-uniform receipt of sales taxes and utility users taxes from other governmental agencies, which are the two largest sources of City revenues. The proceeds received from the sale of the Notes will allow the City to cover periods of cash flow deficits resulting from such uneven flow of revenues and are an alternative to borrowing from City-held pooled investment funds. The proceeds of the Notes will be invested in the City Investment Portfolio (the "City Portfolio") until expended. See "CITY OF RICHMOND INVESTMENT PORTFOLIO."

Security for the Notes

The 2010-11 Tax and Revenue Anticipation Notes issued under the Resolution (in the principal amount of $10,850,000 are secured by a pledge of taxes, income, revenue, cash receipts and other moneys which are received by the City for the General Fund for Fiscal Year 2010-11 and which are lawfully available for the payment of current expenses and other obligations of the City (the "Unrestricted Revenues"). As security for the payment of the principal of and interest on the Notes, the City pledges to deposit in trust in a special fund designated as the "2010-11 Tax and Revenue Anticipation Note Repayment Fund" (the "Repayment Fund") (i) an amount equal to 30% of the principal amount of the Notes from the first Unrestricted Revenues received by the City during the month ending December 31, 2010, inclusive (the "First Pledge Period"), (ii) an amount equal to 25% of the principal amount of the Notes from the first Unrestricted Revenues received by the City during the month ending February 28, 2011, inclusive (the "Second Pledge Period"), and (iii) an amount equal to 45% of the principal amount of the Notes from the first Unrestricted Revenues received by the City during the month ending April 30, 2011, inclusive (the "Third Pledge Period"), and together with an amount sufficient (net of anticipated earnings on moneys in the Repayment Fund) to (x) satisfy and make up any deficiency in the Repayment Fund with respect to any prior Pledge Period and (y) pay the interest on the Notes due upon maturity. The amounts pledged by the City for deposit into the Repayment Fund from the Unrestricted Revenues received during each indicated accounting period, are called the "Pledged Revenues."

Pursuant to Section 53856 of the Government Code of the State of California (the "Government Code"), the principal of the Notes and the interest thereon are a first lien and charge against, and are payable from, such pledged moneys. In addition to such pledged moneys, pursuant to Section 53857 of the Government Code, the Notes are general obligations of the City, and, to the extent not paid from

Unrestricted Revenues of the City pledged for the payment thereof, shall be paid with interest thereon only from any other moneys of the City lawfully available therefor. The City is not authorized to levy or collect any tax for the repayment of the Notes.

In accordance with the terms of the Resolution, if insufficient Unrestricted Revenues are received by the City by the third business day prior to the end of any such Pledge Period to permit deposit into the Repayment Fund of the full amount of the Pledged Revenues required to be deposited with respect to such Pledge Period, then the amount of any deficiency in the Repayment Fund is required to be satisfied and made up from any other moneys of the City lawfully available for the payment of the principal of the Notes and the interest thereon, as provided in Sections 53856 and 53857 of the Government Code (the "Other Pledged Moneys"), on such date or thereafter on a daily basis, when and as such Pledged Revenues and Other Pledged Moneys are received by the City. The Resolution provides that such amounts may not be used for any other purpose and may be invested only in Permitted Investments. See "–Investment of the Repayment Fund" and "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION–Permitted Investments."

The Pledged Revenues are required to be deposited by the Finance Director in the Repayment Fund on or prior to the last business day of each respective Pledge Period, and applied as directed in the Resolution; and the Other Pledged Moneys, if any, are required to be deposited by the Finance Director in the Repayment Fund on the last business day of such Pledge Period and on each business day thereafter, until the full amount of the moneys required by Resolution has been so deposited in the Repayment Fund; provided that, if on the date that is six months from the date of issuance of the Notes all amounts attributable to the proceeds of the Notes (including investment earnings thereon) have not been expended in accordance with the Resolution, the amounts to be deposited in the Repayment Fund during the period in which received are required to be deposited as soon as received.

On November 5, 2009, $17,800,000 principal amount of California Communities Tax and Revenues Anticipation Note Program Note Participating Series 2009A-8 (City of Richmond) (the "2009 Notes") that mature on November 4, 2010 were issued on behalf of the City. The City has deposited funds in a payment account held by a trustee in the amount sufficient to fully repay the 2009 Notes at maturity.

Lien in Bankruptcy

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county, but was not required to directly address the State statute that provides for the lien in favor of holders of tax and revenue anticipation notes. The City is in possession of all of the taxes and other revenues that will be set aside and pledged to repay the Note evidenced by the Notes, and these funds and other funds held by the Paying Agent may be invested in various commingled investment pools or other instruments. In the event of a petition for the adjustment of debts of the City under Chapter 9 of the federal bankruptcy code, a court might hold that the Owners of the Notes do not have a valid and/or prior lien on the Pledged Revenues where such amounts are deposited in a commingled investment pool.

Investment of the Repayment Fund

Moneys in the Repayment Fund will be invested in one or more instruments of the types included in the definition of Permitted Investments, other than as described in clause (vi) thereof. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION–Permitted Investments." The proceeds of any such investments will retained in the Repayment Fund until payment of principal of and interest on the Notes (or provision therefor) has been made, at which time any excess amount will deposited by the Treasurer in the General Fund of the City.

Available Sources of Payment

In accordance with California law, the Notes are general obligations of the City, but are payable only out of the unrestricted taxes, income, revenue, cash receipts and other moneys received for the General Fund of the City attributable to Fiscal Year 2010-11 and legally available for payment thereof. Under the Act, no obligations, including the Notes, may be issued thereunder if the principal thereof and interest thereon exceeds 85% of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts and other moneys which will be available for payment of such principal and interest. The principal amount of Notes and interest thereon equals $11.1 million which represents approximately 8.6% of the estimated sources available for payment of the Notes.

The City estimates that the total moneys available for payment of the Notes will be in excess of $131 million as indicated in Table 1. Except for pledged amounts, these moneys will be expended during the course of Fiscal Year 2010-11, and no assurance can be given that any moneys, other than the pledged amounts, will be available to pay the Notes and the interest thereon. For detailed information regarding estimated debt service coverage at each respective pledge period for the Notes, see Table 4–"City of Richmond Estimated Cash Flows for Fiscal Year 2010-11."

Table 1
CITY OF RICHMOND
ESTIMATED GENERAL FUND UNRESTRICTED REVENUES
JULY 1, 2010 THROUGH JUNE 30, 2011[(1)]

Sources	Amount ($ in 000's)
Property Taxes	$25.550
Sales and Use Taxes	23.984
Utility Users Tax	50.924
Other Taxes	7.710
Licenses, Permits and Franchise Fees	4.006
Use of Money and Property	0.555
Charges for Current Services	0.936
Other Revenue	6.211
Operating Transfers In	11.581
Total	131.457
Less amount pledged for payment of the Notes[(2)]	11.100
Net Total in excess of pledged revenues	$120.357

(1) The budgeted revenues of the City are set forth in the Fiscal Year 2010-11 Adopted Budget which was approved on June 22, 2010; the estimated cash flows related to said budgeted revenues are presented in Table 4–"Projected Cash Flows for Fiscal Year 2010-11," with the amounts in Table 4 reflecting estimated cash from July 1, 2010 through the accounting period ending June 30, 2011.

(2) Based on $10.85 million principal amount of Notes plus an amount equal to interest thereon calculated at the rate of 2% per annum, assuming delivery on July 15, 2010.

Source: City of Richmond Finance Department.

Intrafund Borrowing Capacity

The City could temporarily borrow, for General Fund purposes, funds held by the City outside the General Fund ("intrafund borrowing"). The intrafund borrowing capacity (the "Intrafund Borrowing Capacity") of the City is projected to be approximately $23.5 million as of June 30, 2011. The City has used intrafund borrowing to address temporary cash shortfalls in the past but did not in Fiscal Year 2009-10 does not expect to do so in Fiscal Year 2010-11. Table 2 sets forth the estimated borrowable cash resources of the City as of June 30, 2010 and projected borrowable cash resources as of June 30, 2011.

Table 2
CITY OF RICHMOND
INTRAFUND BORROWING CAPACITY

Fund	Estimated Balance at June 30, 2010 ($ in millions)	Projected Minimum Balance in Fiscal Year 2010-11 ($ in millions)
Various City Governmental Funds	$2.7	$4.3
Insurance Reserves and Information Technology Fund	26.7	19.2
TOTAL	$29.4	$23.5

Source: City of Richmond Finance Department.

Cash Flow Projections

The Finance Department of the City (the "Finance Department") has prepared the following two-year summary of month-end cash balances in the General Fund. The estimated coverage factors (with and without the inclusion of alternative liquidity sources) for the Notes are shown at the bottom of Table 4. The cash flow projections are based on the Fiscal Year 2010-11 Adopted Budget. See APPENDIX A–"CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF RICHMOND–FINANCIAL OPERATIONS–City Budgets Process" and "–State Budgets–*Fiscal Year 2010-11*."

A maximum cumulative cash flow deficit (the "Deficit") of approximately $5.728 million is anticipated to occur in the General Fund in December 2010. Adding an estimated $6.504 million working capital reserve to the Deficit results in a maximum permissible size of approximately $12.232 million for the Notes. Taking into account: (a) any unrestricted monies that are expected to be available from sources other than the General Fund to address the projected Deficit and (b) the likelihood that the projected cash flows are susceptible to forecast error, the City has elected to issue the Notes in a principal amount that is equal to approximately 89% of such maximum sizing.

Table 3A sets forth the actual and projected cash flows for Fiscal Year 2009-10 and Table 3B explains the variances in cash flow between the actual and projected Fiscal Year 2009-10 cash flows compared to the projected Fiscal Year 2009-10 cash flows at the time the 2009 Notes were issued.

Table 4A sets forth the projected cash flows for Fiscal Year 2010-11, assuming issuance of the Notes. Table 4B explains the variances between the projected cash flows for Fiscal Year 2010-11 and the actual and projected cash flows for Fiscal Year 2009-10.

Table 3A
CITY OF RICHMOND
ACTUAL AND PROJECTED CASH FLOWS FOR FISCAL YEAR 2009-10
($ IN THOUSANDS)

ACCOUNTING PERIOD ENDING	Actual July 2009	Actual August 2009	Actual September 2009	Actual October 2009	Actual November 2009	Actual December 2009
BEGINNING BALANCE	$15,815	$11,653	$6,806	$1,815	$5,531	$18,556
RECEIPTS:						
Property Taxes	$–	$–	$–	$1,251	$–	$15,607
Sales & Use Tax	971	1,198	1,553	137	1,240	2,615
Utility Users Tax	2,952	2,973	644	5,172	2,232	3,405
Other Taxes	288	545	88	825	303	263
Licenses, Permits & Fees	136	78	152	30	478	311
Use of Money And Property	0	20	22	0	101	67
Charges For Services	43	8	10	4	4	8
Other Revenue	392	100	1,857	5,773	51	1,926
Operating Transfers In	–	–	–	–	–	–
Notes Sold	–	–	–	–	17,917	–
Intra Fund Borrowing	–	–	–	–	–	–
TOTAL RECEIPTS	$4,782	$4,922	$4,326	$13,192	$22,325	$24,199
DISBURSEMENTS:						
Salaries And Benefits	$8,129	$8,435	$7,885	$8,207	$7,740	$8,195
Professional & Administration	63	348	427	419	254	449
Other Operating	175	308	341	196	422	537
Other Expenditures	39	679	664	654	885	9,904
Operating Transfers Out	538	–	–	–	–	3,333
Interest Expense – Note	–	–	–	–	–	–
Notes: Principal Repay	–	–	–	–	–	5,340
Intra Fund Borrow Repay	–	–	–	–	–	–
TOTAL DISBURSEMENTS	$8,944	$9,769	$9,317	$9,476	$9,301	$27,758
ENDING BALANCE	$11,653	$6,806	$1,815	$5,531	$18,556	$14,998
TRANs REPAYMENT FUND						
Beginning Balance	$0	$0	$0	$0	$0	$0
Receipts	0	0	0	0	0	5,340
Disbursements	0	0	0	0	0	0
Ending Balance	$0	$0	$0	$0	$0	$5,340

Coverage Factors (without Alternate Liquidity Sources):	3.81
Coverage Factors (with Alternate Liquidity Sources):	11.95
Alternate Liquidity	$43,500.0
Available Balance	$20,338

	Actual January 2010	Actual February 2010	Actual March 2010	Actual April 2010	Projected May 2010	Projected June 2010	Total
	$14,998	$17,770	$6,772	$6,260	$17,255	$12,321	$15,815
	$–	$(969)	$–	$14,372	$–	$1,546	$31,807
	5,576	1,438	1,363	881	6,291	2,386	25,648
	2,992	1,448	4,842	7,913	2,940	3,960	41,472
	367	200	106	1,786	471	1,252	6,493
	153	859	399	464	314	1,199	4,572
	41	27	23	5	26	160	492
	2	16	887	–	7	475	1,464
	144	74	797	969	173	746	13,002
	–	–	7,118	–	–	1,000	8,118
	–	–	–	–	–	–	17,917
	–	–	–	–	–	–	–
	$9,275	$3,092	$15,535	$26,390	$10,222	$12,724	$150,985
	$3,728	$7,660	$11,764	$8,202	$7,597	$7,584	$95,126
	342	260	380	374	317	1,165	4,799
	91	417	644	338	418	141	4,030
	2,315	2,193	1,836	2,002	1,981	2,983	26,134
	27	–	1,422	29	37	–	5,385
	–	–	–	–	356	–	356
	–	3,560	–	4,450	4,450	–	17,800
	–	–	–	–	–	–	–
	$6,503	$14,090	$16,047	$15,396	$15,156	$11,873	$153,628
	$17,770	$6,772	$6,260	$17,255	$12,321	$13,172	$13,172
	$5,340	$5,340	$8,900	$8,900	$13,350	$18,156	$0
	0	3,560	0	4,450	4,806	0	18,156
	0	0	0	0	0	0	18,156
	$5,340	$8,900	$8,900	$13,350	$18,156	$18,156	$0
		2.90		4.88	3.85		1.73
		15.12		14.65	13.62		4.20
		$10,332		$21,705	$17,127		$31,328

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TABLE 3B
CITY OF RICHMOND
EXPLANATION OF VARIANCES
FISCAL YEAR 2009-10 ACTUALS COMPARED TO FISCAL YEAR 2009-10 AT TIME OF THE 2009 NOTES
($ IN THOUSANDS)

ITEM	VARIANCE	EXPLANATION
BEGINNING BALANCES	$1,093	
RECEIPTS:		
Property Taxes	$890	Property taxes were higher than assumed in the budget
Sales & Use Tax	(115)	Lower receipts than expected due to ongoing weakness in the economy
Utility Users Tax	1,537	Relatively minor variance
Other Taxes	(1,895)	Moderately lower receipts than estimated
Licenses, Permits & Fees	(3,462)	Reduced residential building activity led to lower receipts
Use of Money and Property	(582)	Relatively minor variance
Charges for Services	(1,717)	Relatively minor variance
Other Revenue	7,003	Primarily reflects receipt of repayment of $5.58 million loan by Richmond Community Redevelopment Agency
Operating Transfers In	1,529	Relatively minor variance
Notes Sold	17	Difference is due to premium received
Intra Fund Borrowing	(1,000)	Relatively minor variance
TOTAL RECEIPTS	2,205	
DISBURSEMENTS:		
Salaries and Benefits	$8,554	Higher than projected, primarily due to police overtime
Professional & Administration	(2,085)	Somewhat lower than projected, due to hiring freeze implemented mid-year
Other Operating	1,891	Relatively minor variance
Other Expenditures	(228)	Relatively minor variance
Operating Transfers Out	1,085	Relatively minor variance
Interest Exp - Notes	–	No variance
Notes: Principal Repay	–	No variance
If Borrow Repay	(1,000)	Relatively minor variance
TOTAL DISBURSEMENTS	$8,217	
ENDING BALANCE	$(4,919)	

Table 4A
CITY OF RICHMOND
PROJECTED CASH FLOWS FOR FISCAL YEAR 2010-11
($ IN THOUSANDS)

ACCOUNTING PERIOD ENDING	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010
BEGINNING BALANCE	$13,172	$30,764	$25,096	$21,150	$16,446	$9,810
RECEIPTS:						
Property Taxes	$–	$–	$–	$–	$–	$14,053
Sales & Use Tax	959	659	1,919	959	1,299	1,299
Utility Users Tax/Chevron Settlement	13,683	2,818	2,455	2,865	2,046	2,455
Other Taxes	694	154	463	540	386	463
Licenses, Permits & Fees	348	75	243	276	220	235
Use of Money and Property	46	35	32	36	29	31
Charges for Services	81	18	57	64	51	55
Other Revenue	398	126	211	227	199	2,206
Operating Transfers In	–	–	2,895	–	–	2,895
Notes Sold	10.902	–	–	–	–	–
Intra Fund Borrowing	–	–	–	–	–	–
TOTAL RECEIPTS	$27,112	$3,885	$8,275	$4,967	$4,230	$23,692
DISBURSEMENTS:						
Salaries and Benefits	$7,259	$7,322	$7,385	$7,403	$7,268	$8,574
Professional & Administration	258	251	301	313	848	295
Other Operating	346	322	316	441	611	983
Other Expenditures	1,658	1,657	1,860	1,514	2,138	1,653
Operating Transfers Out	–	–	2,359	–	–	2,359
Interest Expense – Notes	–	–	–	–	–	–
Notes: Principal Repay	–	–	–	–	–	3,255
Intra Fund Borrow Repay	–	–	–	–	–	–
TOTAL DISBURSEMENTS	$9,520	$9,553	$12,222	$9,672	$10,866	$17,118
ENDING BALANCE	$30,764	$25,096	$21,150	$16,446	$9,810	$16,383
TRANs REPAYMENT FUND						
Beginning Balance	$0	$0	$0	$0	$0	$0
Receipts	0	0	0	0	0	3,255
Disbursements	0	0	0	0	0	0
Ending Balance	$0	$0	$0	$0	$0	$3,255
					Coverage Factors (without Alternate Liquidity Sources):	6.03
					Coverage Factors (with Alternate Liquidity Sources):	13.25
					Alternate Liquidity	$23,500.0
					Available Balance	$19,638

	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011	Total
	$16,383	$18,683	$11,538	$8,588	$10,316	$12,117	$13,172
	$–	$–	$–	$10,220	$–	$1,278	$25,550
	5,756	1,299	959	959	5,756	2,159	23,984
	4,720	2,865	2,865	4,092	4,120	5,939	50,924
	1,052	540	540	771	1,002	1,106	7,710
	566	265	276	383	521	598	4,006
	75	35	37	51	69	79	555
	132	62	64	89	122	140	936
	374	221	1,227	281	351	390	6,211
	–	–	2,895	–	–	2,895	11,581
	–	–	–	–	–	–	10,902
	–	–	–	–	–	–	–
	$12,676	$5,287	$8,863	$16,846	$11,942	$14,583	$142,359
	$7,430	$7,466	$7,295	$7,331	$7,439	$7,890	$90,063
	394	277	358	443	387	840	4,965
	468	467	639	371	285	370	5,620
	2,083	1,509	1,163	1,875	2,029	2,265	21,404
	–	–	2,359	–	–	2,359	9,436
	–	–	–	216	–	–	216
	–	2,713		4,883	–	–	10,850
	–	–	–	–	–	–	–
	$10,376	$12,432	$11,813	$15,119	$10,141	$13,723	$142,554
	$18,683	$11,538	$8,588	$10,316	$12,117	$12,977	$12,977
	$3,255	$3,255	$5,968	$5,968	$11,066	$11,066	$0
	0	2,713	0	5,099	0	0	11,066
	0	0	0	0	0	0	11,066
	$3,255	$5,968	$5,968	$11,066	$11,066	$11,066	$0
Coverage Factors (without Alternate Liquidity Sources):		5.25		3.11			2.22
Coverage Factors (with Alternate Liquidity Sources):		13.92		7.93			4.38
Alternate Liquidity Available Balance		$14,251		$15,198			$24,043
						Cash Percentage	9.87%

Table 4B
CITY OF RICHMOND
EXPLANATION OF MAJOR VARIANCES
FISCAL YEAR 2010-11 COMPARED TO FISCAL YEAR 2009-10 ACTUALS
($ IN THOUSANDS)

ITEM	VARIANCE	EXPLANATION
BEGINNING BALANCES	$(2,643)	
RECEIPTS:		
Property Taxes	$(6,257)	City expects property taxes to decline due to expected weaker assessed valuation
Sales & Use Tax	(1,664)	A decrease expected per MuniFinancial's projections
Utility Users Tax	9,452	Significant increase expected due to new Chevron settlement; $10 million coming July 2010
Other Taxes	1,217	A modest increase expected
Licenses, Permits & Fees	(567)	A modest decline is expected due to ongoing housing sector weakness
Use of Money and Property	63	Minor variance
Charges for Services	(528)	Minor variance
Other Revenue	(6,791)	Reflects nonrecurrance of Richmond Community Redevelopment Agency loan repayment made in Fiscal Year 2009-10
Operating Transfers In	3,463	Relatively minor variance
Notes Sold	(7,015)	Reflects smaller TRANs size in Fiscal Year 2010-11
Intra Fund Borrowing	–	No intrafund borrowing activity expected in Fiscal Year 2010-11
TOTAL RECEIPTS	(8,626)	
DISBURSEMENTS:		In Fiscal Year 2009-10, salaries were higher due to about $8.0 million of police overtime costs that the City does not expect to fully recur in Fiscal Year 2010-11
Salaries and Benefits	$(5,062)	Relatively Minor variance
Professional & Administration	166	A modest increase expected
Other Operating	1,590	Reflects $4,758 lower Cost Pool expenses and $305 of lower grant expenditures
Other Expenditures	(4,730)	Includes amounts to cover deficits in Planning and Building ($2.8 million), Engineering ($1.0 million), and Code Enforcement ($2.2 million)
Operating Transfers Out	4,051	Minor change expected
Interest Exp - Notes	(140)	Smaller TRANs size in Fiscal Year 2010-11
Notes: Principal Repay	(6,950)	No intrafund borrowing activity expected in Fiscal Year 2010-11
If Borrow Repay	–	City expects property taxes to decline due to expected weaker assessed valuation
TOTAL DISBURSEMENTS	$(11,074)	
ENDING BALANCE	$(195)	

For more information on the City, see APPENDIX A–"CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF RICHMOND."

CITY INVESTMENT PORTFOLIO

The City's investment policy (the "Investment Policy") provides guidelines for City officers charged with the investment of idle cash to ensure prudent investment and cash management practices. The Investment Policy establishes three criteria for selecting investment vehicles: safety, liquidity and yield. The Investment Policy states that an adequate percentage of the portfolio should be maintained in liquid short-term securities that can be converted to cash if necessary to meet disbursement requirements and that yield or "rate of return" on an investment should be a consideration only after the requirements of safety and liquidity are met. An updated Investment Policy was adopted by the City Council on July 9, 2009. For a summary of the Investment Policy, see APPENDIX C–"SUMMARY OF THE CITY INVESTMENT POLICY."

The Director of Finance is required to report monthly on the City's pooled funds to the City Manager and City Council and to report quarterly on other investments, such as pension funds and bond funds managed by a trustee.

The Investment Policy allows the City to invest in various instruments that have maturities of five years or less at the time of purchase. These investments generally include United States Treasury notes, bonds and bills or certificates of indebtedness or those for which the full faith and credit of the United States are pledged for the payment of principal and interest; registered state warrants or treasury notes or bonds of the State; bonds, notes, warrants or other evidences of indebtedness of any local agency within the State rated "A" or better by a nationally recognized rating service; bonds and notes of federally sponsored agencies; negotiable certificates of deposit issued by a federal- and state- chartered bank or a federal and state savings and loan association or by any state-licensed branch of a foreign bank; medium term corporate notes with a maximum of five years maturity issued by corporations organized and operating in the United States and rated "A" or better by a nationally recognized rating service; commercial paper of "prime quality" of the highest ranking or of the highest letter and numerical rating as provided by Moody's Investors Service or Standard & Poor's; bankers acceptances, repurchase agreements with a term not exceeding one year and secured by collateral securities whose market value is 102% or greater of the funds borrowed against those securities; reverse repurchase agreements approved by the City Council; money market mutual funds; the Local Agency Investment Fund of the State; and collateralized time deposits placed with State-chartered commercial banks and savings and loan associations. The City may invest in securities with maturities greater than five years from the date of investment if the City Council has expressly authorized that investment.

The City has not purchased and does not own directly or indirectly any asset-backed securities, mortgage-backed securities, collateralized debt obligations or other securities backed by or derived from "sub-prime" or "Alt-A" mortgages.

The Investment Policy prohibits investments in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, any security that could result in zero interest accrual if held to maturity, other than investments in authorized money market mutual funds, and in companies involved in the manufacturing of tobacco and tobacco-related products.

On July 27, 2009, the Finance Department was formally recognized for having its written Investment Policy certified by the Association of Public Treasurers of the United States and Canada (the "Association"). The Finance Department is one of 21 governments to have its investment policy certified by the Investment Policy Certification Program (the "Program") of the Association. The Program was instituted in 1990 in an effort to assisting State and local governments interested in drafting or imposing upon an existing investment policy.

The par value, market value, adjusted cost basis and percent of total investments for each category of the City's investments, as of April 30, 2010, are set forth in Table 5.

Table 5
City of Richmond
Schedule of Investments
as of April 30, 2010

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term (Days)	Days to Maturity	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Local Agency Investment Fund	$27,567,449.02	$27,567,449.02	$27,567,449.02	23.95%	1	1	0.580	0.588
Money Markets	26,524,219.53	26,524,219.53	26,524,219.53	23.04	1	1	0.234	0.237
Federal Agency Issues - Coupon	57,500,000.00	57,743,210.00	57,439,481.97	49.90	1,789	287	3.021	3.063
Sweep Account	3,579,380.38	3,579,380.38	3,579,380.38	3.11	1	1	0.286	0.290
SUBTOTAL	$115,171,048.93	$115,414,258.93	$115,110,530.90	100.00%	893†	144†	1.709	1.733
Cash and Accrued Interest		78,912.50	78,912.50					
Total Cash and Investments	$115,171,048.93	$115,493,171.43	$115,189,443.40		893†	144†	1.709	1.733

Total Earnings	April 30, 2010 Month Ending	Fiscal Year to Date
Current Year	$169,671.26	$1,748,777.85
Average Daily Balance	100,121,228.26	99,894,016.97
Effective Rate of Return	2.06%	2.10%

† Represents an average.
Source: City of Richmond.

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a summary of certain provisions of the Resolution. This summary is not to be considered a full statement of the terms of the Resolution and accordingly is qualified by reference thereto and is subject to the full text thereof. Except as otherwise defined herein, capitalized terms used in this Official Statement without definition have the respective meanings set forth in the Resolution.

Resolution to Constitute Contract

The provisions of the Notes and of the Resolution constitute a contract between the City and the registered owners of the Notes and such provisions may be enforceable by mandamus or any other appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction, and, upon issuance of the Notes, will be irrepealable. See also "THE NOTES–Lien in Bankruptcy."

Representations and Covenants of the City

The City has determined and represents in the Resolution that with respect to Fiscal Year 2010-11, the amount of $30,000,000 (the maximum authorized principal amount of the Notes) when added to the interest estimated to be payable thereon, does not exceed 85% of the estimated amount of the uncollected taxes, income, revenue, cash receipts, and other moneys of the General Fund of the City attributable to Fiscal Year 2010-11 and available for the payment of the principal of and the interest on the Notes.

In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes, the City covenants to comply with each applicable requirement of the Internal Revenue Code of 1986, as amended, necessary to maintain the exclusion of interest on the Notes from gross income for federal income tax purposes and the City agrees to comply with the requirements of the Tax Certificate of the City. The City further covenants that it will make all calculations relating to any rebate of excess investment earnings on the Note proceeds due to the United States Department of the Treasury in a reasonable and prudent fashion and will segregate and set aside the amounts such calculations indicate may be required to be paid to the United States Department of the Treasury from revenues attributable to the 2010-11 Fiscal Year or from any other lawfully available moneys. See "TAX MATTERS."

Notwithstanding any other provision of the Resolution to the contrary, upon the failure of the City to observe, or refusal to comply with, the foregoing tax covenants, no one other than the owners or former owners of the Notes are entitled to exercise any right or remedy with respect to the failure of the City to observe or comply with such covenants under the Resolution.

Paying Agent and Note Registrar

Union Bank, N.A. will initially act as Paying Agent and as registrar for the Notes. This appointment does not preclude the City from appointing another financial institution to act as Paying Agent. Any such successor Paying Agent will be, or have co-paying agent relationships with, one or more banks or trust companies organized under the laws of the United States or a State thereof with a minimum of $500 million in capital.

Exchange and Transfer of the Notes

The registered owners of the Notes which are evidenced by registered certificates may transfer such Notes upon the books maintained by the Note Registrar, but only in accordance with the Resolution.

Pursuant to the Resolution, the City and any Paying Agent may deem and treat the registered owner of any Note as the absolute owner of such Note for the purpose of receiving payment thereof and for all other purposes, and neither the City nor the Paying Agent will have any responsibility for transmitting payments to, communicating with, notifying or otherwise dealing with any beneficial owners of the Notes, and neither the City nor any Paying Agent will be affected by any notice to the contrary. Cede & Co., as nominee of DTC, or such other nominee of DTC or any successor securities depository or the nominee thereof, will be the registered owner of the Notes as long as the beneficial ownership of the Notes is held in book-entry form in the records of such securities depository. See APPENDIX F–"DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Permitted Investments

Moneys on deposit in the Repayment Fund will be retained therein until applied to the payment of the principal of and interest on the Notes. Such amounts may not be used for any other purposes, although they may be invested in Permitted Investments, which will, as nearly as practicable, mature on or before the dates on which such money is anticipated to be required to pay principal of or interest on the Notes. The Resolution specifically designates the following investments as Permitted Investments, subject to certain limitations more fully described in the Resolution:

(i) United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

(ii) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board (FHLB); (b) Federal Farm Credit Bank (FFCB); (c) Government National Mortgage Association (GNMA); (d) Federal Agricultural Mortgage Association (FRM); and (e) guaranteed portions of Small Business Administration (SBA) notes.

(iii) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances. Purchases of bankers' acceptances may not exceed a maturity of 180 days. The financial institution must have a minimum short-term rating of "A-1" by S&P and a long-term rating of no less than "A."

(iv) Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by S&P ("A-1"). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars ($500,000,000). Purchases of eligible commercial paper may not exceed a maturity of 270 days.

(v) Negotiable certificates of deposits issued by a nationally or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank in each case which has, or which is a subsidiary of a parent company which has, the highest letter and numerical rating from S&P ("A-1").

(vi) Investments in repurchase agreements of any securities listed in clauses (i) through (iv) above. Investments in repurchase agreements may be made with financial institutions, which are rated in one of the two highest long-term rating categories by S&P, when the term of the repurchase agreement does not exceed 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with clause (ii) above.

(vii) Money market funds rated at least “AAm-G” by S&P.

(viii) Forward purchase and delivery agreements (a) the securities delivered under which are described in clauses (i) through (iv) above, and (b) entered into with, or the obligations of which are guaranteed by, a domestic bank, financial institution, broker, dealer or insurance company the financial capacity to honor its senior obligations of which is rated at least “AA-” by S&P.

(ix) Investment agreements with, or the obligations of which are guaranteed by, (a) a domestic bank, financial institution or insurance company the financial capacity to honor its senior obligations of which is rated at least “AA-” by S&P; or (b) a foreign bank the long-term debt of which is rated at least “AA-“ by S&P (each a “Qualified Provider”); provided, that, by the terms of the investment agreement:

(1) if for the Repayment Fund, interest and principal payments are to be made to the Paying Agent at times and in amounts as necessary to pay debt service on the Notes;

(2) if for the proceeds of the Notes, the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days’ prior notice (which notice may be amended or withdrawn at any time prior to the specified withdrawal date); provided, that, the Paying Agent shall give notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(3) the investment agreement states that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof;

(4) a fixed guaranteed rate of interest is to be paid on invested funds and all future deposits, if any, required to be made to such funds;

(5) the term of the investment agreement shall not exceed the term of the Notes;

(6) the City or the Paying Agent receives the opinion or opinions of domestic counsel (which opinion or opinions shall be addressed to the City and the Paying Agent) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms; and

(7) the investment agreement shall provide that if during its term the provider’s (or, if guaranteed, the guarantor’s) rating by S&P falls below “AA-” the provider must within 10 business days assign the investment agreement to a Qualified Provider reasonably acceptable to the City or collateralize the investment agreement by delivering or transferring in accordance with applicable State and federal laws (other than by means of entries on the provider’s books) to the City, the Paying Agent or a third party acting solely as agent therefor, United States Treasury and Agency Obligations which are free and clear of any third-party liens or claims at such collateral levels and valued at such frequencies as shall be necessary to maintain the highest short-term ratings on the Notes by S&P.

(x) Deposits in the State of California Treasurer’s Local Agency Investment Fund (LAIF).

(xi) Shares of beneficial interest issued by the Investment Trust of California (CalTRUST) pursuant to California Government Code Section 6509.7 and authorized for local agency investment pursuant to California Government Code Section 53601(o).

(xii) The City Investment Portfolio.

(xiii) The County of Contra Costa Investment Pool.

CERTAIN RISK FACTORS

Described below are certain factors which could impact the ability of the City to pay debt service on the Notes. See also APPENDIX A–"CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF RICHMOND" for certain financial and other information concerning the City. The following information does not purport to be an exhaustive listing of the risks and other considerations which may be relevant to an investment in the Notes and the order in which they are presented is not intended to reflect the relative important of such risks. There can be no assurance made that other risk factors will not become relevant in the future.

City Financial Stress

A variety of circumstances affecting the City (and other cities in the State) have resulted in significant financial stress on the City over the last few years. Certain of these circumstances are described in Appendix A, and include (i) the financial condition of the State, which resulted in decreased revenues from the State to the City; (ii) increases in labor costs, including police overtime amounts required to be paid by the City to fund current and future retirement benefits, resulting from the negotiation of labor agreements and enhancement of retirement benefits and the resulting impact on the required annual General Fund contribution to its employee pension plans; and (iii) increases in employee and retiree health care costs paid by the City. See APPENDIX A–"CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF RICHMOND–FINANCIAL OPERATIONS."

State Budget Finances

Approximately 46.7% of the City's General Fund revenues for Fiscal Year 2009-10 are expected to consist of payments collected by the State and passed-through to local governments or collected by the County and allocated to local governments by State law. Approximately 41.3% of the City's budgeted General Fund revenues for Fiscal Year 2010-11 are expected to come from such sources. There can be no assurance that current or future State budget difficulties will not adversely affect the City's revenues. See APPENDIX A–"CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF RICHMOND–FINANCIAL OPERATIONS–State Budgets" and "–Major General Fund Revenue Sources."

IRS Audit

The IRS has an ongoing program of examining tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is properly excluded from gross income for federal income tax purposes, and it is possible that the Notes may be selected for examination under such program. There is no assurance that an IRS examination of the Notes will not adversely affect the market value of the Notes. See "TAX MATTERS."

Risk of State or Local Legislation

The City relies on a number of revenue sources that could be borrowed, reduced or eliminated by State or local legislation, including, among others, property taxes, sales taxes and use taxes, license and permit fees and fines and penalties. There can be no assurance that the State or local government will not adopt legislation to borrow, reduce or eliminate one or more of these revenue sources. See APPENDIX A–"CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF RICHMOND–FINANCIAL OPERATIONS–State Budgets."

In addition, a number of statutes and constitutional amendments have been adopted as measures that qualified for the ballot through California's initiative process as described under "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS." There can be no assurance that other initiative measures will not be adopted affecting the revenues of the City.

Assessment Appeals and Reductions in Assessed Valuation

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county assessment appeals board (a "Proposition 8" appeal). In addition to reductions in assessed value resulting from Proposition 8 appeals, Proposition 8 also allows assessors to reduce assessed value unilaterally to reflect reductions in market value.

Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), a county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. In a similar manner, a county assessor may reassert the pre-appeal level of assessed value depending on the county assessor's determination of current value.

In addition to reductions in assessed value resulting from Proposition 8 appeals, California law also allows assessors to reduce assessed value unilaterally based on a general decline in market value of an area. Although Proposition 8 reductions are temporary only for those property that are not sold to new owners, and are otherwise expected to be eliminated under Proposition 13 if and when market conditions improve, no assurance is given that such reductions will be eliminated.

On September 3, 2006, the County Appeals Board ruled that the property taxes assessed against Chevron USA ("Chevron"), the largest secured taxpayer in the City, for Fiscal Years 2004-05 through 2006-07 were too high by a combined $1.2 billion and that Chevron had overpaid property taxes by at least $12.6 million. The County and Chevron have reached a tentative agreement on a repayment plan for $17.84 million refund owed to Chevron, of which $2.3 million will be refunded by the City. See APPENDIX A–"CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF RICHMOND–FINANCIAL OPERATIONS–Major General Revenue Sources–*Pending Assessment Appeals."*

Property tax revenues, which comprise approximately 20% of the revenues of the City, have been and are expected to be significantly affected by a reduction in taxable property assessed values due to successful property owner appeals and/or unilateral reductions by the County Assessor. See APPENDIX A–"CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF RICHMOND–FINANCIAL OPERATIONS–Major General Fund Revenue Sources–*Pending Assessment Appeals*."

Impact of the American Recovery and Reinvestment Act on the City

On February 17, 2009, the President of the United States signed the American Recovery and Reinvestment Act ("ARRA") into law. The ARRA intends to stimulate the economy by reducing taxes and creating jobs directly and indirectly through the funding of various infrastructure projects and other programs by up to $828 billion. One of the stated purposes of the ARRA is to stabilize state and local government budgets, in order to minimize and avoid reductions in essential services and increases in state and local taxes.

The City has benefited directly and indirectly from the ARRA. The ARRA includes a variety of funding mechanisms including block grants, competitive grants and loans. The ARRA also includes increases to some existing formula-based grants and payments. To date, the City has received $20.3 million from the ARRA.

The ARRA provides funds for the Energy Efficiency and Conversation Block Grant program, which would help state and local governments implement innovative practices to improve energy efficiency, lower energy usage, and reduce greenhouse gas emissions. Additional energy-efficiency programs funded by the ARRA that may benefit the City include grants to encourage electric transportation, federal aid to help state and local governments purchase efficient alternative fuel vehicles, and various grants and loans to state and local governments for diesel emissions reduction projects.

The ARRA also includes funding for road, highway and transit infrastructure improvements, including funding for upgrades and repairs to modernize existing transit systems.

The ARRA also provides funding for health information technology projects, including projects to computerize health records to cut costs and reduce medical errors.

States and local governments are also expected to receive financial aid under the ARRA. The ARRA includes a temporary increase in the Federal Matching Assistance Program for Medicaid, funds for training and employment services, expansion of the Food Stamp Program, funds for child support enforcement, funds for block grants for the Temporary Assistance for Needy Families, and an increase to local law enforcement grants. While some of these funds will go directly to the State and not to the City, the ARRA may provide some relief to the State's current budget crisis, which, in turn, may help prevent some of the cuts proposed to County-operated health and welfare programs.

Security

Military conflicts and terrorist activities may adversely impact the operation of the City. In addition, the City may experience a decrease with respect to its revenues because of any change in economic circumstances as a result of future military conflicts or terrorist activities. Such a reduction in revenues may include, but is not limited to, a decline in transient occupancy tax, parking tax, business tax and sales tax revenues.

The City is subject to safety and security measures and inspections on a continuing basis. The City does not represent that any existing or additional safety and security measures will be adequate in the event that terrorist activities are directed against the City or that costs of security measures will not be greater than presently anticipated.

Obligations of the City

The City has a significant amount of obligations payable from the same revenues of the City that are sources to fund the Repayment Fund, including but not limited to labor contracts, debt obligations, pension obligations and other obligations related to post employment retirement benefits as well as certain other liabilities. See APPENDIX A–"CERTAIN FINANCIAL DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY OF RICHMOND–FINANCIAL OPERATIONS–Pension Plans" and "–Other Post Employment Benefits."

Investment of Funds

All investments, including the Permitted Investments and other investments made by the City, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, loss of market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Resolution or by the City could have a material adverse effect on the security of the Notes.

Natural Disasters

Earthquakes, floods, fires or other natural disasters in the jurisdiction of the City could negatively impact the operations and finances of the City.

There are several geological faults in the greater San Francisco Bay Area that have the potential to cause serious earthquakes which could result in damage to buildings, roads, bridges, and property within the City. The City is located in the Hayward Fault Zone. Past experiences, including the 1989 Loma Prieta earthquake on the San Andreas fault, with a magnitude of 7.1 on the Richter scale and with the epicenter located in Santa Cruz, approximately 65 miles south of the City, have resulted in minimal damage to the infrastructure and property within the City.

It is possible that new geological faults could be discovered in the area and a significant earthquake along these or other faults is possible during the period that the Notes will be outstanding which may cause a delay or suspension of receipt of revenues by the City.

Portions of the City are situated on landfill. During an earthquake, landfill areas are subject to liquefaction, which is the temporary change of a saturated soil or fill to a liquid with the loss of support strength for structures. Commercial properties, residential properties and infrastructure in this these areas could sustain damage in a major seismic event from ground motion and liquefaction of underlying soils.

It is believed that the City is not at great risk of earthquake-triggered tsunamis due to natural attenuation across San Francisco Bay and Brooks Island near the City. If a tsunami did occur on the open ocean, it is expected that waves would dissipate as they moved through the San Francisco Bay and past Angel Island, and that the tidal flats would absorb much of the impact.

Bankruptcy

The rights of the Owners of the Notes are subject to certain limitations in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the Owners of the Notes, and the obligations incurred by the City, respectively, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

As described herein, the City covenants in the Resolution to cause to be deposited directly in the Repayment Fund, by the dates identified as the respective Pledge Periods, as described in "THE NOTES–Security for the Notes," such amounts equal to the percentages of the principal and interest due on the Notes required for each Pledge Period until the payment of principal of and interest on the Notes is paid. See "THE NOTES–Cash Flow Projections." Any filing of bankruptcy by the City could delay or impair the timely deposit of Pledged Revenues into the Repayment Fund and payment of the Notes. Further, the opinion of Bond Counsel as to the enforceability of the Note is expressly qualified by the declaration of bankruptcy. See also THE NOTES–Lien in Bankruptcy."

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIII A, Article XIII B, Article XIII C, Article XIII D, and Proposition 62 and Proposition 1A of 2004, each discussed below, were adopted as measures that qualified for the ballot through California's initiative process.

Article XIII A of the California Constitution

In 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A was subsequently amended on several occasions in various respects. Article XIII A limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes on real property may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness and or bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities approved by 55% of the voters voting on the proposition. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash" or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster or in the event of certain transfers to children or spouses or of the elderly or disabled to new residences.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The *ad valorem* 1% property tax is automatically levied by the City and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Article XIII B of the California Constitution

On October 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. Propositions 98 and 111, approved by the California voters in 1988 and 1990, respectively, substantially modified Article XIII B. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living and population. The initial version of Article XIII B provided that the "base year" for establishing an appropriations limit was the 1978-79 fiscal year, which was then adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies. Proposition 111 revised the method for making annual adjustments to the appropriations limit by redefining changes in the cost of living and in population. It also required that beginning in Fiscal Year 1990-91 each appropriations limit must be recalculated using the actual 1986-87 appropriations limit and making the applicable annual adjustments as if the provisions of Proposition 111 had been in effect.

Appropriations subject to limitations of a local government under Article XIII B include generally any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Proceeds of taxes include, but are not limited to all tax revenues plus the proceeds to an entity of government from (1) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), (2) the investment of tax revenues, and (3) certain subventions received from the State. Article XIII B permits any government entity to change the appropriations limit by a vote of the electors in conformity with statutory and constitutional voting effective for a maximum of four years.

As amended by Proposition 111, Article XIII B provides for testing of appropriations limits over consecutive two-year periods. If an entity's revenues in any two-year period exceed the amounts permitted to be spent over such period, the excess has to be returned by revising tax rates or fee schedules over the subsequent two years. As amended by Proposition 98, Article XIII B provides for the payment of a portion of any excess revenues to a fund established to assist in financing certain school needs. Appropriations for "qualified capital outlays" are excluded from the limits of Proposition 111.

For Fiscal Year 2009-10, the City's Article XIII B limit is $279,620,770 and budgeted appropriations subject to limitation are $144,019,521. For Fiscal Year 2010-11, the City's Article XIII B limit is estimated to be $275,516,105 and budgeted appropriations subject to limitation are estimated to be $130,781,232. The City has never exceeded its Article XIII B appropriations limit and does not anticipate having any difficulty in operating within the appropriations limit.

Article XIII C and Article XIII D of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges. The interpretation and application of Proposition 218 likely will be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City's General Fund, require a two-thirds vote. Further, any general purpose tax which the City imposed, extended or increased without voter approval after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election which must be held within two years of November 5, 1996. The City believes that no existing City-imposed taxes deposited into its General Fund will be affected by the voter approval requirements of Proposition 218, although as indicated below certain tax levies may be affected by Proposition 62. The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Article XIII D also adds several provisions making it generally more difficult for local agencies to levy and maintain fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIII D, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. The City estimates that in Fiscal Year 2010-11 it will collect no such fees and assessments. Article XIII C also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund. If such repeal or reduction occurs, the City's ability to repay the Notes could be adversely affected.

Proposition 62

Proposition 62, a statutory initiative that was adopted by the voters voting in the State at the November 4, 1986 general election, (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities be approved by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, (f) required that any tax imposed by a local governmental entity on or after August 1, 1985 be ratified by a majority vote of the voters voting in an election on the tax within two years of November *5,* 1986 or be terminated by November 15, 1988 (a requirement that was subsequently declared unconstitutional, as described below) and (g) requires a reduction of *ad valorem* property taxes allocable to the jurisdiction imposing a tax not in compliance with its provisions equal to one dollar for each dollar of revenue attributable to the invalid tax, for each year that the tax is collected.

Following its adoption by the voters, various provisions of Proposition 62 were declared unconstitutional at the appellate court level. For example, in *City of Woodlake v. Logan,* 230 Cal.App.3d 1058 (1991) (the "Woodlake Case"), the Court of Appeal held portions of Proposition 62 unconstitutional as a referendum on taxes prohibited by the California Constitution. In reliance on the Woodlake Case, numerous taxes were imposed or increased after the adoption of Proposition 62 without satisfying the voter approval requirements of Proposition 62.

On September 28, 1995, the California Supreme Court, in *Santa Clara County Local Transportation Authority v. Guardino,* 11 Cal. 4th 220 (1995) (the "Santa Clara Case"), upheld the constitutionality of the portion of Proposition 62 requiring a two-thirds vote in order for a local government or district to impose a special tax, and, by implication, upheld a parallel provision requiring a majority vote in order for a local government or district to impose any general tax. In deciding the Santa Clara Case on Proposition 62 grounds, the Court disapproved the decision in the Woodlake Case.

The decision in the Santa Clara Case did not address the question of whether it should be applied retroactively. On June 4, 2001, the California Supreme Court released *Howard Jarvis Taxpayers Association v. City of La Habra, et al. ("La Habra").* In this decision, the court held that a public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

In connection with the sale of the Notes, the City represents that Proposition 62 will not materially impact any existing or future taxes, fees and assessments collected by the City. See APPENDIX A–"CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF RICHMOND" for more information.

Proposition 1A of 2004

The California Constitution and existing statutes give the legislature authority over property taxes, sales taxes and the VLF. The State legislature has authority to change tax rates, the items subject to taxation and the distribution of tax revenues among local governments, schools, and community college districts. The State has used this authority for many purposes, including increasing funding for local services, reducing State costs, reducing taxation, addressing concerns regarding funding for particular local governments, and restructuring local finance.

The California Constitution generally requires the State to reimburse the local governments when the State "mandates" a new local program or higher level of service. Due to the ongoing financial difficulties of the State, it has not provided in recent years reimbursements for many mandated costs. In other cases, the State has "suspended" mandates, eliminating both responsibility of the local governments for complying with the mandate and the need for State reimbursements.

On November 3, 2004, the voters of the State approved Proposition 1A (the "Proposition 1A of 2004") that amended the California Constitution to, among other things, reduce the State Legislature's authority over local government revenue sources by placing restrictions on the State's access to local government's property, sales and vehicle license fee revenues.

Proposition 1A of 2004 generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to a county for any fiscal year under the laws in effect as of November 3, 2004. The measure also specifies that any change in how property tax revenues are shared among local governments within a county must be approved by two-thirds of both houses of the Legislature (instead of by majority vote). Finally, the measure prohibits the State from reducing the property tax revenues provided to a county as replacement for the local sales tax revenues redirected to the State and pledged to pay debt service on State deficit-related bonds approved by voters in March 2004.

If the State reduces the VLF rate below its current level of 0.65% of the vehicle value, Proposition 1A of 2004 requires the State to provide local governments with equal replacement revenues. Proposition 1A of 2004 provides two significant exceptions to the above restrictions regarding sales and property taxes. Beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues if: the Governor proclaims that the shift is needed due to a severe State financial hardship, the legislature approves the shift with a two-thirds vote of both houses and certain other conditions are met. The State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A of 2004 allows the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. In connection with the Fiscal Year 2008-09 State Budget, the State chose to shift $1.9 billion in local *ad valorem* property taxes as permitted under Proposition 1A of 2004. See APPENDIX A–"CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF RICHMOND–State Budgets–*Fiscal Year 2009-10*–City Responses to Amended 2009 State Budget Act."

Proposition 1A of 2004 amends the California Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. Beginning in Fiscal Year 2005-06, if the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties or special districts to abide by the mandate would be suspended. In addition, Proposition 1A of 2004 expands the definition of what constitutes a mandate to encompass State action that transfers to cities, counties and special districts financial responsibility for a required program for which the State previously had complete or partial financial responsibility. This provision does not apply to mandates relating to schools or community colleges, or to those mandates relating to employee rights.

Proposition 1A of 2004 restricts the State's authority to reallocate local tax revenues to address concerns regarding funding for specific local governments or to restructure local government finance. For example, the State could not enact measures that changed how local sales tax revenues are allocated to cities and counties. In addition, measures that reallocated property taxes among local governments in a county would require approval by two-thirds of the members of each house of the legislature (rather than a majority vote). As a result, Proposition 1A of 2004 could result in fewer changes to local government revenues than otherwise would have been the case.

CITY INFORMATION

For a discussion of the financial, economic and demographic profiles of the City, see APPENDIX A–"CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF RICHMOND" and APPENDIX B–"AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2009."

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), Bond Counsel to the City, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of the opinion of Bond Counsel is set forth in APPENDIX D–"PROPOSED FORM OF OPINION OF BOND COUNSEL" hereto.

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on debt obligations such as the Notes that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity, or (ii) the difference between the issue price of the Notes and the aggregate amount to be paid at maturity of the Notes (the "original issue discount"). For this purpose, the issue price of the Notes is the first price at which a substantial amount of the Notes is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax exempt debt obligations with a term that is not more than one year from the date of issue in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of the Notes if original issue discount treatment is elected.

Notes purchased, whether at original issuance or otherwise, for an amount higher than the principal amount payable at maturity ("Premium Notes") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Noteholder's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such Noteholder. Holders of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The City has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

One of the covenants of the City referred to above requires the City to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of the Notes which must be rebated to the United States, to set aside from lawfully available sources sufficient moneys to pay such amounts and to otherwise do all things necessary and within its power and authority to ensure that interest on the Notes is excluded from gross income for federal income tax purposes. Under the Code, if the City spends 100% of the proceeds of the Notes within six months after issuance, there is no requirement that there be a rebate of investment profits in order for interest on the Notes to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not deemed spent until all other available moneys (less a reasonable working capital reserve) are spent. The City expects to satisfy this expenditure test or, if it fails to do so, to make any required rebate payments from moneys received or accrued during the 2010-11 Fiscal Year. To the extent that any rebate cannot be paid from such moneys, California law is unclear as to whether such covenant would require the City to pay any such rebate. This would be an issue only if it were determined that the City's calculation of expenditures of Notes proceeds or of rebatable arbitrage profits, if any, was incorrect.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect a Noteholder's federal, state or local tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Noteholder or the Noteholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Noteholders from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals or clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the Noteholders regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, parties other than the City and its appointed counsel, including the Noteholders, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of the IRS's positions with which the City legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the City or the Noteholders to incur significant expense.

LEGAL MATTERS

Bond Counsel's engagement is limited to a review of the legal proceedings required for the authorization of the Notes and to rendering the opinion set forth in APPENDIX D hereto. Bond Counsel takes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the City by the City Attorney and for the City and the Underwriter by Lofton & Jennings, San Francisco, California, Disclosure Counsel.

Compensation paid to Bond Counsel and Disclosure Counsel is contingent on the sale and delivery of the Notes.

LEGALITY FOR INVESTMENT IN CALIFORNIA

Under provisions of the California Financial Code, the Notes are legal investments for commercial banks in the State to the extent that the Notes, in the informed opinion of the investor bank, are prudent for the investment of funds of its depositors and, under provisions of the California Government Code, are eligible to secure deposits of public moneys in the State.

FINANCIAL ADVISOR

The City has retained Tamalpais Advisors, Inc., Sausalito, California, as Financial Advisor for the sale of the Notes. Tamalpais Advisors, Inc. is an independent public financial advisor and is not engaged in the business of underwriting, trading or distributing municipal or other financial securities. Tamalpais Advisors, Inc. takes no responsibility for the accuracy, completeness or fairness of this Official Statement. Compensation paid to the Financial Advisor is contingent on the sale and delivery of the Notes.

RATING

The City has received a rating of "SP-1+" from Standard & Poor's Ratings Services, a Division of the McGraw Hill Companies, Inc. ("S&P") on the Notes. Certain information was supplied by the City to S&P to be considered in evaluating the Notes. The rating issued reflects only the views of S&P and is not a recommendation to buy, sell or hold the Notes. Any explanation of the significance of such rating may be obtained from Standard & Poor's, 55 Water Street, New York, New York 10041. There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by S&P if in its judgment, circumstances so warrant. Other than as provided in the Continuing Disclosure Certificate, the City undertakes no responsibility either to bring to the attention of the owners of any Notes any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Notes.

NO MATERIAL LITIGATION

No material litigation is pending or threatened against the City concerning the validity of the Notes, and an opinion of the City Council to that effect will be furnished to the purchaser(s) at the time of the original delivery of the Notes. The City is not aware of any litigation pending or threatened against the City questioning the political existence of the City or contesting the City's ability to levy and collect *ad valorem* property taxes or contesting the City's ability to issue and repay the Notes.

There are a number of lawsuits and claims pending against the City. The aggregate amount of the uninsured liabilities of the City and the timing of any anticipated payments of judgments which may result from suits and claims will not, in the opinion of the City Council and the City Finance Director, materially affect the City's finances or impair its ability to repay the Notes.

UNDERWRITING

Pursuant to the terms of a Note Purchase Agreement dated July 8, 2010 (the "Purchase Agreement"), between the City and Wedbush Securities Inc. (the "Underwriter"), the Underwriter will purchase all of the Notes, if any are purchased. The Underwriter purchased the Notes, at a price of $10,984,912.20 (representing the principal amount of the Notes, plus original issue premium in the amount of $150,489.50, less an Underwriter's discount in the amount of $15,577.30).

The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement.

CONTINUING DISCLOSURE

Pursuant to the Resolution, the City has agreed to give, or cause to be given, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA"), notices, during the time the Notes are outstanding, of the occurrence of certain enumerated events, if material, in accordance with the continuing disclosure certificate to be executed by the County upon delivery of the Notes to enable the Purchaser(s) to comply with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). The specific nature of the notices of material events and certain other terms of the continuing disclosure obligation are described in APPENDIX E–"FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The City has not failed in the last five years to comply in any material respect with any of its prior undertakings to provide continuing disclosure.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective purchasers of the Notes. Summaries and explanations of the Notes, the Resolution, and statutes and documents contained herein do not purport to be complete, and reference is made to said documents and statutes for a full and complete statement of their provisions. This Official Statement is not to be construed as a contract between the City and any purchasers or owners of the Notes. The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

The City regularly prepares a variety of reports, including audits, budgets and related documents, as well as certain monthly activity reports. Any owner of a Note may obtain a copy of any such report, as available, from the City by writing to the Finance Director, City of Richmond, 450 Civic Center Plaza, Richmond, California 94804.

This Official Statement and its distribution have been duly authorized and approved by the City Council of the City.

CITY OF RICHMOND

By: /c/ James C. Goins
Finance Director

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APPENDIX A

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

TABLE OF CONTENTS

INDEX OF TABLES

PAGE

APPENDIX A

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

The City of Richmond, California (the "City"), is located 16 miles northeast of San Francisco on the western shore of Contra Costa County (the "County"), occupies 33.7 square miles of land area on a peninsula that separates the San Francisco Bay from San Pablo Bay, and spans 32 miles of shoreline. The City is an important oil refining, industrial, commercial, transportation, shipping and government center. An active redevelopment program in the downtown and waterfront areas and commercial expansion in the City's Hilltop area, along the Interstate 80 and Interstate 580 corridors, and along the new Richmond Parkway have added to the tax base of the City in recent years.

FINANCIAL OPERATIONS

Financial Statements

The City has prepared its audited Basic Financial Statements (referred to as General Purpose Financial Statements in previous years) in accordance with Governmental Accounting Standards Board Statement No. 34 (GASB 34). The Basic Financial Statements provide both government-wide financial statements with a long-term perspective on the City's activities and the more traditional fund-based financial statements that focus on near-term inflows, outflows, and balances of spendable financial resources. The government-wide financial statements report on a full accrual basis and include comprehensive reporting of the City's infrastructure and other fixed assets.

Fiscal Year 2008-09. The unrestricted General Fund cash was approximately $30.9 million as of June 30, 2009, an increase of $16.0 million from the prior year. The City maintained its $10.0 million contingency fund in its reserved fund balance and reserved the entire amount of its Advances to other funds. Unrestricted cash in the amount of $30.9 million was sufficient to cover the entire Unreserved, Undesignated General Fund balance.

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Table A-1 presents the City's Audited General Fund Balance Sheet, including assets, liabilities, and fund equity for Fiscal Years 2004-05 through 2008-09.

Table A-1
City of Richmond
General Fund Balance Sheet
Fiscal Years 2004-05 through 2008-09

	2004-05	2005-06	2006-07	2007-08	2008-09
ASSETS					
Assets:					
Cash and investments	$14,170,749	$30,326,744	$30,020,859	$14,910,701	$30,855,630[1]
Restricted cash and investments	21,303	17,020	19,014	15,961	5,154
Receivables:					
Accounts, net	11,127,767	6,640,872	9,751,511[2]	8,126,501	8,440,156
Accrued, net	–	–	–	–	–
Interest	63,639	84,483	67,605	33,206	7,190[3]
Grants	60,000	-	-	3,840	3,840
Loans	922,351	1,055,124	1,276,861	1,376,940	1,351,853
Due from other funds	9,174,306	5,263,031	3,217,051	12,580,755[5]	6,345,529[6]
Advances to other funds[4]	23,812,555	17,139,855	22,179,884[7]	24,353,654[8]	22,660,371
Inventories	–	–	–	–	–
Prepaids, supplies and other assets	260,216	247,048	310,466	211,792	496,888
Other	–	–	–	–	–
TOTAL ASSETS	$59,612,886	$60,774,177	$66,843,251	$61,613,350	$70,166,611
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft	–	–	–	–	
Accounts payable and accrued liabilities	$2,445,779	$1,046,498	$1,959,984	$3,404,146	$23,529,209[9]
Refundable deposits	3,536,574	1,504,483	399,164	595,211	178,849
Due to pension trust	–	–	–	–	–
Due to other funds	–	–	–	8,706,778	25,570
Advances from other funds	105,685	103,685	101,685	99,685	99,685
Deferred revenue	9,930,958	9,889,742	9,950,518	2,370,902	795,620
TOTAL LIABILITIES	$16,018,996	$12,544,408	$12,411,351	$15,176,722	$24,628,933[10]
Fund Balances:					
Reserved for:					
Encumbrances	$286,787	$926,760	$2,919,795	$1,824,308[11]	$875,407[11]
Prepaids, supplies and other assets	260,216	247,048	310,466	211,792	496,888
Advance to other funds	16,327,666	8,108,231	18,316,706[12]	24,353,654[13]	22,660,371[14]
Loans receivable	208,804	356,804	543,573	659,224	649,823
Unreserved, designated for:					
Contingencies[15]	2,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Unreserved, reported in:					
General fund	24,510,417	28,590,926	22,341,360	9,387,650[16]	10,855,189[17]
Undesignated	–	–	–	–	–
TOTAL FUND BALANCES	43,593,890	48,229,769	54,431,900	46,436,628[18]	45,537,678
TOTAL LIABILITIES AND FUND BALANCES	$59,612,886	$60,774,177	$66,843,251	$61,613,350	$70,166,611

(Table A-1 Footnotes continued)

(Footnotes continued on next page.)

(1) The increase in the amount of $15.94 million compared to Fiscal Year 2007-08 reflects Measure T receipts. Measure T, approved by the voters on November 4, 2008, imposed a tax on manufacturing businesses effective January 1, 2009. On February 27, 2009, Chevron Corp. filed a lawsuit alleging that Measure T violated State and federal law. The City continued to collect the tax pursuant to Measure T and such amounts were held in reserve pending resolution of the litigation. On December 16, 2009, Measure T was held invalid and the City was required to refund the $20.5 million in taxes collected plus $1.2 million in prejudgment interest. On May 11, 2010, the City approved execution of a settlement agreement, pursuant to which, among other matters, Chevron waives the prejudgment interest and agrees to pay the City $114 million over 15 years. See "–Major General Fund Revenue Sources–*Business License Act Tax ("Measure T")*.

(2) The increase in the amount of $3,110,639 in Fiscal Year 2006-07 reflects the inclusion of additional accrued receivables in the amount of $2.2 million, the majority of which was accrued Utility Users Tax revenue paid by Chevron in previous years.

(3) The $26,016 decline compared to Fiscal Year 2007-08 is the result of the City having less money to invest. Of the $30.8 million in Cash and Investments shown above, $21 million represents Measure T receipts. Interest on these funds was held in a separate account and the principal and interest were recorded as liabilities pending resolution of the litigation.

(4) The decrease in "Advances to other funds" between Fiscal Years 2004-05 and 2005-06 reflects the satisfaction of a loan agreement between the City and the Redevelopment Agency and partial repayment of loans by the Richmond Housing Authority. The increase in Fiscal Year 2006-07 reflects a reclassification of a "Due from other funds" from the Richmond Housing Authority to an "Advance to other funds."

(5) The $9.36 million increase compared to Fiscal Year 2006-07 is attributable to $9.8 million due from the Richmond Community Redevelopment Agency (the "RCRA"), of which $8.7 million is offset by amounts due to the RCRA. See the line item "Due to Other Funds" under Fiscal Year 2007-08.

(6) The $6.24 million decrease compared to Fiscal Year 2007-08 is primarily attributable to a $5.6 million short-term advance to the RCRA scheduled to be repaid soon after the end of Fiscal Year 2008-09 and was reported as a short-term transaction.

(7) The $5.04 million increase compared to Fiscal Year 2005-06 reflects an advance made to the Richmond Housing Authority (the "RHA"), which amount varies each Fiscal Year based upon the amount paid by the City on behalf of the RHA or collected by the City from the RHA.

(8) The $2.17 million decrease compared to Fiscal Year 2006-07 is attributable to a $1.8 million advance to Storm Sewer Fund that was subsequently moved from the General Fund to the Insurance Reserve Fund during Fiscal Year 2008-09

(9) The $21 million increase compared to Fiscal Year 2007-08 is due to the classification of Measure T Funds as "Accrued Liabilities" in response to the resolution of the Measure T Litigation. See "–Major General Fund Revenue Sources–*Business License Act Tax ("Measure T")*.

(10) The $9.45 million increase compared to Fiscal Year 2007-08 reflects the net result of: (i) a $21 million increase in Accrued Liabilities due to the Measure T lawsuit; (ii) clearing of a "Due to" entry in the amount of $8.7 million to the RCRA; and (iii) reclassification of $1.5 million in Deferred Revenue to Revenue.

(11) These amounts represent outstanding purchase orders.

(12) The $10.21 million increase compared to Fiscal Year 2005-06 reflects a correction to account for a portion of a $17.1 million advance to the Port.

(13) The $6.07 million increase compared to Fiscal Year 2006-07 represents a $5.3 million advance made to the RHA.

(14) The $1.69 million decrease compared to Fiscal Year 2007-08 represents the reclassification of the advance to the Storm Sewer Fund into the Insurance Reserve Fund.

(15) The City deposited $10.0 million into the Contingency Reserve in each of Fiscal Years 2005-06 through 2008-09 pursuant to the City's cash reserve policy. See "–Financial Policies–*Budget and Contingency Reserves Policy*."

(16) The $12.95 million decrease compared to Fiscal Year 2006-07 is primarily attributed to $6 million allocated to reserve against "Advances to Other Funds" and increased one-time expenses in the amount of $5.9 million for "Public Safety" in connection with the relocation of the Police Department to the former Dicon building.

(17) The $1.47 million increase is primarily due to the reclassification of the $1.7 million advance to the Storm Sewer Fund into the Insurance Reserve Fund.

(18) The $7.99 million decrease compared to Fiscal Year 2006-07 represents the net result of $15.5 million in excess expenditures over revenues and a $7.5 million restatement of deferred revenue that had been earned in prior Fiscal Years.

Sources: Comprehensive Annual Financial Reports.

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Table A-2 presents the City's Audited General Fund Statement of Revenues, Expenditures and Change in Fund Balance for Fiscal Years 2004-05 though 2008-09.

Table A-2
City of Richmond
Summary of General Fund Revenues, Expenditures, and Change in Fund Balance
Fiscal Years 2004-05 through 2008-09

	2004-05	2005-06	2006-07	2007-08	2008-09
Revenues:					
Property taxes	$30,368,311[1]	$28,284,861	$33,069,812	$34,296,322	$33,296,446
Sales taxes	20,273,363	25,402,253	28,217,895	29,005,711	27,922,698
Utility user fees	29,721,235	30,199,388	27,007,410	29,553,243[2]	48,953,004
Other taxes	13,849,935	14,590,884	11,517,437	7,659,207[3]	7,959,683
Licenses, permits and fees	2,837,431	3,028,837	3,221,612	2,975,914	2,191,711
Fines, forfeitures and penalties	496,528	372,951	286,759	283,918	332,524
Use of money and property[4]	–	693,463	1,707,627	756,288	183,318
Investment earnings	354,540	–	–	–	–
Intergovernmental	3,876,578	1,854,613	4,596,113	5,101,207	747,134
Charges for services	313,292	1,153,341	2,760,033	2,314,495	2,566,597
Other	597,658	726,503	1,153,406	1,878,275	8,240,818
Rent[5]	108,941	161,382	383,319	308,946	295,064
Total Revenues	$102,797,812	$106,468,476	$113,915,423	$114,106,526	$132,688,997
Expenditures:					
Current:					
General government	$12,299,968	$12,686,072	$15,032,093	$17,794,828	$10,169,478[6]
Salaries and wages	–	–	–	–	–
Maintenance	–	–	–	–	–
Public safety[7]	51,249,034	59,834,214	65,989,536	80,799,922	87,578,216
Public works[8]	–	10,927,180	5,730,208	7,780,750	14,411,773
Highways and streets	7,432,827[9]	–	–	–	–
Community development[10]	42,750	849,369	1,095,080	1,610,874	–
Cultural and recreational[11]	7,226,060	9,270,951	14,784,253	20,165,663	15,188,002
Other	–	–	–	–	–
Capital outlay	837,634	21,750	1,084,802[12]	763,184	776,014
Debt service:					
Principal	–	–	–	–	520,439
Interest and fiscal charges	–	–	–	–	26,552
Total Expenditures[13]	$79,088,273	$93,589,536	$103,715,972	$128,915,221	$128,670,474
Excess (Deficiency) of Revenues Over (Under) Expenditures	$23,709,539	$12,878,940	$10,199,451	($14,808,695)	$4,018,523
Other Financing Sources (Uses):					
Proceeds of sale of property	$ 1,000,613	$ 869,880	$ 116,037	$ 4,008,197	$ 40,000
Transfers in	765,993	12,101,059[14]	3,706,920	5,503,497	9,752,825
Transfers out	(17,657,267)	(21,214,000)	(7,820,277)	(10,183,160)	(14,710,298)
Total Other Financing Sources (Uses)	($15,890,661)	($8,243,061)	($3,997,320)	($671,466)	($4,917,473)
Revenues and other financing sources over (under) expenditures and other financing uses[15]	$7,818,878	$4,635,879	$6,202,131	($15,480,161)	–
Net Change in Fund Balances	–	–	–	–	($898,950)
Fund Balances:					
Beginning of year	$35,775,012	$43,593,890	$48,229,769	$61,916,789[16]	$46,436,628
Prior period adjustments	–	–	–	–	–
Equity transfers	–	–	–	–	–
End of year[17]	$43,593,890	$48,229,769	$54,431,900	$46,436,628	$45,537,698

(footnotes on the following page)

(1) Includes a one-time release of $4,627,380 from Pension Reserve Account.
(2) The 9.2% increase in Utility User Taxes in Fiscal Year 2007-08 compared to the prior Fiscal Year is due primarily to a change in Chevron's tax rate.
(3) The decline in Other Taxes in Fiscal Year 2007-08 compared to the prior Fiscal Year is primarily due to lower Property Transfer Taxes.
(4) The $1.0 million increase in use of money and property revenues in Fiscal Year 2006-07 compared to the prior Fiscal Year is due to interest earned at a higher interest rate and one-time adjusting journal entry reallocating interest earned in Fiscal Year 2005-06. The $951,339 decrease in Fiscal Year 2007-08 compared to the prior Fiscal Year is due to lower interest earnings on General Fund balances. The $572,970 decrease in Fiscal Year 2008-09 compared to the prior Fiscal Year is due to lower interest earnings on General Fund balances.
(5) Commencing in Fiscal Year 2004-05, equipment services were isolated into an internal service fund, and the City reported all rental income from use of City-owned vehicles in the equipment services fund rather than the General Fund, resulting in a decline in rent revenue in the General Fund.
(6) The $7.6 million decrease in Fiscal Year 2008-09 compared to the prior Fiscal Year reflects cost plan reimbursements recorded as expenditures which were made in the mid-year budget reductions in response to projected revenue reductions.
(7) The $14.8 million increase in Fiscal Year 2007-08 Public Safety expenditures compared to the prior Fiscal Year includes a one-time expenditure in the amount of $5.9 million incurred in connection with the relocation of the Police Department into the former Dicon building, $6.0 million in overtime, $1.5 million in annual rent for the former Dicon building and $1.2 million for eight additional sworn officers. The $6.7 million increase in Fiscal Year 2008-09 compared to the prior Fiscal Year reflects a cost of living increases ranging from 4% to 6.5% and expenses associated with the move to the former Dicon building.
(8) The $6.6 million decrease in Fiscal Year 2008-09 for Public Works compared to the prior Fiscal Year reflects a 4% payroll cost of living increase. Commencing in Fiscal Year 2008-09, parks and landscape expenses were transferred from the Recreation budget to Public Works.
(9) Commencing in Fiscal Year 2005-06, Highways and Streets is reflected in Public Works.
(10) Commencing in Fiscal Year 2008-09, planning division costs are included in "General Government."
(11) The $5.4 million increase in Fiscal Year 2007-08 for Cultural and Recreational expenses compared to the prior Fiscal Year includes costs of existing hours of operation at the Main Library and two branch libraries. Commencing in Fiscal Year 2008-09, the Parks & Landscaping division as transferred from Recreation to Public Works. The $4.9 million decrease in Fiscal Year 2008-09 compared to the prior Fiscal Year reflects this transfer.
(12) The $1.093 million increase in Fiscal Year 2006-07 in Capital Outlay compared to Fiscal Year 2007-08.
(13) The $14.5 million increase in Fiscal Year 2005-06 for Total Expenditures compared to the prior Fiscal Year reflects the restoration of 110 positions and services. The $10 million increase in Fiscal Year 2006-07 compared to the prior Fiscal year reflects the restoration of 17 positions and services, including funding for community centers. The $25.1 million increase in Fiscal Year 2007-08 compared to the prior Fiscal Year reflects a combination on one-time costs and restoration of 17 positions
(14) Includes approximately $11 million transferred from the City's Secured Property Tax Override Fund primarily representing accrued property tax override revenues eligible for release to the General Fund.
(15) The $3.1 million decrease in Fiscal Year 2005-06 compared to the prior Fiscal Year reflects a portion of the $7.7 million decrease in net transfers out due to a non-recurring transfer to clear a Redevelopment Agency receivable. The $1.6 million increase in Fiscal Year 2006-07 compared to the prior Fiscal Year reflects a portion of a non-recurring transfer to the Internal Service Fund.
(16) The City determined, as part of its 2007-08 audit process, that $7.5 million of deferred revenues was earned in prior years, thus the beginning fund balance was restated in that amount.
(17) The net increase in the amount of $4.6 million in Fiscal Year 2005-06 compared to the prior Fiscal Year reflects a portion of the $7.7 million decrease in operating transfers. The net increase in the amount of $6.2 million in Fiscal Year 2006-07 compared to the prior Fiscal Year includes the amount collected from the Pension Stabilization Fund in the amount of $5.7 million. The net decrease in the amount of $7.9 million in Fiscal Year 2005-06 compared to the prior Fiscal Year reflects a restatement of the beginning balance to reflect $7.5 million of deferred revenue that was earned in prior years.

Sources: Comprehensive Annual Financial Reports.

City Budget Process

The Fiscal Year of the City begins on July 1 of a given year and ends on June 30 of the following year.

The City Council annually adopts a budget prior to June 30 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, which amount cannot legally be exceeded except by subsequent amendment of the budget adopted by the City Council.

An operating budget is adopted each fiscal year for the General Fund and special revenue funds. Public hearings are conducted on the proposed budgets to review all appropriations and sources of funding. Capital projects are budgeted by the Mayor and City Council over the term of the individual projects. Since capital projects are not budgeted on an annual basis, they are not included in the budgetary data.

Expenditures are controlled at the fund level for all budgeted departments within the City. This is the level at which expenditures may not legally exceed appropriations. Budgeted amounts for the Combined Statement of Revenues, Expenditures and Other Financing Sources (Uses) – Budget and Actual that appears in the City's audited financial statements include budget amendments approved by the City Council.

Any amendment or transfer of appropriations between object group levels within the same department must be authorized by the Finance Director or his/her designee. Any amendment to the total level of appropriations for a fund or transfers between funds must be approved by the City Council. Supplemental appropriations financed with unanticipated revenues during the year must be approved by the City Council. The City's audited budget results for Fiscal Year 2008-09 are discussed under "–Financial Operations."

Fiscal Year 2009-10. The City adopted its Fiscal Year 2009-10 budget on June 16, 2009, and adjusted the budget on September 8, 2009, and again on October 13, 2009 (the "Revised Fiscal Year 2009-10 Budget") in response to an approximately 18% decline in property taxes due to declines in assessed valuations and a decline in sales taxes due to the weak economy. The City closed an estimated $7.6 million decline in revenue through elimination of unfilled positions and reductions of police operations, layoffs and departmental operating costs. See also "–Litigation–*Measure T*."

Mid Year Adjustments. On February 16, 2010, the City Council received the Fiscal Year 2009-10 Budget Mid Year Review (the "Fiscal Year 2009-10 Budget Mid-Year Review") that estimates an operating deficit, net of net Other Financing Sources, of $11.9 million in the General Fund.

The estimated net deficit reflected a combination of lower than expected revenues and higher than expected expenditures, as discussed below. For Fiscal Year 2009-10, the City Council directed that the deficit be addressed by imposing a hiring freeze and using a portion of the General Fund unreserved balances. The City Council directed staff to prepare recommended permanent budget solutions that address the structural deficit through adjustments to the Fiscal Year 2010-11 budget.

The Fiscal Year 2009-10 Mid-Year Budget Review estimated that aggregate revenues for Fiscal Year 2009-10 would be lower by $14.3 million compared to the Revised Fiscal Year 2009-10 Budget that was adopted in October 2009. When compared to the Revised Fiscal Year 2009-10 Budget, property taxes were projected to be $900,000 higher; sales and use taxes were projected to be $1.6 million lower; utility user taxes were projected to be $900,000 lower; documentary transfer taxes, transient occupancy tax, other taxes and franchise fees were projected to be $1.12 million lower; permit revenues were expected to be $1.65 million lower; and all other revenues were expected to be $100,000 lower.

The Fiscal Year 2009-10 Mid-Year Review included additional General Fund appropriations in the amount of $3.1 million, of which $1.3 million was for the police department and $1.6 million was for the recreation department.

The City currently projects that the unreserved General Fund balance at the end of Fiscal Year 2009-10 will be $9.0 million. This is lower than the City's $10 million Reserve Policy target, although the Reserve Policy permits a lower reserve under certain conditions such as fiscal stress. The "–Financial Policies–*Budget and Contingency Reserves Policy*."

The estimated Fiscal Year 2009-10 results show an operating deficit of approximately $12.4 million. The deficit and operating transfers out were addressed through the use of operating transfers in from excess deposits made by City departments to fund future OPEB costs ($4.8 million), the Pension Stabilization Fund ($3.5 million), medical reimbursement funds ($1.7 million) and General Fund reserves ($2.4 million). In addition, certain expenditures were reduced in the General Fund as other sources of funds were used to pay them. An approximately $6 million net reduction in fund balance is expected for Fiscal Year 2009-10.

Fiscal Year 2010-11. City staff prepared proposed budget actions that were presented to the City Council for consideration on June 1, 2010. As a result of a recent settlement with Chevron USA with respect to the Measure T litigation, the City expects to receive a $10 million settlement payment in July 2010 and will receive additional payments in the aggregate amount of $104 million through Fiscal Year 2024-25. As a result of receipt of the settlement payment, fewer departmental operating cost reductions and layoffs were required to the Fiscal Year 2010-11 proposed budget than otherwise would have been required.

The City adopted its Fiscal Year 2010-11 budget on June 22, 2010 (the "Adopted Fiscal Year 2010-11 Budget") which anticipates an approximately $8.60 million decline in revenues and a $11.88 million decline in expenditures compared to the Fiscal Year 2009-10 Budget Mid-Year Review. The Adopted Fiscal Year 2010-11 Budget estimates a small contingency operating surplus, net of other financing sources of $77,834 in the General Fund.

During Fiscal Year 2010-11, the City expects to budget its continuing reserve at $8.5 million which is lower than the $10 million Reserve Policy target, although the Reserve Policy allows a lower reserve under certain circumstances, including managing the finances of the City during weak economic cycles. See "–Financial Policies–*Budget and Contingency Reserves*."

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Table A-3 presents the City's revenues and expenditures for Fiscal Years 2007-08 and 2008-09, budgeted, adjusted and estimated actual revenues and expenditures for Fiscal Year 2009-10, and adopted revenues and expenditures for Fiscal Year 2010-11.

Table A-3
City of Richmond
Summary of Budgeted General Fund Revenues and Expenditures
For Fiscal Years 2007-08, 2008-09 and 2009-10

	Actual 2007-08	Actual 2008-09	Adopted Budget 2009-10	Adjusted Budget 2009-10	Revised Budget 2009-10 (10/13/09)	Mid-Year Adjustments (2/16/10)	Estimated Actual 2009-10	Adopted Budget 2010-11
Revenue								
Property Taxes	$34,269,322	$33,076,490	$33,076,490	$27,051,717	$27,051,717	$27,951,717	$31,816,829	$25,550,000
Property Taxes - PTORS	4,700,000	6,400,000	3,774,648	3,865,112	3,865,112	3,865,112	–	–
Sales & Use Tax	29,005,711	30,167,142	29,463,739	26,617,520	26,617,520	24,163,338	24,163,338	23,984,487
Utility Users Tax	29,553,243	34,085,105	39,935,044	34,935,044	34,935,044	34,035,044	34,035,044	35,924,399
Franchise Taxes, Licenses and Fees	7,659,207	9,770,781	8,379,575	9,937,590	8,713,470	7,585,215	7,585,215	7,710,000
Charges for Services	4,479,189	2,242,765	3,144,613	6,052,117	12,526,657	6,241,047	6,241,047	936,000
All Other Revenues	9,171,835	20,857,567	23,741,009	9,806,413	7,906,413	9,614,326	10,746,434	10,746,434
TOTAL REVENUE	118,838507	136,599,850	141,515,118	118,265,513	121,615,933	113,455,799	114,587,907	104,851,320
Proceeds from Sale of Property	4,008,197	5,065,294	25,000	25,000	25,000	25,000	25,000	25,000
Operating Transfers-In	803,497	2,281,000	2,479,403	2,479,403	7,089,804	7,089,804	11,581,007	11,689,115
Chevron UUT Settlement	0	3,000,000	0	5,000,000	5,000,000	5,000,000	5,000,000	15,000,000
TOTAL OTHER FINANCING SOURCES	4,811,694	10,346,294	2,504,403	7,504,403	12,114,804	12,114,804	16,606,007	26,714,115
TOTAL FUNDS AVAILABLE	123,650,201	146,946,144	144,019,521	125,769,916	133,730,737	125,570,603	131,193,914	131,565,435
Expenditures								
Salaries and Benefits	84,775,682	97,581,011	102,186,833	86,571,710	96,575,214	96,877,372	96,752,748	90,063,386
Total Operating Expenditures	43,907,202	41,882,855	38,554,272	34,875,804	33,519,650	36,543,309	35,123,824	31,480,502
Total Operating and Payroll	128,682,884	139,463,865	140,741,105	121,447,514	130,094,864	133,420,681	131,876,572	121,543,888
Operating Transfers Out and Debt Service	10,414,596	9,223,134	3,278,416	3,278,416	3,744,458	4,079,458	5,356,009	9,943,713
Transfer out Sale of Property	4,000,000	3,500,000	0	0	0	0	0	0
TOTAL OTHER FINANCING USES	10,183,160	9,223,134	3,278,416	3,278,416	4,322,000	4,079,458	5,356,009	9,943,713
TOTAL FUNDS REQUIRED	139,097,480	148,686,999	144,019,521	124,725,930	133,869,322	137,500,139	137,232,671	131,487,601
Net Change in Fund Balance from Operations	($15,447,279)	($1,740,855)	$0	$1,043,986	($138,585)	($11,929,536)	($6,038,757)	$77,834

Source: City of Richmond.

Financial and Accounting Information

The City maintains its accounting records in accordance with Generally Accepted Accounting Principles (GAAP) and the standards established by the Governmental Accounting Standards Board (GASB). On a quarterly basis, a report is prepared for the City Council which reviews fiscal performance to date against the budget and recommends any necessary changes. Combined financial statements are produced following the close of each fiscal year.

The City Council employs an independent certified public accountant, who, at such time or times as specified by the City Council, at least annually, and at such other times as they determine, examines the financial statements of the City in accordance with generally accepted auditing standards, including tests of the accounting records and other auditing procedures as such accountant considers necessary. As soon as practicable after the end of the fiscal year, the independent accountant submits a final audit and report to the City Council. The City's complete audited financial report for Fiscal Year 2008-09 is available on the City's website. Neither the City's independent auditors nor any other independent accountants have compiled, examined or performed any procedures with respect to the projected financial information contained in this Official Statement, nor have they expressed any opinion or any other form of assurance on such information or its achievability.

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 with 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 purposes for which they are to be spent and the means by which spending activities are controlled.

Major Funds

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to 10% of their fund-type total and 5% 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.

Governmental Fund. The City reports the following major governmental funds:

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.

Redevelopment Agency Administration Special Revenue Fund. This fund accounts for all administrative activities of the Redevelopment Agency.

Redevelopment Agency Low and Moderate Income Housing Capital Projects Fund. This fund accounts for the 20% housing set-aside from the tax increment proceeds of each of the project area of the Redevelopment Agency. This set-aside is required by State redevelopment law, and must be used to provide housing for people with low and moderate incomes.

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

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

Secured Pension Override Special Revenue Fund. This fund records the receipt of Pension Tax Override funds collected through property taxes for payment of pension contributions.

Civic Center Project Fund. This fund was established to account for activities of the new Civic Center Project. The Certificate of occupancy for this project was issued on November 25, 2009 and this fund was closed on November 30, 2009.

Community Development Block Grant Fund. The fund is established to record the receipt and use of grant monies. The grant is to be used to provide, within the City, 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.

Enterprise 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 reports the following major enterprise funds:

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

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

Municipal Sewer Fund. This fund accounts for all financial transactions relating to the City's wastewater and collection services. Services are provided on a user charge basis to residents and businesses located within the City.

Internal Service Funds. These funds account for worker's compensation, general liability, information technology, equipment services and replacement, police telecommunications and facilities maintenance, all of which are provided to other departments on a cost-reimbursement basis.

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

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

Financial Policies

The financial policies of the City are summarized below. Copies of the Reserves Policy, Debt Policy, Swap Policy and Investment Policy can be obtained from the City's website.

Budget and Contingency Reserves Policy. In connection with its budget preparations for Fiscal Year 2004-05, the City Council adopted a policy to maintain structurally balanced budgets whereby one-time funds can be spent only on one-time uses and ongoing funds can be spent on ongoing (or one-time) uses. In addition, the City Council established a $10 million General Fund contingency reserve target to be funded in annual increments of $2 million until the $10 million target is reached. The contingency reserve reached the $10 million level in Fiscal Year 2005-06. Effective January 1, 2007, the City Council adopted a cash reserve policy that calls for a minimum cash reserve of 15% of General Fund expenditures, which is equal to approximately $21 million for Fiscal Year 2007-08. Due to the impact of the weak economy on City revenues, the City has not yet increased the reserve beyond $10.0 million. This reserve may be temporarily reduced to 7% in times of an emergency, but is required to be restored thereafter.

Due to the ongoing weakness in the economy, the City Council directed the use of unreserved General Fund balance to address a General Fund operating deficit for Fiscal Year 2009-10. As a result, the City projects that the unreserved General Fund balance at the end of Fiscal Year 2009-10 will be $9.0 million, of which $8.9 million is being designated as a contingency reserve.

Debt Policy. In January 2006, the City Council adopted a debt management policy (the "Debt Policy") pertaining to financings under the jurisdiction of the City, the Richmond Housing Authority, the Richmond Community Redevelopment Agency and the Richmond Joint Powers Financing Authority. The Debt Policy is intended to guide the Finance Department in its debt issuance and includes components such as the financing approval process, selection of the method of sale for various types of debt issues, general bond structuring parameters, selection of financing team members and permitted investments. The Debt Policy contains a requirement that the aggregate debt service payments funded from the City's General Fund sources be no greater than 10% of then-current General Fund revenues. Payments on bonds that are tied to a specified revenue stream other than General Fund sources are not subject to this 10% limit. In addition, the Debt Policy requires that no more than 20% of the City's outstanding debt portfolio be comprised of unhedged variable rate issues. The City's Debt Policy limits General Fund net debt service to 10% of General Fund revenues and sets forth detailed debt management and refunding practices. The City is in compliance with the Debt Policy.

Structural Balance Policy. In connection with its budget preparations for Fiscal Year 2004-05, the City Council adopted a policy to maintain structurally balanced budgets whereby one-time funds can be spent only on one-time uses and ongoing funds can be spent on ongoing (or one-time) uses. In addition, budget enhancements can be approved only if a new source of permanent revenues is received that will cover the future cost of such enhancements. The City has not been in compliance with the Structural Balance Policy since Fiscal Year 2006-07 but expects to be in compliance with the Structural Balance Policy in Fiscal Year 2010-11.

Swap Policy. 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. In May 2006, the City Council adopted a comprehensive interest rate swap policy (the "Swap Policy") to provide procedural direction to the City, the Richmond Housing Authority, the Richmond Community Redevelopment Agency and the Richmond Joint Powers Finance Authority regarding the utilization, execution, and management of interest rate swaps and related instruments (collectively, "interest rate swaps"). Periodically, but at least annually, the City will review the Swap Policy and will make modifications as appropriate due to changes in the business environment or market conditions. A summary of the City's swap agreements as of May 31, 2010 is set forth in Table A-4.

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Table A-4
Summary of Interest Rate Swap Agreements

Associated Bonds	Effective Date	Initial/Current Notional Amount	Counterparty/ Guarantor	Counterparty/ Guarantor Credit Ratings (Moody's/S&P/Fitch)	Insurer	Fixed Rate Payable by City	Market Termination Value to City †	Expiration Date
City of Richmond Taxable Pension Funding Bonds Series 2005B-1(1)	August 1, 2013	$75,230,476/ 75,230,476	Bear Stearns Capital Markets Inc./ JPMorgan Chase Co.	Aa1/AA-/AA-	–	5.712%	($5,464,199)	August 1, 2023
City of Richmond Taxable Pension Funding Bonds Series 2005B-2(1)	August 1, 2023	$127,990,254/ 127,990,254	Bear Stearns Capital Markets Inc./ JPMorgan Chase Co.	Aa1/AA-/AA-	–	5.730	(4,899,979)	August 1, 2034
City of Richmond Variable Rate Wastewater Revenue Refunding Bonds, Series 2008A(4)	November 23, 2009	$32,260,000/ 32,260,000	Royal Bank of Canada	Aa-/Aaa/AA	–	3.897	(6,198,770)	August 1, 2037
Richmond Community Redevelopment Agency Subordinate Tax Allocation Refunding Bonds (Merged Project Areas) 2010 Series A(2)	July 12, 2007	$65,400,000/ 62,750,000	Royal Bank of Canada	AA-/Aaa/AA	–	SIFMA + 3.16%	(10,012,183)	September 1, 2036
Joint Powers Financing Authority Lease Revenue Refunding Bonds (Civic Center) Series 2007(3)	September 19, 2007	$90,835,000/ 85,360,000	Royal Bank of Canada	AA-/Aaa/AA	–	3.657	(15,123,300)	August 1, 2037
TOTAL		$391,715,730/ 383,590,730					($41,698,431)	

† As of May 31, 2010.
(1) A pro-rata obligation of all City agencies and the General Fund.
(2) An obligation of the Richmond Community Redevelopment Agency.
(3) An obligation of the General Fund.
(4) An obligation of the Water Enterprise Fund.
Source: Swap Financial Group LLC.

State Budgets

Approximately 46.8% of the City's General Fund revenues for Fiscal Year 2009-10 are expected to consist of payments collected by the State and passed-through to local governments or collected by the County and allocated to local governments by State law. Approximately 41.3% of the City's Fiscal Year 2010-11 Adopted Budget revenues are expected to come from such sources. The financial condition of the State has an impact on the level of these revenues. In past years the State has reduced revenues to cities and counties to help solve the State's budget problems.

The level of intergovernmental revenues that the City will receive from the State in Fiscal Year 2010-11 and in subsequent Fiscal Years will be affected by the financial condition of the State. See "RISK FACTORS–State Budget Finances."

The following information concerning the Fiscal Year 2008-09 State Budget and the Fiscal Year 2009-10 State Budget has been obtained from publicly available information on the State Department of Finance, the State Treasurer and the California Legislative Analyst Office websites. The estimates and projections provided below are based upon various assumptions, which may be affected by numerous factors, including future economic conditions in the State and the nation, and there can be no assurance that the estimates will be achieved. For further information and discussion of factors underlying the State's projections, see the aforementioned websites. The City believes such information to be reliable, however, the City takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information.

Information about the State budget and State spending is regularly available at various State-maintained websites. Text of the budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov. Information on these websites has not been reviewed or verified by either the City, the Underwriter or the Financial Advisor and is not incorporated by reference in this Official Statement. The City takes no responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there.

Fiscal Year 2008-09. The 2008-09 Budget Act (the "2008 State Budget Act") was adopted by the Legislature on September 16, 2008 and signed by the Governor on September 23, 2008, reflecting a reduction of $850 million from the proposed budget bill adopted by the Legislature due to the line item veto by the Governor of $510 million in State General Fund appropriations and $340 million in State General Fund savings due to the delay in enacting the 2008 State Budget Act and the effect of Executive Order S-09-08 (which terminated the services of temporary employees and reduced overtime).

The 2008 State Budget Act reported that the State General Fund began Fiscal Year 2008-09 with a balance of $4 billion. The 2008 State Budget Act projected State General Fund revenues and transfers for Fiscal Year 2008-09 of $102 billion, a decrease of approximately 1% from the anticipated revenues and transfers for Fiscal Year 2007-08, and State General Fund expenditures of $103.4 billion, an increase of approximately 0.06% above the anticipated expenditures for Fiscal Year 2007-08. The 2008 State Budget Act projected ending Fiscal Year 2008-09 with a State General Fund balance of $2.6 billion, of which $885 million would be reserved for the liquidation of encumbrances and $1.7 billion would be deposited in a reserve for economic uncertainties.

The Governor's economic forecasts for Fiscal Year 2008-09 reflected weaker economic performance throughout the country and the State. The 2008 State Budget Act addressed a projected $24.3 billion budget shortfall which was identified in the Governor's May Revision to the Proposed 2008 Budget with a combination of cuts in expenditures and projections of increased revenues. The 2008 State Budget Act included vetoes on behalf of the Governor in the amount of $510 million of spending approved by the State legislature. The 2008 State Budget Act included a proposal to increase the Budget Stabilization Account (the "BSA") from 5% of State General Fund expenditures to 12.5%. In addition, the 2008 State Budget Act proposed an annual transfer to the BSA of 3% of the General Fund and the elimination of the ability to suspend such annual transfers. The State would only be permitted to transfer funds from the BSA if (1) actual revenues during such fiscal year are below a specified level and (2) funds transferred from the BSA to the State General Fund are appropriated in a stand-alone bill.

The State has previously required local governments to shift property taxes to the State and/or schools through the Educational Revenue Augmentation Fund (the "ERAF") in order to mitigate the impact of structural deficits in the State budget. See also "CERTAIN RISKS TO BONDOWNERS–State Budgets."

Fiscal Year 2009-10. On February 20, 2009, the Governor signed into law the budget for Fiscal Year 2009-10 (the "2009 February State Budget"). The 2009 February State Budget contained $42 billion in budget solutions, but was balanced by assuming passage of certain ballot measures by the voters of the State on May 19, 2009. All five measures failed to gain the required majority vote. The 2009 February Budget also relied on revenue and expenditure projections for Fiscal Year 2009-10 that, similar to the estimates supporting the Fiscal Year 2008 State Budget Act, also quickly became out of date.

Impact of the American Recovery and Reinvestment Act of 2009 on the State. The 2009 February State Budget also includes a number of reductions and revenues tied to the American Recovery and Reinvestment Act of 2009 ("ARRA"). Certain reductions to Ca1WORKS grants, Medi-Cal benefits and reimbursements, SSI/SSP grants, in-home support services ("IHSS"), the judicial branch and higher education are scheduled to be enacted in statute and could be suspended if expected revenues from the ARRA are certified by the Department of Finance to equal $10 billion, including revenues anticipated to be received by June 30, 2010. If revenues from the ARRA are not sufficient to meet the $10 billion target, the reductions would be permanent. If revenues from the ARRA reach $10 billion, the reductions would not go into effect. A future statute would be required to enact the reductions should they become necessary. On March 4, 2009, the Department of Finance released a preliminary estimate that the State would receive approximately $8 billion in federal economic stimulus funds, $2 billion short of what is required to prevent the cuts. The Department of Finance and the State Treasurer's Office are working with various interested entities to analyze the Department of Finance's preliminary estimates.

Budget Actions After the 2009 February State Budget. From July 23, 2009 through July 24, 2009, the State Legislature voted on, and passed, a majority of the budget solutions amending the 2009 February State Budget to address the combined $60 billion budget deficit over Fiscal Years 2008-09 and 2009-10 that resulted from the deepening recession. The amendments included spending cuts, borrowing, redirecting revenues from local governments, accounting maneuvers, and a $921 million reserve.

On July 28, 2009, the Governor signed an amendment to the 2009 February State Budget (the "Amended 2009 State Budget Act") to include an additional $24.2 billion in budget solutions to address the further deterioration of the fiscal situation of the State identified in the 2009 May Revision. Because the State Legislature did not adopt budget solutions that eliminated the entire projected deficit, the Governor used his veto power to eliminate an additional $489 million in spending, leaving the State with a $500 million reserve.

The Amended 2009 State Budget Act contains $16.1 billion in spending cuts, $2.2 billion of borrowing, $3.5 billion of new revenues, $1 billion in fund shifts and $1.4 billion in other accounting changes.

The $24.2 billion in budget solutions contained in the Amended 2009 State Budget include: (i) expenditure reductions of $8.5 billion from K-12 education and additional cuts to the State colleges and university systems (just under $2 billion total for Fiscal Year 2008-09 and Fiscal Year 2009-10); $785 million from the Department of Corrections, with specific program reforms to be determined upon the return of the State Legislature in August 2009, $1.7 billion from General Government, by suspending COLAs; leveraging State assets, consolidating and reorganizing boards and commissions ($50 million in Fiscal Year 2009-10) and IT procurement reform ($100 million); $820 million from State Employee Compensation by adopting third furlough day ($425 million), eliminating rural health care, and scoring health care savings; $3.0 billion from Health and Human Services by adopting long-term reforms to CalWORKs ($510 million in Fiscal Year 2009-10), changes and improvements to Medi-Cal eligibility and improved care coordination ($1.4 billion); reducing In-Home Supportive Services (IHSS) services for all but the most severely disabled and implementing anti-fraud initiatives ($264 million), funding to counties for Child Welfare Services ($80 million), changes to eligibility in the Healthy Families program and freezing of COLAs for IHSS and the Department of Developmental Services long-term care providers ($76 million) and elimination of funding for the Williamson Act Program which backfills property tax revenues that local governments forego when property is preserved for agriculture or open space uses; (ii) fund shifts, including a shift of redevelopment agency funds to schools ($1.7 billion) with the same amount of base school property tax shifted to the county-level Supplemental Revenue Augmentation Funds, from which $850 million will be used to fund courts, prisons, Medi-Cal, hospital, and K-12 school bond expenses that would otherwise be funded from the State General Fund and the remaining $850 million used to fund K-12 school costs offsetting Proposition 98 State General Fund costs; (iii) $3.5 billion in revenue augmentations, including optional personal income tax withholding changes; tax enforcement; permitting the State Compensation Insurance Fund (the "SCIF") to invest in bonds issued by the State Treasurer to raise cash, and special fund transfers; (iv) $2.2 billion in borrowing, including suspension of Proposition 1A of 2004 ($1.9 billion), a loan from the State Highway Account ($135 million) and various loans and fund shifts to keep State parks open; and (v) pushing the last State worker payday of the Fiscal Year from June 30, 2010, to July 1, 2010, the start of the next Fiscal Year ($1.4 billion) and (vi) receipt of at least $8 billion from the American Recovery and the American Recovery and Reinvestment Act of 2009 to offset expenditures in Fiscal Years 2008-09 and 2009-10.

The Amended 2009 State Budget Act reflects the harsh reality of diminished resources forced by the recession and the impact of the cuts are across the board. See also "CERTAIN RISKS TO BONDOWNERS–State Budgets."

In November 2009, the Legislative Analyst's Office (the "States nonpartisan fiscal and policy advisor (the "LAO") estimated the size of the Fiscal Year 2009-10 and 2010-11 budget problem at $20.7 billion. The LAO stated that the Governor's estimate of $18.9 billion estimate was reasonable, but the baseline estimates of both revenues and expenditures were somewhat more optimistic than those presented by the LAO. The Governor's plan aggressively seeks additional federal funding related to health, social services, education and prison programs and flexibility to reduce spending in several areas including IHSS and Proposition 98 school funding. Combined, the federal requests total approximately $8 billion (approximately 40%) of the proposed budget solutions. The LAO stated its belief that the likelihood that the federal governments would agree to all of the Governor's requests was almost non-existent.

City Responses to the Amended 2009 State Budget Act. Pursuant to Proposition 1A of 2004 approved by the voters of the State in November 2004, the State may shift up to 8% of local government property tax revenues to schools and community colleges during severe State financial hardship. Because the State chose to shift local government property tax revenues as allowed by Proposition 1A of 2004, the City will likely experience a reduction in its revenues in Fiscal Year 2009-10, as discussed below. The City has estimated the potential effect of the State budget adopted in July, particularly the Proposition 1A of 2004 borrowing proposal. The City projected that up to approximately $3.6 million of its General Fund revenues in Fiscal Year 2009-10 may be subject to State suspension of Proposition 1A of 2004.

Disruptions in payments to the City from the State, whether temporary or permanent, would require adjustments in the General Fund budget. Deferrals in State payments jeopardize the ability of the City to maintain core discretionary programs that could require suspension of such programs. As a result, the City mitigated the $3.6 million impact related to the Proposition 1A of 2004 suspension/borrowing by participating in the California Statewide Communities Development Authority Proposition 1A Pooled Securitization Program that issued two series of bonds, each of which funded one-half of the amount of property taxes borrowed by the State. The first securitization included $1.8 million in property tax that was borrowed by the State from the City in January 2010. The City received funds as a result of this securitization on January 15, 2010. The second securitization included $1.8 million in property tax that was borrowed by the State from the City in May 2010. The City received funds as a result of this securitization on May 3, 2010.

Table A-5
City of Richmond
General Fund Revenues Subject to State Suspension of Proposition 1A of 2004
Fiscal Year 2009-10

		Fiscal Year 2009-10		
Component	Fiscal Year 2008-09 Actual	Forecast	*Less* 8% Amount	Revised Forecast
Secured Taxes	$30,559,760	$25,639,639	($2,444,781)	$23,194,858
Unsecured Taxes	1,285,593	1,078,612	(102,847)	975,765
Secured - Homeowner	397,456	333,466	(31,796)	301,670
Floating Lien	766,382	–	(61,311)	(61,311)
Property Tax In Lieu of VLF	8,259,439	3,865,112	(660,755)	3,204,357
Sales Tax Triple Flip	3,606,231	3,515,848	(288,498)	3,227,350
TOTAL	$44,874,861	$34,432,677	($3,589,989)	$30,842,688

Source: City of Richmond.

Fiscal Year 2010-11. The Governor's proposed budget for Fiscal Year 2010-11 was released on January 8, 2010 (the "2010 Governor's Budget") proposes to solve an estimated $19.9 billion budget gap by the end of Fiscal Year 2010-11 with a combination of spending reductions, alternative funding, fund shifts and additional federal funds. Given the re-emergence of a current year shortfall and the necessary time for budget solutions to achieve their full value, the Governor has emphasized that many of the solutions in the proposed budget should be adopted immediately. Concurrently with the issuance of the 2010 Governor's Budget, the Governor declared a fiscal emergency and called the State Legislature into special session on January 8, 2010 to close the budget gap as soon as possible. As of March 5, 2010, the State Legislature had adopted and sent to the Governor legislation intended to reduce the budget gap by about $3.2 billion with additional budget legislation still under consideration. On March 8, 2010, the Governor vetoed a portion of the legislation constituting approximately $2.1 billion of intended savings.

The projections and budgetary proposals in the 2010 Governor's Budget were updated in May, in connection with the 2010 May Revision (defined below), which will be the basis for final negotiations between the Governor and the State Legislature to reach agreement on the Fiscal Year 2010-11 budget.

The 2010 Governor's Budget proposes a combined total of $19.9 billion of budget solutions for Fiscal Years 2009-10 and 2010-11. The solutions consist of $8.5 billion in expenditure reductions (approximately 42.7 % of total solutions), $6.9 billion in federal funds solutions (approximately 34.6 %), $3.9 billion in alternative funding solutions (approximately 19.5%), and $572 million in fund shifts and other revenues (approximately 2.8%). Expenditure reductions include $1.07 billion of reductions relating to Medi-Cal; $1.0 billion of reductions relating to IHSS; $1.63 billion in salary reductions; $2.43 billion reduction in Proposition 98 funding, and $1.1 billion in reductions relating to prison and corrections expenditures. Alternative funding sources include $986 million relating to the gas tax shift; the use of $550 million in Proposition 10 moneys to offset State General Fund expenditures for children's programs; and the use of $452 million of Proposition 63 moneys to offset General Fund expenditures for mental health programs. The use of the Proposition 10 and Proposition 63 moneys described above also require voter approval.

On January 12, 2010, the Legislative Analyst Office released its analysis of the 2010 Governor's Budget (the "January 2010 LAO Report"). The LAO states that the reasons for the State's current budget gap are similar to prior budget shortfalls: the inability of the State to achieve proposed budget solutions; the effects of adverse court decisions; and, for Fiscal Year 2010-11, the expiration of various one-time and temporary budget solutions approved in 2009. The January 2010 LAO Report (which is available on the website of the Legislative Analyst Office) also stated in part:

> The Legislature faces incredibly daunting challenges in balancing this year's budget. Many of the major expenditure reductions in this budget will require significant lead time for departments to implement. Accordingly, the Legislature and the Governor will need to agree to a framework to solve much of the budget problem by the end of March. While it is reasonable to assume the state will secure some additional federal funding and flexibility, securing all of the federal relief the Governor seeks is very unlikely. Therefore, in developing a plan to balance the 2010-11 budget and rebuild state finances for the long term, the Legislature must make the types of very difficult decisions suggested by the Governor's "trigger list" of cuts and revenue increases—even if the Legislature rejects some of the specifics of the Governor's list. Decisions like this will facilitate steady progress toward a new, sustainable budget framework. Such progress is imperative to restore the state's fiscal health and enhance public trust in state government.

May Revision to the 2010 Governor's Budget. The Fiscal Year 2010-11 May Revision, released on May 14, 2010 (the "2010 May Revision"), addresses a remaining General Fund budget gap of $19.1 billion, $7.7 billion for Fiscal Year 2009-10, $10.2 billion for Fiscal Year 2010-11, and a modest reserve of $1.2 billion by proposing deep reductions and program eliminations.

Overall, the 2010 May Revision proposes State General Fund expenditures for Fiscal Year 2010-11 are approximately $0.5 billion above those proposed in the 2010-11 Governor's Budget, and State General Fund revenues that are $2.1 billion greater than projections in the Fiscal Year 2010-11 Governor's Budget. The 2010 May Revision reflects $1.637 billion in proposed loans and transfers from state special funds. With these additional resources, Fiscal Year 2010-11 revenues total $91.451 billion.

The May Revision proposes additional solutions to close the budget gap. Various fund shifts, alternative funding, and other revenues, including a $650 million loan of excise taxes on gasoline, account for $3.4 billion. Spending reductions account for $12.4 billion in solutions.

Federal funds account for $3.4 billion in solutions, a reduction from the Governor's January Budget proposal. Proposed federal funds include $1.7 billion from the extension of the temporary increase in the Federal Medical Assistance Percentage ("FMAP"), $125 million from the extension of other enhanced federal funding provided under ARRA, and $1.6 billion in additional federal funds for health and human services and for the Department of Corrections and Rehabilitation. Congress and President Obama's Administration have already acted on several funding requests and it is anticipated that Congress will act on a number of other funding requests, including the proposed extension of the temporary FMAP increase, later this year. In the event the federal government does not provide the additional funding in the timeline anticipated, the Governor will propose additional solutions to the State Legislature for inclusion in the Fiscal year 2010-11 Budget.

The 2010 May Revision has the following major proposals: (i) reducing Proposition 98 spending ($4.3 billion) by eliminating need-based, subsidized child care; (ii) reducing State employee pay and staffing and a shift of pension costs to employees ($2.1 billion) by reducing State employee salaries by 5%, increasing State employee pension contributions by 5% and increasing departmental salary savings by 5%; (iii) eliminating the CalWORKs program ($1.2 billion); (iv) implementing various changes to Medi-Cal; ($900 million); (v) reducing IHSS spending ($750 million) by limiting services to consumers with the highest level of need and reducing State participation in wages paid to IHSS workers to the State minimum wage of $8.00 per hour plus $0.60 per hour for health benefits; (vi) reducing county mental health realignment funds ($602 million); (vii) placing certain offenders in county jails ($244 million) by shifting certain non-serious, non-violent, non-sex offenders convicted of specified felonies and sentenced to three years or less to serve their sentences in county jails instead of State prisons.

The City cannot predict the extent of the budgetary problems the State will encounter in this or in any future Fiscal Year, and, it is not clear what measures would eventually be taken by the State to balance its budget, as required by law. Accordingly, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on its finances and operations or the actions to be taken in the future.

Major General Fund Revenue Sources

Following is a discussion of the City's principal General Fund revenue sources: property taxes, utility user taxes, sales and use taxes, documentary transfer taxes, and revenue from the State.

County Property Tax Collection Process and Assessed Valuations. The City uses the facilities of the County for the assessment and collection of property related taxes for City purposes. The assessed valuation of property is established by the County Assessor and reported at 100% of the full cash value as of January 1, except for public utility property, which is assessed by the State Board of Equalization. City property related taxes are assessed and collected at the same time and on the same tax rolls as are county, school, and special district taxes.

The County levies and collects the *ad valorem* property taxes. Taxes arising from the 1% Proposition 13 levy are apportioned among local taxing agencies on the basis of a formula established by State law in 1979. Under this formula, the City receives a base year allocation plus an allocation on the basis of growth in assessed value (consisting of new construction, change of ownership and inflation). Taxes relating to voter-approved indebtedness and voter approved pension costs are levied by the County and allocated to the relevant taxing agency. Beginning in Fiscal Year 1990-91 (with the adoption of new

State legislation), the County has deducted the pro-rata cost of collecting property taxes from the City's allocation.

The California Community Redevelopment Law authorizes redevelopment agencies to receive the allocation of tax revenues resulting from increases in assessed valuations of properties within designated project areas. In effect, the other local taxing authorities realize tax revenues from such properties only on the base-year valuations, which are frozen at the time a redevelopment project area is created. The tax revenues which result from increases in assessed valuations flow to the redevelopment areas. The City has created redevelopment project areas pursuant to State law. Generally, funds must be spent within the redevelopment areas in which the tax increment revenues were generated and may only be spent on projects which qualify under State redevelopment law.

As discussed under "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS–Article XIII A of the State Constitution," pursuant to Article XIII A of the California Constitution, annual increases in property valuations by the County Assessor are limited to a maximum of 2% unless properties are improved or sold. Transferred properties and improvements are assessed at 100% of full cash value. Therefore, the County tax rolls do not reflect property values uniformly proportional to market values.

In 1978, the voters of the State passed Proposition 8, a constitutional amendment to Article XIII A that allows a temporary reduction in assessed value when real property suffers a decline in value. A decline in value occurs when the current market value of real property is less than the current assessed (taxable) factored base year value as of the lien date, January 1. See also *"–Decline in Fiscal Year 2009-10 Assessed Valuation."*

"Secured" property is real property which in the opinion of the County Assessor can serve as a lien to secure payment of taxes. "Utility" property is any property of a public utility which is assessed by the State Board of Equalization rather than the County Assessor, and which is also "secured" property.

The table below summarizes the assessed valuation of taxable property in the City for Fiscal Years 2005-06 through 2009-10.

Table A-6
City of Richmond, California
Assessed Valuation of Taxable Property
Fiscal Years 2005-06 through 2009-10

Fiscal Year	Local Secured	Utility	Unsecured	Total Before Redevelopment Increment	Total After Redevelopment Increment
2005-06	$9,645,553,503	$31,000,052	$747,436,118	$10,423,989,673	$9,545,569,275
2006-07	11,329,240,515	28,950,901	784,744,022	12,142,935,438	10,160,005,866
2007-08	12,904,624,659	10,092,578	764,356,012	13,679,073,249	11,345,301,908
2008-09	12,789,413,923	10,071,060	849,546,196	13,649,031,179	11,237,792,283
2009-10†	10,777,113,225	9,957,443	966,599,138	11,753,669,806	10,017,123,741

† Adopted Budget.
Sources: California Municipal Statistics, Inc. for Fiscal Years 2005-06 through 2006-07 and Contra Costa County Assessor for Fiscal Years 2007-08 through 2009-10.

Decline in Fiscal Year 2009-10 Assessed Valuation. On July 14, 2009, the City received a copy of a letter dated July 1, 2009 from the County Assessor to the County Board of Supervisors to the effect that the Fiscal Year 2009-10 assessment roll had been prepared and reflected a 7.2% decline Countywide in assessed valuation from the prior Fiscal Year. The letter further stated that the effect to the City would be a 13.8% decline in assessed valuation. The City assumed a higher percentage decline (16.1%) in preparing the Adjusted Fiscal Year 2009-10 Budget to account for anticipated declines in the supplemental tax roll. Absent any supplemental property tax receipts, property taxes will be approximately $6.0 million lower than the amounts assumed when the Fiscal Year 2009-10 Adopted Budget was adopted in June 2009, and the City was required to make adjustments to the Adopted Budget to address this expected reduction in revenues. See "FINANCIAL OPERATIONS–Financial Statements–*Fiscal Year 2009-10.* The City assumed a 20% decline in property taxes for purposes of preparing the Fiscal Year 2010-11 Adopted Budget.

Pending Assessment Appeals. Property tax values determined by the County Assessor may be subject to an appeal by the property owners. Assessment appeals are annually filed with the County Assessment Appeals Board (the "Appeals Board") for a hearing and resolution. The resolution of an appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant/property owner.

Major property tax assessment appeals by businesses, the oil industry and power plants in the City during Fiscal Year 2006-07 total an aggregate of $2.866 billion in disputed value. Hearings on these appeals generally are expected to occur within two years of the filing date, although waivers and extensions are available. The largest secured property taxpayer in the City, Chevron USA, has a history of appealing its assessed valuation, including appeals of its Fiscal Year 2004-05, 2005-06 and 2006-07 assessed values. On September 3, 2009, the Appeals Board ruled that the assessments were too high by a combined $1.2 billion for those three Fiscal Years and Chevron had overpaid property taxes by at least $12.6 million.

On April 1, 2010, the County and Chevron reached a tentative agreement for a repayment plan for a $17.84 million refund owed to Chevron. Pursuant to the terms of the tentative agreement, the County and its agencies would pay approximately $6 million to Chevron in August 2010 and would pay the remaining approximately $12 million in August 2011. The City's portion of such amount totals $2.3 million, of which $360,000 represents the City's share of the 1% *ad valorem* property tax and of which $1.94 million represents *ad valorem* property taxes levied annually at the rate of 0.14%, which was approved by the voters, to pay benefits under the Police and Firemen's Pension Plan. The City's portion of the August 2010 payment, in the amount of $118,800, will be deducted from the property tax receipts received from the County in December 2011 and the remainder, in the amount of $241,200, will be deducted from the property tax receipts received from the County in December 2012. Chevron is also appealing its assessed valuation for the Fiscal Years 2007-08 through 2009-10. The City cannot predict whether additional appeals will be filed by Chevron or any other major property taxpayer in the future, or if filed whether or to what extent such appeals will be successful. Appeals are decided upon the Appeals Board and the City has no control over the actions of such officials.

Property Taxes. Property tax receipts collected for the City by the County are set forth in Table A-7 below. In preparing its annual budgets, the City forecasts property taxes based on each of the specific categories of receipts (secured and unsecured, current and delinquent receipts, supplemental, and State replacement funds). Current receipts are derived from the County Assessor's estimate of growth in assessed valuation, adjusted for estimates in growth for redevelopment project areas. Estimates of other property tax receipts are primarily based on historical collections.

Table A-7
City of Richmond
Property Tax Receipts[1]
Fiscal Years 2004-05 through 2008-09, Estimated Fiscal Year 2009-10 and Budgeted Fiscal Year 2010-11†

Fiscal Year	Property Tax Receipts	Property Tax % Change	Percentage of General Fund Revenues
2004-05	$30,368,311[2]	28.46%	29.54%
2005-06	28,284,861	(6.86)	26.57
2006-07	33,069,812	6.92	29.03
2007-08	34,269,322	3.63	30.03
2008-09	33,296,446	(2.84)	23.95
2009-10[3]	31,816,829	(4.44)	25.34
2010-11†[4]	25,550,000	(19.70)	18.72

† Budgeted.
(1) Excludes property tax override receipts of which approximately $3.8 million are budgeted for Fiscal Year 2009-10.
(2) Included a one-time release of $4,627,380 from Pension Reserve Account. Underlying property taxes totaled $25,740,431 net of the release.
(3) Estimated. Fiscal Year 2009-10 Mid-Year Budget Review.
(4) Secured property taxes for Fiscal Year 2010-11 are budgeted at 8.6% lower ($2.4 million) than the amounts expected to be received based on the Fiscal Year 2009-10 Budget Mid-Year Review. The amount to be received in Fiscal Year 2010-11 will be reduced further by $759,000 to account for repayment of amounts owed to Chevron USA as a result of the successful assessment appeal. See "*–Pending Assessment Appeals.*"

Sources: City of Richmond, Comprehensive Annual Financial Report for Fiscal Years, 2004-05 through 2008-09, the Fiscal Year 2009-10 Mid-Year Budget Review and the Adopted Fiscal Year 2010-11 Budget.

Property tax receipts for Fiscal Year 2008-09 were $33.3 million, representing approximately 24.0% of General Fund revenues and an approximately 2.84% decrease from Fiscal Year 2007-08. Property tax receipts in Fiscal Year 2009-10 are estimated to be $31.8 million, representing approximately 25.0% of budgeted General Fund revenues and a projected 4.44% decrease from Fiscal Year 2008-09.

In Fiscal Year 2009-10, the State borrowed property tax receipts from local governments (including approximately $3.6 million from the City) to help balance the State budget. These funds were replaced by funds raised in a property tax securitization with the effect being that the City did not experience a $3.6 million decrease in property tax revenues in Fiscal Year 2009-10. See "FINANCIAL OPERATIONS–State Budgets–*Budget Actions After the 2009 February State Budget*."

Teeter Plan. The City is located within a county that is following the "Teeter Plan" (defined below) with respect to property tax collection and disbursement procedures. Under this plan, a county can implement an alternate procedure for the distribution of certain property tax levies on the secured roll pursuant to Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State of California (comprising Section 4701 through 4717, inclusive), commonly referred to as the "Teeter Plan."

Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes and assessments are distributed to taxing agencies within the county included in the Teeter Plan on the basis of the tax levy, rather than on the basis of actual tax collections. The County then receives all future delinquent tax payments, penalties and interest, and a complex tax redemption distribution system for all participating taxing agencies is avoided. While the County bears the risk of loss on delinquent taxes that go unpaid, it benefits from the penalties associated with these delinquent taxes when they are paid. In turn, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk. The constitutionality of the Teeter Plan was upheld in *Corrie v. County of Contra Costa*, 110 Cal. App. 2d 210 (1952). The County was the first Teeter Plan county in the State when the Teeter Plan was enacted by the State Legislature in 1949.

The valuation of property is determined as of January 1 each year and equal installments of tax levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due May 15 and become delinquent August 31.

The City receives its entire secured tax levy amount each year under the Teeter Plan. A history of collections for the last five Fiscal Years is shown in Table A-8 and the aggregate amount of County secured tax levies, delinquencies and tax losses reserve fund balances for the same period are shown in Table A-9 as reported annually by the County Auditor-Controller.

Table A-8
City of Richmond
Secured Tax Levies and Delinquencies[(1)]
Fiscal Years 2004-05 through 2008-09[(2)]

Fiscal Year Ended June 30	Total Current Fiscal Year Tax Levy	Reimbursed Tax Levy	Percent Current Levy Delinquent June 30[(3)]
2004-05	$27,874,360	$368,968	1.32%
2005-06	30,704,619	578,395	1.88
2006-07	34,107,915	1,159,190	3.40
2007-08	38,289,082	1,834,890	4.79
2008-09[(2)]	38,286,630	1,529,548	3.99

(1) Includes property tax override receipts collected for payment of certain pension benefits. See "–Pension Plans–*Police and Firemen's Pension Plan*."
(2) Most recent data available.
(3) Due to the County use of the Teeter Plan, the City received 100% of its tax levy, with the County responsible for collection of delinquent amounts.
Source: Contra Costa County Auditor-Controller.

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Table A-9
Contra Costa County
Secured Tax Levies, Delinquencies and
Tax Losses Reserve Balances
Fiscal Years 2004-05 through 2008-09†

Fiscal Year Ended June 30	Total Current Year Tax Levy	Portion of Current Levy Delinquent Year End	% Current Levy Delinquent Year End	Total Delinquent Taxes June 30	Tax Losses Reserve Balance June 30	Reserve as % of Delinquency
2004-05	$1,584,132,373	$26,598,823	1.68%	$37,821,908	$23,134,013	61%
2005-06	1,720,977,608	35,699,270	2.07	47,003,688	26,334,817	56
2006-07	1,967,771,060	80,851,968	4.11	97,323,762	33,558,844	34
2007-08	2,077,282,718	106,031,582	5.10	143,490,997	45,174,112	31
2008-09	2,061,930,220	86,035,461	4.17	129,971,278	66,209,174	51

† Most recent data available.
Source: Contra Costa County Auditor-Controller.

The County can elect to terminate its Teeter Plan for subsequent fiscal years, in which case the City would receive only the taxes and assessments actually collected and delinquent amounts when and if received. The County can also elect to terminate its Teeter Plan if more than 3% of the total tax levy is delinquent. The County has never terminated its Teeter Plan and has not informed the City of any plans to terminate its Teeter Plan.

Foreclosure Activity. Residential mortgage loan defaults and foreclosures have recently increased significantly in connection with the collapse of the subprime sector of the residential mortgage market and broader economic pressures. In California, the greatest impacts to date are in regions of the Central Valley and the Inland Empire (both areas that are outside of the County), although the County has been impacted as well, particularly in the eastern portions of the County where the largest number of new mortgages were originated as growth in residential development occurred.

Such foreclosure activity has also affected the City. Based on information provided by an independent data collection service, for calendar year 2009, mortgage holders had sent 1,490 notices of default with respect to properties located within the City compared to 1,562 during calendar year 2008 (a decline of 4.6%), and 800 trustee deeds had been recorded (indicating that the property has been lost to foreclosure) during calendar year 2009 compared to 1,203 during calendar year 2008 (a decline of 33.5%). During the first quarter (January through March) of calendar year 2010, mortgage holders sent 234 notices of default and recorded 170 trustee deeds compared to 435 notices of default sent and 181 trustee deeds recorded during the first quarter of calendar year 2009.

A summary of the notices of default sent and trustee deeds recorded for the City and the County during calendar years 2007 through 2009 and for the first quarter (January through March) of calendar years 2009 and 2010 is summarized in Table A-10.

Table A-10
City of Richmond and Contra Costa County
Summary of Foreclosure Activity
Calendar Years 2006 through 2008 and First Quarter of Calendar Years 2009 and 2010

	Notices of Default					Trustee Deeds (Foreclosures)				
	Calendar Year			First Quarter January through March)		Calendar Year			First Quarter January through March)	
	2007	2008	2009	2009	2010	2007	2008	2009	2009	2010
CITY										
Number	1,339	1,562	1,490	435	234	416	1,203	800	181	170
% Change	279.6%	12.1%	(4.6%)	–	(46.2%)	629.8%	189.2%	(33.5%)	–	(6.1%)
COUNTY										
Number	10,847	16,453	18,248	5,095	3,280	4,047	11,281	7,998	1,736	1,839
% Change	192.9%	51.7%	10.9%	–	(35.6%)	753.8%	178.7%	(29.1%)	–	5.9%

Source: *MDA DataQuick Information.*

The level of default and foreclosure activity has resulted in downward pressure on home prices in the affected areas. In response, the County has reduced the assessed valuation on certain properties pursuant to Proposition 8, legislation that permits a temporary tax reduction when baseline market value is lower than current market value. The County Assessor reviewed approximately 30,000 properties sold since 2005 and reduced the assessed valuation on approximately 22,500 properties for Fiscal Year 2007-08. The average reduction in assessed value was $50,000, resulting in an average tax reduction of 8% per parcel and an aggregate reduction equal to $14 million, or 0.71%, of the Fiscal Year 2008-09 secured roll of the County.

Due to the continued downturn in the real estate market, in Fiscal Year 2008-09, growth in assessed valuation in the County was flat (a 0.23% increase) and in Fiscal Year 2009-10 assessed valuation declined by $11.3 billion (-7.2%). During Fiscal Year 2009-10, only three cities in the County (Orinda, Lafayette and Moraga) experienced increases in assessed valuation. The County Assessor is in the process of reviewing properties throughout the County and estimates that for Fiscal Year 2010-11 assessed valuation will decline another $4.9 billion (-3.4%).

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Largest Taxpayers. Set forth in Table A-11 are the 10 largest secured taxpayers in the City for the Fiscal Year ending June 30, 2009 (the most current data available), based on assessed valuations within the City.

Table A-11
City of Richmond
Largest Property Taxpayers
Fiscal Year 2008-09
($ in 000's)

		2008-09 Assessed Valuation	
Property Owner	Primary Land Use	Amount	Percent
Chevron USA Inc.	Heavy Industrial	$3,472,946	26.92%
Lennar Emerald Marina Bay LLC	Residential Properties	141,807	1.10
Richmond Parkway Associates	Apartments	122,770	0.95
Bayer Healthcare Pharm Inc.	Heavy Industrial	114,023	0.88
DDRM Hilltop Plaza LP	Shopping Center	88,858	0.69
Richmond Essex LP	Apartments	67,859	0.53
Richmond Associates LLC	Shopping Center	63,192	0.49
Crescent Park EAH LP	Apartments	48,444	0.38
Cherokee Simeon Venture I LLC	Office Building	47,190	0.37
Dicon Fiberoptics Inc.	Industrial	43,977	0.34
SUBTOTAL		4,211,064	32.64
Remaining Property Owners		8,691,360	67.36
TOTAL		$12,902,425	100.00%

Sources: HdL Coren & Cone and Contra Costa County Assessor 2008-09 Combined Tax Rolls.

On March 9, 2010, Chevron Corporation announced details of a restructuring plan that was announced earlier in January 2010. The restructuring plan includes elimination of 2,000 positions in 2010 and more in 2011 and the sale of a refinery in Wales but does not include the closure or sale of any other refineries, including the refinery in Richmond. The restructuring plan did not specifically address whether Chevron intends to continue to pursue up to $1.5 billion of improvements to its Richmond refinery.

There can be no assurance that these owners, or any other large property owner, will not relocate outside of the City or file property tax appeals in the future which could significantly reduce the amount of property tax revenues available to the City. Certain of these taxpayers may own property located in one or more redevelopment areas of the City and the full amount of property taxes paid on such parcels may not contribute to the City's General Fund.

Utility Users Tax. The City collects a tax (the "Utility Users Tax") from utility users within the City's boundaries. Such users are charged 10% of the total bill for electricity and gas services, and 9.5% of the total bill for phone and cable television services. The tax is not applicable to State, County, or City agencies, insurance companies or banks. The Utility Users Tax represented the second largest revenue source for the City in Fiscal Year 2008-09. In Fiscal Year 2008-09, Utility Users Taxes were collected by the City in the amount of approximately $34.9 million, and accounted for approximately 35.3% of total General Fund revenues.

In November 2002, voters in the City passed a proposition raising the Utility Users Tax from 8% to 10%, effective December 2002. Although some of the City's larger utility service providers experienced some delays in billing their customers at the higher rate, all of the City's utility vendors are now billing at the 10% rate. In February 2008, voters in the City passed a proposition modernizing the definition of services to be taxed under the telecommunications portion of the Utility Users Tax and decreasing the tax from 10% to 9.5%, thus protecting the tax from possible litigation.

The Richmond Municipal Code Section 13.52.100 provides that any electric service user may annually elect to pay a maximum Utility Users Tax that is calculated as the base amount of $1,148,137.54 for each percent of tax imposed for any tax year, which base amount is then adjusted annually by that percentage which is 90% of the total percentage of change in the United States Department of Labor, Bureau of Labor Statistics' Gas (piped) and Electric Consumer Price Index For All Consumers Urban for the San Francisco/Oakland/San Jose Area calculated on the basis of the two consecutive and most recently completed years for which data is available from the United States Department of Labor. In order to elect to pay the maximum Utility User Tax, a user of the electric service must enter into an agreement with the City Tax Administrator prior to the commencement of the tax year to pay the maximum tax liability directly to the City during the tax year. No portion of the maximum Utility Users Tax is refundable in the event the service user subsequently determines that its tax liability under this chapter would have been less than the maximum Utility Users Tax calculated as described above.

Chevron elected to pay the maximum Utility Users Tax for Fiscal Years 2003-04, 2004-05 and 2005-06. Chevron did not so elect for Fiscal Years 2006-07 and 2007-08. During those two Fiscal Years, Chevron paid the Utility Users Tax in accordance with its usage. The City experienced a Utility Users Tax revenue decline of approximately $1.1 million from Fiscal Year 2005-06 and Fiscal Year 2007-08, at least some of which is attributable to Chevron's payment of the Utility Users Tax in accordance with its usage.

On February 27, 2009, the City and Chevron reached a settlement under which Chevron agreed to pay the maximum Utility User Tax for each Fiscal Year from 2008-09 through 2011-12; pay the tax on the basis of actual cost thereafter; and pay to the City $28 million ($13 million already paid with $5 million paid annually through Fiscal Year 2011-12).

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Table A-12 shows Utility Users Tax receipts and their respective percentage of General Fund revenues since Fiscal Year 2004-05 and the budgeted amount for Fiscal Year 2009-10.

Table A-12
City of Richmond
Utility Users Tax Receipts
Fiscal Years 2004-05 through 2008-09, Estimated Fiscal Year 2009-10
and Budgeted Fiscal Year 2010-11

	Utility Users Taxes		Percentage of General Fund
Fiscal Year	Tax Receipts	% Change	Revenues
2004-05	$29,721,091	1.36%	28.91%
2005-06	30,199,388	1.61	28.36
2006-07	27,007,410	(10.57)	23.71
2007-08	29,553,243	9.43	25.90
2008-09	48,953,004(1)	65.64	35.32
2009-10(2)	39,035,044(3)	(20.26)	31.09
2010-11(4)	40,924,399	4.84	31.11

(1) Includes a portion of the Chevron UUT settlement payment (discussed above) in the amount of $13 million.
(2) Fiscal Year 2009-10 Mid-Year Budget Review.
(3) Includes a portion of the Chevron UUT settlement payment in the amount of $5 million.
(4) Budgeted.
Sources: City of Richmond, Comprehensive Annual Financial Report for Fiscal Years 2004-05 through 2008-09, the Fiscal Year 2009-10 Mid-Year Budget Review and the Adopted Fiscal Year 2010-11 Budget.

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Sales and Use Taxes. The sales tax is an excise tax imposed on retailers for the privilege of selling tangible personal property. The use tax is an excise tax imposed on a person for the storage, use or other consumption of tangible personal property purchased from any retailer. The proceeds of sales and use taxes (collectively, "Sales Tax") imposed within the boundaries of the City are distributed by the State to various agencies as shown below in Table A-13. The total Sales Tax rate for the City as of April 1, 2010 is 9.75% and is allocated as follows:

Table A-13
City of Richmond
Composition of Sales Tax Rate
(As April 1, 2010)

State - General State – Fiscal Fund	6.00%
State – Fiscal Recovery Fund	0.25
State – Local Public Safety Fund (Proposition 172)	0.50
State - Local Revenue Fund	0.50
Local - City of Richmond	0.75
Local - Contra Costa County	0.25
SUBTOTAL STATEWIDE SALES AND USE TAX	8.25
San Francisco Bay Area Rapid Transit District	0.50
Contra Costa County Transportation Authority	0.50
City of Richmond Transactions and Use Tax - General Fund†	0.50
TOTAL	9.75%

† In November 2004 the voters of the City approved Measure Q, which imposed a one-half of one percent (1/2%) transactions and use tax for General Fund purposes of the City. The authorization to collect taxes pursuant to Measure Q commenced in April 2005 and continues until repealed. This transactions and use tax is collected on a different tax base than the local sales and use tax. Local sales and use taxes are allocated to the area where the sale takes place, while district transactions and use taxes follow the merchandise, so they are allocated to the area where merchandise is delivered and presumably used. As a result of these differences, there is not a perfect correlation between the City's local sales and use tax receipts and its transactions and use tax receipts.

Source: California State Board of Equalization.

Partially as a result of the current economic downturn, the State faces significant budget shortfalls. In addition, significant budget shortfalls are currently anticipated in the coming Fiscal Years. In order to address the current and anticipated budget shortfalls, the State Legislature adopted and the Governor approved a variety of spending reductions and revenue enhancements, including a 1% increase in the State Sales Tax rate. This increase, which took effect April 1, 2009 and is currently scheduled to remain in effect until July 1, 2012, increased the State Sales Tax rate from 7.25% to 8.25%, resulting in a total sales rate within the City of 9.75%. No assurance can be given as to whether such increase is having a material adverse impact on the level of retail sales within the City. See also "–State Budgets."

Table A-14 sets forth a history of taxable sales for the City for calendar years 2004 through 2008.

Table A-14
City of Richmond
Taxable Sales
($ in thousands)

	2004	2005	2006	2007	2008†
Apparel stores	$ 37,226	$38,965	$38,864	$36,152	$37,367
General merchandise stores	202,413	208,358	206,293	235,802	247,666
Food stores	28,420	25,867	24,508	25,349	25,152
Eating and drinking establishments	48,641	52,911	54,188	56,778	57,667
Home furnishings and appliances	24,374	26,346	27,656	23,421	19,941
Building materials and farm implements	98,994	100,174	96,514	42,248	20,064
Auto dealers and auto supplies	217,624	210,173	217,904	210,123	149,657
Service stations	134,987	185,474	203,878	242,647	271,424
Other retail stores	73,017	72,474	71,781	63,694	74,411
SUBTOTAL RETAIL STORES	865,696	920,742	941,586	936,214	903,350
All other outlets	188,333	188,917	181,326	292,526	257,622
TOTAL ALL OUTLETS	$1,054,029	$1,109,659	$1,122,912	$1,228,740	$1,160,972

† Most recent annual data available.
Source: California State Board of Equalization.

Sales Tax receipts for Fiscal Year 2008-09 were approximately $27.9 million, representing approximately 19.1% of General Fund revenues and transfers in and an approximately 3.7% decrease compared to Fiscal Year 2007-08. Sales tax receipts for Fiscal Year 2010 are estimated to be $24.2 million, representing approximately 19.3% of General Fund revenues and transfers and an approximately 13.5% decrease compared to Fiscal Year 2008-09. Sales tax receipts for Fiscal Year 2009-10 are budgeted at $23.9 million, representing approximately 17.6% of General Fund revenues and transfers and an approximately 0.7% decrease compared to Fiscal Year 2009-10.

Table A-15 shows Sales Tax receipts and their respective percentage of General Fund revenues since Fiscal Year 2005-06 and the budgeted amount for Fiscal Year 2009-10.

Table A-15
City of Richmond
Sales Tax Receipts

	Sales Tax		Percentage of General Fund
Fiscal Year	Receipts	% Change	Revenues
2005-06	$25,402,253	25.30%	28.36%
2006-07	28,217,895	11.08	23.71
2007-08	29,005,711	2.79	25.90
2008-09	27,922,698	(3.73)	19.07
2009-10(1)	24,163,338	(13.46)	19.25
2010-11(2)	23,984,487	(0.74)	17.58

(1) Estimated. Fiscal Year 2009-10 Mid-Year Budget Review.
(2) Budgeted.
Sources: City of Richmond, Comprehensive Annual Financial Report for Fiscal Years 2005-06 through 2008-09, the Fiscal Year 2009-10 Mid-Year Budget Review and the Adopted Fiscal Year 2010-11 Budget.

Business License Act Tax ("Measure T"). On November 4, 2008, the voters of the City approved Measure T imposing a tax on manufacturing businesses effective January 1, 2009 in an amount equal to the greater of: (i) the tax that would be paid by other general businesses, which is primarily based on the number of employees; or (ii) a flat fee equal to 0.25% of the value of the raw materials used in the manufacturing process.

Prior to January 1, 2009, business inventories were exempt from property taxation and are not included in the values shown in the following tables. Also excluded is the first $7,000 of the value of owner occupied residences, pursuant to the homeowners' exemption under State law.

On February 27, 2009, Chevron U.S.A., Inc. ("Chevron") filed a suit in Contra Costa Superior Court *(Chevron v. City of Richmond*) alleging that Measure T violated: (i) the commerce clause of the U.S. Constitution and parallel principles in the State Constitution by being not fairly related to the services provided by the City, by burdening commerce and by other means, (ii) State laws that ban taxes on business inventory, and (iii) State regulations on local sales and use taxes. The City continued to collect the tax and held such amounts in reserve pending resolution of the litigation.

On December 16, 2009, the trial court agreed with some of the claims made by Chevron and invalidated Measure T as a violation of the commerce clause and the Bradley Burns Act (which allows local governments to collect a 1% sales tax). In addition, the trial court required the City to refund to Chevron the taxes it paid under Measure T and to pay Chevron $1.2 million in prejudgment interest. In February 2010, the City refunded the taxes collected in the amount of $20.9 million but did not pay the prejudgment interest. On March 9, 2010, the City filed an appeal.

On May 11, 2010, the City Council approved execution of a settlement agreement with Chevron to resolve the remaining Measure T issues and other outstanding matters that requires: (i) the City dismiss its appeal of the trial court decision invalidating Measure T, and (ii) Chevron to: (a) waive the Measure T prejudgment interest; (b) agree not to submit the proposed initiative that would amend the UUT; (c) agree to pay to the City a total of $114 million over 15 years ($10 million in each of Fiscal Years 2010-11 and 2011-12; $13 million in each of Fiscal Year 2012-13 through 2014-15; $7 million in each of Fiscal Year 2015-16 through 2018-19, and $4 million in each of Fiscal Year 2019-20 through 2023-24) in addition to its liability under the existing UUT and Business License Tax settlement (See "–Major General Fund Revenue Sources–*Utility Users Tax*"); (d) continue to make the payments under the settlement agreement if a new tax measure is enacted by the voters during the term of the settlement agreement that would otherwise increase Chevron's tax liability; and (e) affirm its Community Benefits Agreement obligations with respect to support for providing fence line air quality monitoring and collection and Greenprint transportation funding in the amount of $2 million payable in three equal installments commencing July 1, 2010, in connection with the court invalidating the approval by the City of the Chevron Hydrogen Renewal Project.

Documentary Transfer Tax. The City collects a tax (the "Documentary Transfer Tax") on all transfers by deeds, instruments, writings or any other document by which lands, tenements, or other interests in real property are sold at a rate of $7.00 for each $1,000 or fractional part thereof of the consideration. Documentary Transfer Tax revenues for Fiscal Year 2008-09 were approximately $3.4 million, representing approximately 2.7% of General Fund revenues and transfers in reflecting the continued decline in the real estate market. See "FINANCIAL OPERATIONS–Financial Statements."

Documentary Transfer Tax revenues in the Fiscal Year 2009-10 Budget are estimated at approximately $3.1 million, representing approximately 2.7% of budgeted General Fund revenues. For Fiscal Year 2010-11, documentary transfer tax revenues are budgeted at $3.2 million, representing 2.35% of budgeted General Fund Revenues. Table A-16 summarizes Documentary Transfer Tax receipts and their respective percentage of General Fund revenues for the past five Fiscal Years.

Table A-16
City of Richmond
Documentary Transfer Tax Receipts

Fiscal Year	Documentary Transfer Tax Receipts	Documentary Transfer Tax % Change	Percentage of General Fund Revenues
2005-06	$10,670,869	0.58%	9.56%
2006-07	7,297,735	(31.61)	6.20
2007-08	3,647,333	(50.02)	6.56
2008-09	3,419,724	(6.24)	2.89
2009-10(1)	3,160,500	(7.58)	2.67(2)
2010-11(3)	3,200,000	1.25	2.35

(1) Projected. Based upon seven months of actual data received from the County.
(2) Based upon projected total General Fund revenue of $118,500,000.
(3) Budgeted.
Sources: Comprehensive Annual Financial Report for Fiscal Years 2005-06 through 2008-09, the Fiscal Year 2009-10 Mid-Year Budget Review and the Adopted Fiscal Year 2010-11 Budget.

Revenue from the State. Revenue from the State consists of revenue from vehicle license fees (the "VLF") and property tax in lieu of VLF (also known as the "VLF Backfill"). The City receives additional property tax to replace VLF revenue that were reduced when the State repealed the State general fund backfill for the reduction in the VLF. Revenue from the State in the Fiscal Year 2009-10 Adjusted Budget is approximately $7.8 million, representing approximately 6.8% of budgeted General Fund revenues and a decrease of approximately 17.8% from Fiscal Year 2008-09. Table A-17 shows receipts of revenue from the State and their respective percentage of General Fund revenue since Fiscal Year 2005-06, the estimated amount for Fiscal Year 2009-10 and the budgeted amount for Fiscal Year 2010-11.

Table A-17
City of Richmond
Revenue from the State

Fiscal Year	Revenue from the State Receipts	Revenue from the State % Change	Percentage of General Fund Revenue
2005-06	$7,587,565	16.19%	7.10%
2006-07	7,289,895	(1.95)	6.30
2007-08	8,529,591	33.94	7.50
2008-09	9,473,652	11.07	8.01
2009-10(1)	7,783,851	(17.84)	6.79
2010-11(2)	7,160,000	(8.01)	6.87

(1) Estimated.
(2) Budgeted.
Sources: Comprehensive Annual Financial Report for Fiscal Years 2005-06 through 2008-09, the Fiscal Year 2009-10 Mid-Year Budget Review and Fiscal Year 2010-11 Adopted Budget.

The State has relied on significant shifts in revenues from local governments to the State in Fiscal Years 2004-05, 2008-09 and 2009-10 due to significant budgetary problems. See also "–State Budgets–*Fiscal Year 2009-10 State Budget*." See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS–Proposition 1A of 2004" in the front of this Official Statement.

Other Revenues. Other sources of City revenues include the transient occupancy tax, the franchise tax, fines, and fees for licenses and permits issued by the City which, on a combined basis, are represented approximately 6.7% of the City's General Fund revenues for Fiscal Year 2008-09 and are budgeted to represent approximately 2.1% of the City's General Fund revenues for Fiscal Year 2009-10. For Fiscal Year 2010-11, these sources are budgeted to represent approximately 6.2% of General Fund revenues.

Pension Plans

The City contributes to the California Public Employees' Retirement System ("PERS") as well as three separate City-administered, single-employer, defined-benefit pension plans – the General Pension Plan, the Police and Firemen's Pension Plan and the Garfield Pension Plan. **PERS does not manage any of the three separate City-administered pension plans.**

California Public Employees' Retirement System. The City contributes to PERS, an agent, multiple-employer, public employee, defined benefit, pension plan. 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: Lincoln Plaza North, 400 Q Street, Sacramento, California 95814.

The staff actuaries at PERS prepare annually an actuarial valuation which covers a Fiscal Year ending approximately 12 months before the actuarial valuation is prepared (thus, the actuarial valuation delivered to the City in December 2008 covered PERS' Fiscal Year 2007-08). The actuarial valuation expresses the City's required contribution rates in percentages of payroll, which percentages the City contributes in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the City's contribution rates derived from the actuarial valuation as of June 30, 2009, which was prepared in December 2008, were effective during the City's Fiscal Year 2008-09). PERS rules require the City to implement the actuary's recommended rates.

In calculating the annual actuarially required contribution rates, the PERS actuary calculates on the basis of certain assumptions the actuarial present value of benefits that PERS will fund under the PERS Plans, which includes two components, the normal cost and the Unfunded Accrued Actuarial Liability (the "UAAL"). The normal cost represents the actuarial present value of benefits that PERS will fund under the PERS Plans that are attributed to the current year, and the UAAL represents the actuarial present value of benefits that PERS will fund that are attributed to past years. The UAAL represents an estimate of the actuarial shortfall between assets on deposit at PERS and the present value of the benefits earned through the valuation date by retirees and active employees. The UAAL is based on several assumptions such as, among others, the rate of investment return, life expectancy, age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAAL is an estimate of the unfunded actuarial present value of the benefits that the City will fund under the PERS Plans to retirees and active employees upon their retirement and is not as a fixed or hard expression of the liability the City owes to PERS under the PERS Plans.

In each actuarial valuation, the PERS actuary calculates what was the expected actuarial value of the assets (the "Actuarial Value") of the PERS Plans at the end of the Fiscal Year (which assumes, among other things, that the actuarial rate of return during that Fiscal Year equaled the assumed rate of investment return of 7.75%). The PERS actuary uses a smoothing technique to determine the Actuarial Value, calculated on certain policies.

For the six month period ended December 31, 2009, PERS experienced a net investment gain of 12.57%.

Table A-18
Public Employees' Retirement Fund
Schedule of Funding Projections (State Only)
(Dollar in Millions)

	2004	2005	2006	2007	2008
Actuarial Value of Assets (AVA)	$67,081	$71,830	$77,143	$83,439	$89,304
Actuarial Accrued Liabilities (AAL)-entry age	79,800	86,595	92,557	100,352	107,642
Excess of Actuarial Value of Assets over AAL or Surplus (Unfunded) Actuarial Accrued Liabilities (UAAL) AVA Basis	(12,719)	(14,765)	(15,414)	(16,913)	(18,338)
Covered Payroll	12,624	12,935	13,299	14,571	15,890
Funded Ratio	84.1%	82.9%	83.4%	83.1%	83.0%

Source: PERS.

The funded status does not take into account investments returns since June 30, 2008 (including the 23% loss experienced in Fiscal Year 2008-09). In November 2009, PERS estimated on a preliminary basis that the funded status based on the market value of assets had at that time fallen from 84.9% to 55.4% with an unfunded actuarial liability of $50.6 billion, based on the market value of assets and assuming a 7.75% percent rate of return. If a more conservative rate of return is assumed, then the unfunded actuarial liability would be significantly increased, and the state contribution level would increase.

Because of the rate stabilization methods adopted by the Board in April 2005 and in August 2009, the impact of current market returns, and in particular, the Fiscal Year 2008-09 investment loss, on employer rates for the future will be mitigated. When PERS sets rates, the actuarial value of assets cannot be more than 120% of the market value nor less than 80% of the market value. Any asset value changes outside these ranges will result in a greater impact on future employer contributions.

The negative 5.1% return for Fiscal Year 2007-08 used up about 13% of the 14% set aside for the "rainy day" fund. The remaining 1% was used in developing employer contribution rates for Fiscal Year 2009-10. It is important to note, that as described in PERS Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008, in recent years, the demographic experience of most plans translated to increases in employer rates.

PERS' rate stabilization methods help to mitigate short term increases in the State's required annual contribution. While this will limit extreme increase in the State's required annual contribution to PERS in the near term, absent extraordinary investment returns (over and above 7.7% assumed by PERS), it is expected to result in significantly higher required contribution in future fiscal years. Depending on actual investment returns and other factors, the State's required annual contribution (which is estimated to be $3.5 billion for Fiscal Year 2010-11) could increase by 50% or more.

Although the investment horizon for pension plans is long term, PERS recognizes that investment returns over the short term fluctuate and can lead to volatile employer contribution rates, despite the current smoothly policy in place. Announced in August 2009, PERS has implemented an enhancement to their current rate stabilization method, which will utilize a 3-year phase-in of the negative 23% Fiscal Year 2008-09 investment loss.

According to PERS, the 3-year phase-in of Fiscal Year 2008-09 investment loss is achieved by temporarily relaxing the constraints on the smoothed value of assets. Previously, the actuarial value of assets could not be more than 120% of the market value nor less than 80% of the market value. Under the 3-year phase-in, assets are treated as follows:

1. For Fiscal Year 2011-12, the actuarial value of assets cannot be more than 140% of the market value nor less than 60% of the market value on June 30, 2009.

2. For Fiscal Year 2012-13, the actuarial value of assets cannot be more than 130% of the market value nor less than 70% of the market value on June 30, 2010.

3. For Fiscal Year 2013-14, the actuarial value of assets cannot be more than 120% of the market value nor less than 80% of the market value on June 30, 2011, a return to the previous values.

Lastly, the asset loss outside of the 80% - 120% will be isolated, and paid down with a fixed and certain 30-year amortization schedule. By utilizing a fixed and certain 30 year payment schedule, these losses will be paid in full at the end of 30 years, and will be independent of any investment gain/loss experienced by the remaining portfolio as a whole.

The level of future required contributions depends on a variety of other factors, including future investment portfolio performance, actuarial assumptions and additional potential changes in retirement benefits. There can be no assurance that the required annual contribution to PERS will not continue to significantly increase, despite the recent enhancement to rate stabilization methods, and that such increases will not materially adversely affect the financial condition of the State.

Complete updated inflation and actuarial assumptions can be obtained by contacting PERS at the address shown above.

Funding Status. An actuarial valuation of assets differs from a market valuation of assets in that an actuarial valuation reflects so-called smoothing adjustments which smooth the impact of gains and losses over multiple years. As of June 30, 2008, the actuarial value of the assets in each of the Safety Plan and the Miscellaneous Plan was approximately $374.3 million and $308.9 million, respectively. As a result, even if the market rate of return of the assets in the PERS Plans is above the actuarial assumed rate of 7.75% in future Fiscal Years, the actuarial practice of smoothing losses over several years may cause the investment rate of return for actuarial purposes to be less than the market rate of return.

The investment return for Fiscal Year 2008-09 was negative 23.4%.

Table A-19A-1
City of Richmond
Schedule of Funding Progress
Safety Plan
(PERS)

Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
06/30/05	$326,157,639	$259,483,882	$66,673,757	79.6%	$22,128,726	301.3%
06/30/06	339,241,980	339,619,607	(377,627)	100.1	21,314,998	(1.8)
06/30/07	362,133,278	359,089,009	3,044,269	99.2	24,752,789	12.3
06/30/08	382,363,901	374,325,089	8,038,812	97.9	27,344,889	29.4

Source: City of Richmond–Audited Financial Statements of the Fiscal Year 2008-09.

Table A-19A-2
City of Richmond
Schedule of Funding Progress
Miscellaneous Plan
(PERS)

Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
06/30/05	$269,183,479	$221,754,486	$47,428,993	82.4%	$28,600,241	165.8%
06/30/06	277,497,262	278,531,185	(1,033,923)	100.4	29,837,781	(3.5)
06/30/07	294,179,170	294,827,825	(648,655)	100.2	33,931,419	(1.9)
06/30/08	308,163,049	308,983,271	(820,222)	100.3	37,795,755	(2.2)

Source: City of Richmond–Audited Financial Statements of the Fiscal Year 2008-09.

Funding Policy. Miscellaneous Plan participants are required to contribute 8% of their annual covered salary, while Safety Plan participants are required to contribute 9% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City, as employer, was required to contribute for Fiscal Year 2008-09 at an actuarially determined rate of 11.201% and 16.807% of annual covered payroll for miscellaneous and safety employees, respectively. The contribution requirements of plan members and the City are established and may be amended by PERS. Total employer contributions based on actuarially determined rates amounted to $9,419,549 for the year ended June 30, 2009.

Annual Pension Cost. For Fiscal Year 2008-09, the City's annual pension cost of approximately $11,948,149 for PERS was equal to the City's required and actual contributions and amortization of the City's prepaid pension contributions were funded with proceeds from the City's 2005 Pension Obligation Bonds in November 2005. The required contribution was determined using the Entry Age Normal Cost actuarial method. The required contributions to PERS for the last five Fiscal Years are set forth in the tables below.

Table A-19B-1
City of Richmond
Schedule of Annual Pension Cost
Safety Plan
(PERS)

Fiscal Year	Annual Pension Cost (APC)	Source of APC Payment: Paid by City	Source of APC Payment: Prepaid Pension Obligation	Percentage of APC Contributed	Balance Prepaid Pension Obligation
6/30/2005	$7,248,178	–	–	100%	$0
6/30/2006	7,111,495	–	–	100	65,171,265
6/30/2007	5,506,687	$4,130,015	$1,376,672	100	63,785,279
6/30/2008	6,086,347	4,625,424	1,460,724	100	62,354,249
6/30/2009	6,464,293	4,986,754	1,477,539	100	60,876,710

Source: City of Richmond–Audited Financial Statements of the Fiscal Year 2008-09.

Table A-19B-2
City of Richmond
Schedule of Annual Pension Cost
Miscellaneous Plan
(PERS)

Fiscal Year	Annual Pension Cost (APC)	Source of APC Payment: Paid by City	Source of APC Payment: Prepaid Pension Obligation	Percentage of APC Contributed	Balance Prepaid Pension Obligation
6/30/2005	$5,036,493	–	–	100%	$0
6/30/2006	5,708,395	–	–	100	46,360,181
6/30/2007	4,830,259	$3,864,207	$966,052	100	45,374,247
6/30/2008	5,690,141	4,665,916	1,024,225	100	44,356,270
6/30/2009	5,483,856	4,432,795	1,051,061	100	43,305,209

Source: City of Richmond–Audited Financial Statements of the Fiscal Year 2008-09.

General Pension Plan. The General Pension Plan funds retirement and other benefits payable to 36 retirees who are not covered by PERS. The General Pension Plan is closed to new membership, and all of its current members are retired. Benefits are funded from the assets of the General Pension Plan and from related investment earnings. The City is required under its charter to contribute the remaining amounts necessary to fund the General Pension Plan using the Entry Age Normal Cost actuarial cost method as specified by ordinance.

As of July 1, 2007, the date of the most recent actuarial valuation, the actuarial present value of pension benefits under the General Pension Plan was $5,242,136, and the assets of the General Pension Plan at fair market value were $2,416,881, resulting in an unfunded accrued actuarial liability ("UAAL") of $2,825,255. In computing the actuarial valuation, General Pension Plan assets were assumed to yield a 4.5% return based on the fund's asset allocation and were assumed to increase 3.5% annually. The City's annual payment toward amortization of the UAAL is $307,948.

Police and Firemen's Pension Plan. The Police and Firemen's Pension Plan is a defined benefit pension plan covering 98 police and fire personnel employed by the City prior to October 1964. The Police and Firemen's Pension Plan is closed to new membership, and substantially all of its current members are retired. Funding for the Police and Firemen's Pension Plan is provided from the Pension Reserve Trust Fund. Employees eligible under the Police and Firemen's Pension Plan were vested after five years of service, and members were 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 Police and Firemen's Pension Plan using the Entry Age Normal Cost actuarial cost method as specified by ordinance.

The City established the Pension Reserve Trust Fund, to which a portion of the proceeds of an *ad valorem* property tax override levied annually at the rate of 0.14% of the assessed value of all taxable property within the City and approved by the citizens of the City are credited, for the payment of benefits under the Police and Firemen's Pension Plan as well as other pre-1978 benefits approved for general safety and miscellaneous employees enrolled in PERS. In Fiscal Year 2008-09, the revenue received by the Police and Firemen's Pension Plan from the tax was $4,800,000, while benefits paid were $4,828,836. As a result of a successful appeal by Chevron of its assessed valuations for Fiscal Year 2004-05, 2005-06 and 2006-07, and a tentative agreement reached by the County and Chevron on April 1, 2010 for the repayment of a total of $17.84 million refund owed to Chevron, $759,000 will be deducted from the City's *ad valorem* property tax override receipts received by the County in December 2011 and the remainder in the amount of $1.541 million, will be deducted from the December 2012 City's *ad valorem* property tax override receipts received by the County.

As of July 1, 2007, the date of the most recent actuarial valuation, the actuarial present value of pension benefits under the Police and Firemen's Pension Plan was $43,591,093, and the assets of the Police and Firemen's Pension Plan at fair market value were $22,910,310, resulting in a UAAL of $20,680,783. In computing the actuarial valuation, Police and Firemen's Pension Plan assets were assumed to yield a 6.5% return and benefit increases were assumed increase at a rate of 3.5% annually. The City's annual payment toward amortization of the UAAL is $2,199,459, all of which is expected to be paid from *ad valorem* property tax override revenues.

The City's contributions to the General Pension Plan and the Police and Firemen's Pension Plan in the five most recent Fiscal Years is presented below:

Table A-20A
City of Richmond
Pension Plan Contributions

	General Pension Plan			Police and Firemen's Pension Plan		
Fiscal Year	Annual Required Contribution	Amount Contributed	Percent Contributed	Annual Required Contribution	Annual Contribution	Percent Contributed
2004-05	$299,319	$946,746	316%	$2,191,252	$2,440,857	111%
2005-06	238,264	238,264	100	2,215,648	2,215,648	100
2006-07	238,264	238,264	100	2,215,648	2,215,648	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

Source: City of Richmond, Comprehensive Annual Financial Report for Fiscal Year 2008-09.

Table A-20B-1
City of Richmond
Schedule of Funding Progress
Police and Firemen's Plan

Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) % of Payroll
July 1, 2003	$46,523,759	$20,450,153	$26,073,606	44%	(1)	N/A
July 1, 2004	43,244,772	20,384,607	22,860,165	47	(1)	N/A
July 1, 2005	41,653,180	19,251,702	22,401,478	46	(1)	N/A
July 1, 2006	N/A(2)	N/A(2)	N/A(2)	N/A(2)	(1)	N/A
July 1, 2007	43,591,093	22,910,310	20,680,783	53	(1)	N/A

(1) Shown at zero because only one participant had not retired and was assumed to retire on the valuation date.
(2) Actuarial valuations were not completed.
Source: City of Richmond, Comprehensive Annual Financial Report for Fiscal Year 2008-09.

Table A-20B-2
City of Richmond
Schedule of Funding Progress
General Pension Plan

Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) % of Payroll
July 1, 2003	$6,331,911	$2,298,683	$4,033,228	36%	(1)	N/A
July 1, 2004	6,303,516	2,786,571	3,243,945	46	(1)	N/A
July 1, 2005	5,614,489	3,141,392	2,473,097	56	(1)	N/A
July 1, 2006	N/A(2)	N/A(2)	N/A(2)	N/A(2)	(1)	N/A
July 1, 2007	5,242,136	2,416,881	2,825,255	46	(1)	N/A

(1) Shown at zero because only one participant had not retired and was assumed to retire on the valuation date.
(2) All participants were retired as of the valuation date.
Source: City of Richmond, Comprehensive Annual Financial Report for Fiscal Year 2008-09.

Garfield Pension Plan. The City maintains the Garfield Pension Plan to fund defined retirement and other benefits due to a retired Chief of Police of the City, pursuant to a contractual agreement. Retirement and other benefits are paid from the assets of the Garfield Pension Plan and from related investment earnings. In Fiscal Year 2007-08, the City contributed $72,484 to the Garfield Pension Plan. The beneficiary of the Garfield Pension Plan is not covered under the Police and Fireman's Pension Plan, the General Pension Plan or PERS.

As of July 1, 2007, the date of the most recent actuarial valuation, the actuarial present value of pension benefits under the Garfield Pension Plan was $899,777, and the assets of the Garfield Pension Plan at fair market value were $326,228, resulting in a UAAL of $573,549. In computing the actuarial valuation, Garfield Pension Plan assets were assumed to yield a 4.5% investment return based on the fund's asset allocation and were assumed to increase 3.5% annually. The City's annual payment toward amortization of the UAAL is $72,484, all of which is expected to be paid from the General Fund. The City expects that it will have fully funded the UAAL with such payments as of June 30, 2016.

Table A-21A-1
City of Richmond
Schedule of Funding Progress
Garfield Plan

Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) % of Payroll
July 1, 2003	N/A[1]	N/A[1]	N/A[1]	N/A[1]	[2]	N/A
July 1, 2004	N/A[1]	N/A[1]	N/A[1]	N/A[1]	[2]	N/A
July 1, 2005	$915,287	$301,298	$613,989	33%	[2]	N/A
July 1, 2006	N/A[1]	N/A[1]	N/A[1]	N/A[1]	[2]	N/A
July 1, 2007	899,777	326,228	573,549	36	[2]	N/A

(1) Actuarial valuations were not completed.
(2) The sole participant is retired.
Source: City of Richmond, Comprehensive Annual Financial Report for Fiscal Year 2008-09.

Table A-21A-2
City of Richmond
Five-Year Historical Trend
Garfield Plan

Fiscal Year	Annual Required Contribution	Amount Contributed	Percent Contributed
2004-05	$62,856	$0	0%
2005-06	73,917	73,917	100
2006-07	73,917	73,917	100
2007-08	72,484	72,484	100
2008-09	72,484	72,484	100

Source: City of Richmond, Comprehensive Annual Financial Report for Fiscal Year 2008-09.

Other Post-Employment Benefits

In addition to the retirement and pension benefits described above, the City provides post employment medical and dental benefits ("OPEB Obligations"). In order to qualify for these 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, certain eligibility rules and contribution requirements apply for future retirees, followed by current retirees as specified in City ordinances. In accordance with City ordinances, OPEB eligibility applies to all employees who retire from the City on or after attaining retirement age (50 for police and fire employees, and 55 for all other employees) and who have at least 10 years of service. The City had historically funded these benefits on a pay-as-you-go basis until initiating a pre-funding plan in Fiscal Year 2007-08. During Fiscal Year 2008-09, expenditures of $3,700,000 were recognized for OPEB Obligations.

Governmental Accounting Standards Board Statement No. 45 (GASB 45), which went into effect for cities with annual revenues of more than $100 million on December 15, 2006, requires that non-pension, post-employment benefits for retirees, such as postretirement health care benefits, be shown as an accrued actuarial liability in the audit, similar to the current treatment of pension benefits. GASB 45 requires only the identification and disclosure of the City's unfunded accrued actuarial liability and funding status; it does not require the City or any other affected public agency to fund such liability. The City has undertaken an actuarial study to estimate its OPEB Obligations as of July 1, 2005 rolled forward to July 1, 2007.

The City began pre-funding its OPEB Obligations by moving its ARC into a Retiree Benefit Trust Account beginning in Fiscal Year 2007-08. The City's Fiscal Year 2007-08 budget included the $2,810,309 ARC as well as the $898,994 normal cost, and the City had set aside $2.0 million in Fiscal Year 2005-06 to begin prefunding the liability. The City ceased the pre-funding plan in Fiscal Year 2008-09 and does not expect to resume pre-funding until the economy improves. The recognition of any liability on the City's financial statements could have a negative effect on the City's credit ratings unless the City manages the liability in a manner that keeps the City's financial margins healthy.

Table A-22
Post Employment Benefit Summary
Number of Participating Retirees

Fiscal Year	Number of Participating Retirees	City Contribution
2003-04	344	$1,312,234
2004-05	389	1,660,345
2005-06	418	1,846,855
2006-07	413	1,973,346
2007-08	408	5,906,179
2008-09	402	3,700,000
2009-10	445	2,445,642

Source: City of Richmond.

Funding Policy and Actuarial Assumptions. During Fiscal Year 2007-08, the City joined the Public Agencies Post-Retirement Health Care Plan, a multiple employer trust administered by Public Agency Retirement Services ("PARS"). In Fiscal Year 2007-08, the City hired an actuary to prepare an actuarial valuation to determine the unfunded liability of the OPEB Obligations for both active employees and retirees. The actuarial valuation indicated that as of July 1, 2007, the unfunded actuarial accrued liability was estimated to be $45,083,965, assuming the City had made a contribution to a trust during Fiscal Year 2007-08. The actuarial valuation indicated that as of July 1, 2007, the actuarial unfunded accrued liability was estimated to be $47,046,989 in the absence of pre-funding. The City did not contribute to a trust until Fiscal Year 2008-09 and has since discontinued prefunding the trust.

The City's policy is to partially prefund these benefits by accumulating assets with PARS along with making pay-as-you-go payments pursuant to Resolution No. 52-06 dated as of June 27, 2006, although the City has stopped pre-funding pending improvement in the economy. The annual required contribution ("ARC") was determined as part of the July 1, 2007 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (i) 7.75% investment rate of return, (ii) 3.25% projected annual salary increase, and (iii) health care cost inflation rates of 4.75% to 5.25% for medical benefits and 4.25% for dental benefits.

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 and made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30-year amortization period.

Funding Progress and Funded Status. Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from actuarial accrued liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the Fiscal Year ended June 30, 2009, the City contributed $6,096,304 to the plan, including $2,372,449 for pay-as-you-go premiums, $1,700,000 paid to PARS representing the remaining ARC plus an additional $2,000,000 paid to PARS to prefund benefits which represented 9.1% of the $67.1 million of covered payroll. As a result, the City has recorded the Net OPEB Asset, representing the difference between the ARC and actual contributions, as presented below:

Annual required contribution	$3,709,303
Interest on net OPEB obligation	170,258
Adjustment to annual required contribution	(215,508)
Annual OPEB cost	3,664,053
Contributions made	(6,072,449)
Change in net OPEB obligations	(2,408,396)
Net OPEB obligation June 30, 2008	(2,196,876)
Net OPEB obligation (asset) June 30, 2009	($4,605,272)

The actuarial accrued liability AAL representing the present value of future benefits, included in the actuarial study dated July 1, 2007, amounted to $47,046,989 million and was unfunded since no assets had been transferred into PARS as of that date. However, during Fiscal Year 2008-09, the City transferred additional contributions to PARS which along with investment income totaled $6,813,311 at June 30, 2009 and reduced the unfunded actuarial accrued liability to $40,233,304 as of June 30, 2009.

The Plan's annual required contributions and actuarial contributions for the last two Fiscal Years are set forth below:

Fiscal Year	Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed	Net OPEB Obligation (Asset)
6/30/2008	$3,709,303	$5,906,179	159.23%	($2,196,876)
6/30/2009	3,664,053	6,072,449	166.73	(4,605,272)

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

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

City Employees; Collective Bargaining

For Fiscal Year 2009-10 the City had approximately 911.4 permanent, full-time equivalent positions and has budgeted 818.4 permanent, full-time equivalent positions for Fiscal Year 2010-11. The City has never experienced a work stoppage.

Table A-23
City of Richmond
Full-Time Equivalent Positions
Fiscal Years 2006-07 through 2010-11†

Fiscal Year	Budgeted Positions
2006-07	926.0
2007-08	962.5
2008-09	944.8
2009-10	911.4
2010-11†	818.4

† Budgeted.
Source: City of Richmond, Human Resources Department.

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The City's employees are currently represented by six collective bargaining units, as follows: Fire Fighters, Fire Management, General, Management, Police Management and Police Officers. Table A-23 summarizes the number of employees included in the largest labor organizations. These six organizations cover 69.0% of the represented employees.

Table A-24
City of Richmond
Summary of Labor Agreements

Employee Representation Organization	Employee Members[1]	Contract Term	Budgeted Salary Increases
Fire Fighters I.A.F.F., Local 188		July 1, 2006 - June 30, 2009[2]	1/1/07 – 4.0% 7/1/07 –4.0% 1/1/08 – 2.5% 7/1/08 – 4.0% 1/1/09 – 2.0%
and			
Fire Management, RFMA	95[3]	July 1, 2004 - June 30, 2009[2]	1/1/07 –4.0% 7/1/07 – 4.0% 1/1/08 – 3.0% 7/1/08 – 4.0% 1/1/09 – 2.0%
General (Part time), S.E.I.U. Local 1021	14	July 1, 2006 - June 30, 2012[4]	7/1/07 – 4.0% 7/1/08 – 4.0% 7/1/09 – 4.0%
General (Full time), S.E.I.U. Local 1021	378	July 1, 2004 - June 30, 2012[4]	7/1/07 – 4.0% 7/1/08 – 4.0% 7/1/09 – 4.0%
Management, IFPTE Local 21	133	July 1, 2004 - June 30, 2012[4]	7/1/07 – 4.0% 7/1/08 – 4.0% 7/1/09 – 4.0%
Police Management Association		July 1, 2008 - June 30, 2012	7/1/08 –5.0% 7/1/09 –5.0% 7/1/10 –5.0% 7/1/11 –5.0%
and			
Police Officers Association	184[5]	July 1, 2008 - June 30, 2012	7/1/08 – 5.0% 7/1/09 – 5.0% 7/1/10 – 2.5% 1/1/11 – 2.5% 7/1/11 – 2.5% 1/1/12 – 2.5%
TOTAL	804		

(1) Number of funded positions in the Fiscal Year 2009-10 Budget Mid-Year Review.
(2) This contract is in negotiation, however no increases in compensation are anticipated. The members of this bargaining unit continue to work under the terms of the expired contract.
(3) Represents combined budgeted positions for Fire Fighters and Fire Management.
(4) A contract extension through June 30, 2012 has been negotiated, which does not include any salary increases. The contract was approved by the City on June 15, 2010.
(5) Represents combined budgeted positions for Police Management and Police Officers.
Source: City of Richmond, Human Resources Department.

Capital Planning

Each year the City adopts a five-year Capital Improvement Plan ("CIP") containing a forecast of capital improvement needs and funds identified to meet those needs during the current Fiscal Year and the next four Fiscal Years. The CIP for Fiscal Years 2009-10 through 2013-14 identifies approximately $133 million of funded capital improvement projects and approximately $357 million of unfunded capital improvement projects. The CIP is available on the City's website at www.ci.richmond.ca.us/index.aspx?NID=2142.

Risk Management

The City is exposed to various risks of loss related to torts, 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 liabilities in 1976. In August 2002, the City joined the Municipal Pooling Authority (the "MPA") for general, automobile, property and boiler and machinery liability. In April 2009, the City joined the California State Association of Counties Excess Insurance Authority (the "CSAC-EIA") for worker's compensation insurance. The City has chosen to establish a risk financing internal service funds where assets are accumulated for claim settlements associated with the above risks of loss up to certain limits.

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

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

MPA. The MPA provides coverage against the following types of loss risks under the terms of a joint-powers agreement among the City and several other cities and governmental agencies as follows:

Type of Coverage (Deductible)	Coverage Limits
Liability ($250,000)	$25,000,000
Property	
All Risk Fire ($5,000)	1,000,000,000
Flood†	25,000,000
Boiler & Machinery ($5,000)	100,000,000
Employment Practices ($10,000)	1,000,000

† $100,000 minimum deductible per occurrence, except Zone A and V, which are subject to a $250,000 deductible per occurrence.

The MPA is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the MPA, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board. The City's deposits with the MPA are in accordance with formulas established by the MPA. The City paid premiums of $3,028,052 for the year ended June 30, 2009. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

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

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

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

CITY DEBT SUMMARY

General Obligation Bond Debt

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 lease payments for its use and occupancy of public buildings or acquisition of equipment necessary for City operations.

Table A-25 summarizes the lease obligations payable from or backed by the General Fund of the City as of June 30, 2010. 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.

Table A-25
City of Richmond
General Fund Lease Obligations
As of June 30, 2010

Issuer/Issue	Date Issued	Projects	Amount Issued	Amount Outstanding	Final Maturity
City of Richmond					
Capital Leases	Various	Various	$12,757,251	$6,536,213	Various
Richmond Joint Powers Financing Authority					
Lease Revenue Refunding Bonds Series 2009	2009	Civic Center Bonds	89,795,000	89,795,000	2037
Lease Revenue Bonds Series 2009A	2009	Port and Rail Improvements	26,830,000	26,830,000	2024
Lease Revenue Bonds Series 2009B	2009	Port and Rail Improvements	20,280,000	20,280,000	2019
			$149,662,251	$143,441,213	

Source: City of Richmond, Department of Finance.

In addition to the above obligations, the City issued two series of bonds that are secured by the City's property tax override revenues, which are available to pay for pension obligations approved by voters prior to July 1, 1978. They are (1) the City's Pension Obligation Bonds, Series 1999A, issued in 1999 in the aggregate principal amount of $36,280,000, of which $17,975,000 remains outstanding, and (2) the City's Taxable Pension Funding Bonds, Series 2005, issued in the aggregate principal amount of $114,995,132.50, of which $107,485,132.50 principal amount remains outstanding (excluding accreted value), and a percentage of which (14%) is payable from the City's General Fund revenues.

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City Overlapping and Bonded Debt

The estimated direct and overlapping bonded debt of the City as of July 1, 2010, is shown in Table A-26 below. The information in Table A-26 has been provided by California Municipal Statistics, Inc. The City has not independently verified the information in Table A-26 and does not guarantee its accuracy.

Table A-26
City of Richmond
Statement of Direct and Overlapping Debt
As of July 1, 2010

2009-10 Assessed Valuation:	$11,865,462,874
Redevelopment Incremental Valuation:	1,671,849,162
Adjusted Assessed Valuation:	$10,193,613,712

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 7/1/10
Bay Area Rapid Transit District	2.319%	$ 9,739,800
Contra Costa Community College District	7.848	19,289,992
West Contra Costa Unified School District	55.429	405,259,642
West Contra Costa Healthcare District Parcel Tax Obligations	50.674	11,361,111
East Bay Municipal Utility District, Special District No. 1	0.841	229,215
East Bay Regional Park District	3.535	6,955,996
City of Richmond Community Facilities District No. 1998-1	100.	3,660,000
City of Richmond 1915 Act Bonds (Estimated)	100.	18,015,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$474,510,756
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Contra Costa County General Fund Obligations	7.819%	$ 21,144,922
Contra Costa County Pension Obligations	7.819	34,036,889
Alameda-Contra Costa Transit District Certificates of Participation	7.094	2,861,365
Contra Costa Community College District Certificates of Participation	7.848	77,695
West Contra Costa Unified School District Certificates of Participation	55.429	12,100,151
City of Richmond General Fund Obligations	100.	136,905,000
City of Richmond Pension Obligations	100.	125,460,133
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$332,586,155
Less: Contra Costa County general fund obligations supported by revenue funds		9,856,815
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$322,729,340
GROSS COMBINED TOTAL DEBT		$807,096,911 †
NET COMBINED TOTAL DEBT		$797,240,096

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

Ratios to 2009-10 Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	4.00%

Ratios to Adjusted Assessed Valuation:	
Combined Direct Debt ($262,365,133)	2.57%
Gross Combined Total Debt	7.92%
Net Combined Total Debt	7.82%

Source: California Municipal Statistics, Inc.

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. Table A-27 below shows the population of the City, the County and the State according to the U.S. Census for the years 1980, 1990 and 2000 and the California Department of Finance for 2006 through 2010.

Table A-27
City, County and State Population Statistics

Year	City of Richmond	Contra Costa County	State of California
1980	74,676	656,331	23,667,764
1990	86,019	803,732	29,758,213
2000	99,216	948,816	33,873,086
2006	102,188	1,025,509	37,086,191
2007	103,327	1,035,322	37,472,074
2008	103,899	1,048,242	37,883,992
2009	104,602	1,061,325	38,255,508
2010†	105,630	1,073,055	38,648,090

† Preliminary.
Sources: U.S. Census Bureau (1980, 1990 and 2000), California Department of Finance), Table 2: E-4 Population Estimates for Cities Counties and State, 2001-2009 with 2000 Benchmark and Table E-1: City/County Population Estimates with Annual Percent Change, January 1, 2009 and 2010.

Economy

Overview. The economy of the City includes oil refining operations, heavy and light manufacturing, distribution facilities, service industries, commercial centers, and a multi-terminal shipping port on San Francisco Bay. Richmond also serves as a government center for western portions of Contra Costa County.

The economy of the City has experienced growth in light and high technology companies and new business parks that accommodate both light industrial and "office/flex" type commercial buildings. Growth in these sectors is adding diversity to the City's historically heavy industrial base. At the same time, major manufacturers continue to upgrade their facilities, making major investments in modernization and expansion.

The City is continuing its efforts to attract developers, builders, and commercial activity to all areas of the City. Economic development program efforts are being expanded to increase private sector investment and job creation in the City. In Fiscal Year 2008-09, the following key commercial/industrial activity took place in the City:

- Bio-Rad, in need of expansion space, leased 116,250 square feet in the Pinole Point Business Park (now owned by Sares Regis) off the Richmond Parkway near Atlas Road.
- The Ford Building in the Marina District moved to near 100% occupancy, adding SunPower and Mountain Hardwear to the mix of existing businesses, including Title 9 and, at the time Vetrazzo LLC.
- Hero Arts relocated to the historic Cannery Building in the Marina District.
- EcoTimber, a high-end bamboo flooring manufacturer and distributer formerly based in San Rafael, leased 20,000 square feet in a 40,000 square feet building in Richmond's Southern Gateway.

Industrial Activity. Historically, the City has been viewed as an industrial and distribution center, largely due to the visible presence of a major oil refinery, Chevron USA Richmond Refinery (the "Refinery"), and other major industries: Bio-Rad Laboratories, Pinole Point/Marwais Steel and the bulk liquid terminals in the Port of Richmond.

Chevron Products Company, which owns and operates the Refinery located in the City, applied for and received a Conditional Use Permit (CUP) and a Design Review Permit (DRP) to allow a $1.0 billion replacement of the existing hydrogen plant, power plant, and reformer, and installation of other new associated equipment to increase the Refinery's ability to produce gasoline meeting State of California specifications. The equipment would allow the Refinery to use a wider range of crude oil sources than those currently processed at the facility. The new equipment would improve refinery reliability, energy efficiency, and add environmental controls. The project has been put on hold pending additional review and CEQA documentation as well as Chevron corporate review.

Biotechnology. Biotechnology companies located in the City include Bayer Healthcare Pharmaceuticals, Bio-Rad, Kaiser Laboratories, Onyx Pharmaceuticals, Sangamo Biosciences, and the State Department of Health.

Bayer Healthcare Pharmaceuticals (formerly Berlex Biosciences), a global leader in the research, development, manufacture and commercialization of innovative biotechnology and specialty pharmaceutical products, is located on a 53-acre campus, comprised of two buildings, representing approximately 157,000 square feet, in the Hilltop area of the City.

Bio-Rad, a manufacturer of products for life science research and clinical diagnostics, leases 116,000 square feet of space in Richmond's Pinole Point Business Park near Atlas Road on the Richmond Parkway.

Kaiser Laboratories handles more than 25,000 lab specimens daily in a 50,000 square foot facility located on Marina Way South in Richmond's Marina District.

Transcept Pharmaceuticals, a specialty pharmaceutical company focused on development and commercialization of proprietary products that address therapeutic needs in the field of neuroscience, is located in an approximately 12,757 square foot facility in the Point Richmond area of the City.

Sangamo Biosciences, a worldwide leader in the design and development of engineered zinc finger DNA-binding proteins for gene regulation and gene modification, is located in a 127,500 square foot facility in the Point Richmond area of the City.

The State Department of Health Services operates a Public Health Laboratory in a state-of-of-the-art facility comprised of five buildings encompassing approximately 700,000 square feet in the Marina District.

Green and High Technology. Green-technology companies located in the City include SunPower and Heliodyne.

SunPower, an international designer, manufacturer and distributor of high efficiency solar electric technology, occupies 175,000 square feet in the refurbished, historic 520,000 square foot Ford Point Building in the Marina District.

Heliodyne, a leading US manufacturer of solar water heating equipment, occupies 4,298 square feet in the Southern Gateway area of the City off of Interstate-580.

"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.

A number of factors appear to be attracting the new high tech firms to the City:

- The ongoing development and leasing of light industrial/business park property at Hilltop and in the Marina District along Richmond's South Shoreline and the Richmond Parkway;
- Availability of fairly extensive vacant or underutilized land areas zoned for industrial use;
- Relatively lower land costs than elsewhere in the Bay Area;
- Richmond's central location in western Contra Costa County, within a short distance of San Francisco, Oakland and other East Bay cities and Marin County, and a relatively easy commute to the State's capitol, Sacramento;
- Proximity to the University of California at Berkeley, one of the major scientific universities and library systems in the world;
- Good access and transportation (Richmond has two Interstate freeways, the Richmond Parkway, Amtrak, BART and AC Transit, as well as good rail and water transportation facilities, including Union Pacific and BNSF Railroads, Santa Fe western terminal, and the Port of Richmond); and
- Availability of affordable housing in a variety of neighborhoods, housing types and price ranges.

Among the high tech companies located within the City is Dicon Fiberoptics ("Dicon"). Dicon, a manufacturer of fiberoptic components, modules and test instruments. Dicon is located in an approximately 201,000 square foot corporate headquarters building, of which a portion is leased to the City to house the City's Police Department. An approximately 130,000 square foot research facility is located on an approximately 28-acre campus located in the Marina District of the City.

Future Development. Completion of the John T. Knox Freeway in the early 1990's (Interstate 580 extension from Interstate 80 at Albany to the Richmond/San Rafael Bridge) has spurred new industrial and commercial development along the freeway corridor throughout Richmond's South Shoreline area. Development along the Richmond Parkway, which links the northern edge of Richmond (Interstate 80 at Hilltop) and the City's southwest corner (Interstate 580) and the Richmond San Rafael Bridge, opened up a large tract of industrially zoned area in the northwest area of the City. As the economy improves, the shoreline area of the City will be in stronger demand for residential and commercial development. Best practices will require intelligent and steady stewardship to strike the optimum balance between residential development, job creation, recreation and the creation of sales tax and tax increment creation. It will be important to think in terms of long-term impacts of land-use decisions rather than simply build whatever the market demands at a given time, since residential and commercial market demands at a given time, since residential and commercial markets experience upturns and downturns. Although development is preferable sooner rather than later, good judgment is required to ensure the greatest long-term benefit to the citizens of the City. Supporting goals include:

- Completing the transfer of title for the remainder of Point Molate from the Navy for the City and facilitate site clean-up and development.
- Facilitating site remediation and entitlements for the development of Campus Bay.
- Facilitating ferry service to Marina Bay, as well as related infrastructure and development to include a grade change on Marina Bay Parkway and increasing the density of residential and commercial development in the vicinity of the ferry terminal location.
- Continuing to attract and increase the density of development in accordance with the City's General Plan.
- Development efforts continue for Campus Bay, an approximately 87 acre office/research and development campus to the south along I-580 totaling 500,000 square feet, which is being developed by Simeon Properties.

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Employment

Table A-28 provides a listing of principal employers located in the City.

Table A-28
Principal Employers in the City
(As of February 2010)

Employer Name	Product/Service	Estimated Number of Employees
West Contra Costa Unified School District	Education	1,500
City of Richmond	Governmental Services	911(1)
Inovis Inc.	Internet Services	499
Dicon Fiber Optics Inc.	Telephone Manufacturers	378
Richmond Health Center	County Public Health Programs	350
Sunpower Corp.	Solar Energy R&D	300
Universal Building Services	Janitorial Services	300
Macy's	Department Store	300
California Autism Foundation, Inc.	Social Services	270
Galaxy Desserts	Wholesale Baking	250
Rubicon Programs Inc.	Substance Abuse Centers	250
Valley Health Care	Health Care Services	240
Grace Baking Company	Wholesale Baking	203
Bay Area Beverages Co.	Wholesale Beverages	200
Coosco	Hearing Aid	200
Health Net	Hospital and Medical Services Plans	200
U.S. Post Office	Post Office	200(2)
Target	Department Store	200
Wingstop	Restaurant	200

(1) Represents the number of budgeted, permanent full-time equivalent employees for Fiscal Year 2009-10.
(2) The United States Postal Service announced that the distribution center would be downsized and 85 employees would have the option to be reassigned to Southern California or be terminated.
Sources: City of Richmond and infoUSA.com, a service of infoGroup™.

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The following Table A-29 compares estimates of the labor force, civilian employment and unemployment for the City, County, State and United States from 2005 through 2009.

Table A-29
Civilian Labor Force, Employment and Unemployment
Annual Average for Years 2005 through 2009†

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
2005				
City	50,100	46,200	3,900	7.8%
County	511,900	487,300	24,600	4.8
State	17,695,400	16,782,300	958,100	5.4
United States	149,321,000	141,730,000	7,591,000	5.1
2006				
City	50,700	47,100	3,600	7.2
County	518,500	496,300	22,200	4.3
State	17,901,900	17,029,300	872,600	4.9
United States	151,428,000	144,427,000	7,001,000	4.6
2007				
City	51,700	47,600	4,100	7.9
County	526,100	501,200	24,900	4.7
State	18,188,100	17,208,900	974,200	5.4
United States	153,124,000	146,047,000	7,078,000	4.6
2008				
City	52,500	46,900	5,300	10.2
County	526,900	494,400	32,400	6.2
State	18,391,800	17,059,600	1,332,300	7.2
United States	154,287,000	145,362,000	8,924,000	5.8
2009†				
City	53,700	44,800	8,900	16.6
County	526,000	471,700	54,300	10.3
State	18,250,200	16,163,900	2,086,200	11.4
United States	154,142,000	139,877,000	14,265,000	9.3

† Preliminary. Data is not seasonally adjusted. The unemployment data for the County and State is calculated using unrounded data.

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

Effective Buying Income

"Effective Buying Income" is defined as monetary income less personal tax and non-tax payments, a number often referred to as "disposable" or "after-tax" income. Monetary 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 calendar years 2005 through 2009. Claritas Inc. estimated 2009 median household effective buying income at $45,001 for the City.

Table A-30
City of Richmond, Contra Costa County and the State of California
Median Effective Buying Income
Calendar Years 2005 through 2009

	2005	2006	2007	2008	2009
City	$41,357	$41,934	$42,893	$44,452	$45,001
County	56,165	56,979	58,497	62,059	62,977
State	43,915	44,681	46,275	48,217	48,915

Sources: Survey of Buying Power, Sales & Marketing Management Magazine (2003 through 2005) and Demographics USA, Claritas Inc. (2006 - 2009). Data for 2006 - 2009 may not be comparable with the prior year due to change in source.

Construction Activity

Table A-31 sets forth a five-year summary of building permit valuations and new dwelling units within the City.

Table A-31
City of Richmond
Building Permit Valuations
Calendar Years 2005 through 2009
($ in Thousands)

	Single Family		Multifamily		Value of Alterations and	Total Residential	Nonresidential	
Year	Units	Valuation	Units	Valuation	Additions	Valuation	Valuation	Total†
2005	199	$47,275	91	$11,315	$12,668	$71,258	$54,368	$125,626
2006	73	17,189	108	10,845	10,710	38,744	39,793	78,537
2007	43	9,759	148	16,196	10,342	36,297	33,810	70,107
2008	28	6,734	50	5,298	9,749	21,781	50,833	72,614
2009	7	1,842	40	8,331	9,929	20,102	73,282	93,383

† Total represents the sum of residential and nonresidential building permit valuations. Data may not total due to independent rounding.
Source: Construction Industry Research Board.

Community Facilities

Richmond area residents have access to modern health care facilities. The Richmond area has two general hospitals, Doctors Hospital in San Pablo and 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. Four regional parks are on the shoreline: Point Pinole, George Miller Jr./John T. Knox, Ferry Point and Point Isabel. 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 Randolf 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. Currently, only four of the City's recreation centers are operational.

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 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 third largest in the State by annual tonnage, handling more than 20.8 million metric tons of general, liquid and dry bulk commodities each year. In 2009, the Port executed an agreement with American Honda Company whereby Honda agreed to import a minimum annual guarantee of 145,000 units per year through the Port for 15 years.

Regional Airports. Oakland International Airport (approximately 18 miles from the City) and San Francisco International Airport (approximately 28 miles from the City) 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 ("EBMUD"). Approximately 89% of the EBMUD water supply is from the Mokelumne River watershed stored at the 69.4 billion gallon capacity Pardee Dam in Ione, California. EBMUD is entitled to 325 million gallons per day under a contract with the State Water Resources Control Board, plus an additional 119 million gallons per day in a single dry year under a contract with the U.S. Water and Power Resources Service (formerly the U.S. Bureau of Reclamation). After dry winters in 2006 and 2007, EBMUD water supplies were at critically low levels. To safeguard the shrinking supply, in spring 2008, EBMUD declared a drought emergency, imposed mandatory water rationing goals ranging from 5% for industrial users to 19% for single family residential users to 30% for irrigation user and imposed drought surcharge rates commencing August 1, 2008. As a result of strong customer conservation and greater run-off in spring 2009, the mandatory rationing program was terminated and replaced with a voluntary 10% conservation program. The voluntary conservation program was terminated on April 27, 2010.

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 30,700 students for Fiscal Year 2008-09. In addition, private schools operate in the City and several institutions of higher education are located 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.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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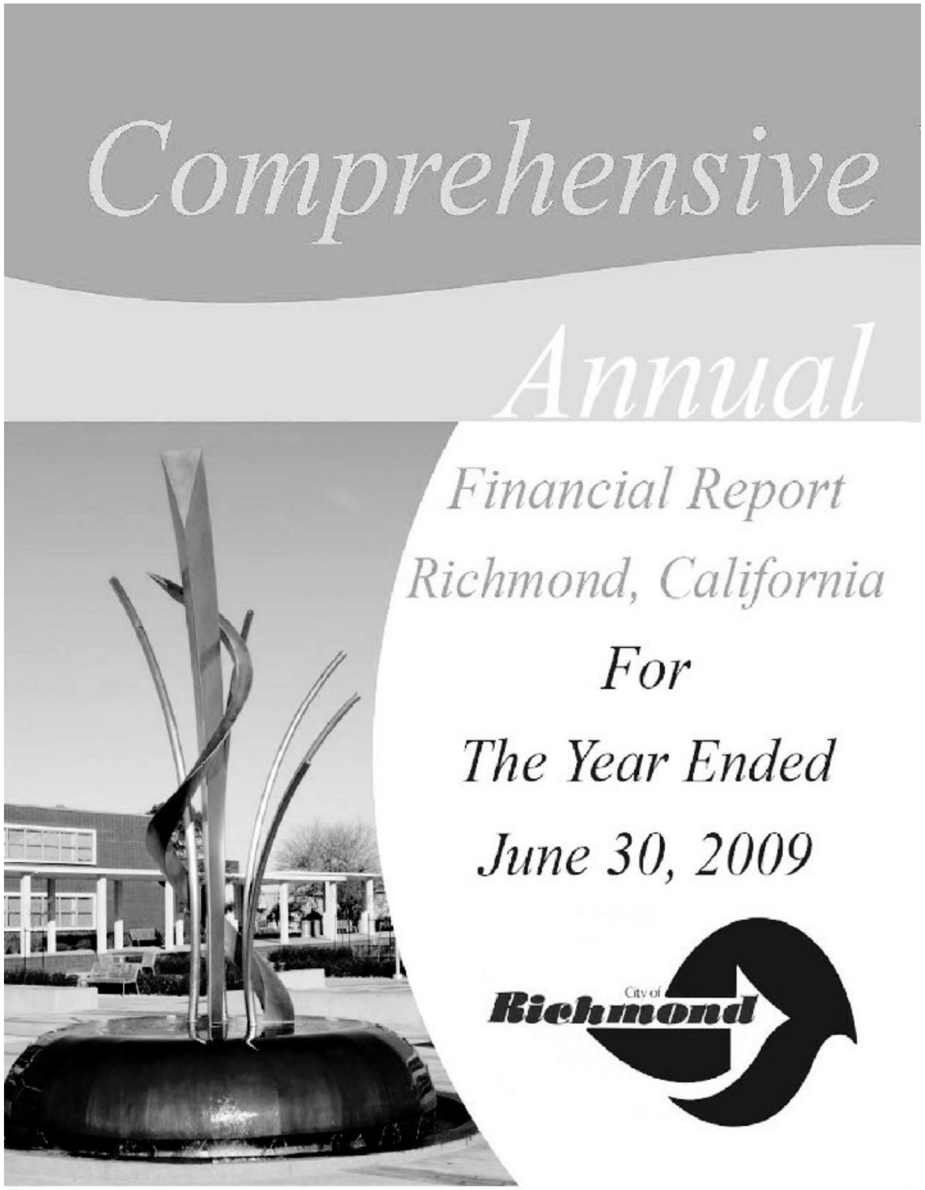

CITY OF RICHMOND, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Prepared by

THE FINANCE DEPARTMENT

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CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

Page

TABLE OF CONTENTS

Page

CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

Page

STATISTICAL SECTION

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FINANCE DEPARTMENT

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

December 21, 2009

Citizens of the City of Richmond
The Honorable Mayor and
Members of the City Council

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Richmond, California (City). The Finance Department has prepared this report to present the financial position and the results of the City's operations for the fiscal year ended June 30, 2008, and the cash flows of its proprietary fund types for the year then ended. The basic financial statements and supporting schedules have been prepared in compliance with Article IV, Section 1(b)3 of the City Charter, with California Government Code Sections 25250 and 25253, and in accordance with generally accepted accounting principles (GAAP) for local governments as established by the Governmental Accounting Standards Board (GASB).

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by an independent auditing firm of licensed certified public accountants. The objective of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2009. The Independent Auditors' Report is presented as the first component of the Financial Section of this report.

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

The Reporting Entity and Its Services

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

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

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

Profile of the Government

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

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

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

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

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

The mission of the City of Richmond is:

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

Factors Affecting Financial Condition

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

Local economy

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

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

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

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

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

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

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

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

Significant Events and Accomplishments

The City of Richmond is committed to providing excellent municipal services to its diverse residents and visitors. Highlights of the City's activities and accomplishments for the fiscal year ended June 30, 2009 include the following:

Public Safety

- Increased the number of sworn personnel in the Police Department deployed through a community involved policing structure by eight.
- Installed additional cameras as part of the citywide surveillance camera system. This system is integrated into ongoing programs for law enforcement, blight abatement and Port security.
- Implemented ShotSpotter Gunshot Detection System that detects gunfire within four square miles.
- Worked with partner agencies, including other governmental, community-based, and faith-based organizations to implement violence prevention strategies that are centered on neighborhood change and effective street outreach.
- Initiated Crime Prevention through Environmental Design (CPTED) reviews at all Housing Authority developments.

Economic & Neighborhood Development

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

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

- Provided over 500 jobs in the Summer Youth Employment program, with the goal to increase by 100 the number of youth employed through this program over the previous year.
- RichmondBUILD program recognized as a national "Best Practice."

Recreation & Cultural Services

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

Public Works

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

Strategic Support

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

- Grand Re-Opening of the Civic Center Plaza. This renovation included: interior renovation of the Auditorium and Art Center, restoration of the Civic Plaza (purchase of new furniture, fixtures, equipment and public art).
- Integrated new technology, including phone (voice over internet protocol) and office automation systems, into the renovated City Hall.
- Developed a Five-Year Strategic Business Plan for the City.
- Institutionalized the performance-based budgeting system into municipal operations by preparing, distributing, and analyzing quarterly progress reports on City performance measures.
- Continued to aggressively implement performance audit recommendations to improve customer service in the Planning and Building Services Department.
- Developed and implemented effective community-wide and organizational policies and programs in the areas of resource conservation, climate change, and energy efficiency, to ensure Richmond's long-term environmental sustainability.
- Developed a City environmental policy toward a "greener" environment covering issues as air and water quality, 'green' space, recycling, public health, socio-economic conditions, and transportation.
- Developed a Sustainable Procurement Strategy for the City.
- Digitized (scan) records and make them available on-line to reduce use of paper.
- Incorporated policies regarding sustainable land use into the City's updated General Plan.

Long-term Financial Planning

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

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

CASH MANAGEMENT POLICIES AND PRACTICES

Public funds held by the City Treasury were invested in accordance with established investment procedures and with the Investment Policy adopted by the City Council on July 22, 2003. An updated Investment Policy was adopted by the City Council on July 7, 2009. The Investment Policy is in compliance with Section 53601 of the State of California Code.

The permitted investments include U.S. Treasury notes, bonds, or bills; instruments issued by a U.S. federal agency or a United States government sponsored enterprise; negotiable certificates of deposit (with certain restrictions); medium term corporate notes with a rating category of "A" or better; commercial paper of "prime quality"; bankers' acceptances; repurchase agreements not to exceed one year; money market mutual funds (with certain restrictions), the Investment Trust of California and with the State of California Local Agency Investment Fund.

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

The average earned interest yield for the year ended June 30, 2009 was 3.64 percent. The City Council receives reports on the City's pooled investment program on a monthly basis. Please see note 3 for a detailed discussion of the City's cash and investments.

RISK MANAGEMENT

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

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

Robyn Kain, the City's Risk Manger works with the City Attorney, outside legal counsel and the City Council to review claims and establish claim management strategies. The Risk Manager also works continuously to identify and coordinate practical, operational and strategic best practices to reduce the frequency and severity of losses in order to protect the general public and City employees and to reduce the overall frequency and severity of losses. Please see note 14 for a complete discussion of Richmond's risk management.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan that covers substantially all eligible City employees. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance.

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

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

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

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

In addition to the pension benefits described in Notes 10 and 11, the City provides postretirement health care benefits, in accordance with City ordinances, to all employees who retire from the City on or after attaining retirement age (50 for policemen, 50 for firemen, and 55 for all other employees) and who have at least ten years of service. At June 30, 2009, 512 retirees met those eligibility requirements. The City has funded these benefits on a pay-as-you-go basis. During fiscal year 2009, expenditures of $2,372,448 were recognized for post employment health care benefits. Also during fiscal year 2008, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than pensions. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB) The provisions of this statement are applied prospectively and do not affect prior year's financial statements. Please see notes 10, 11, and 12 for a complete discussion of the City's pension and other post-employment benefits

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

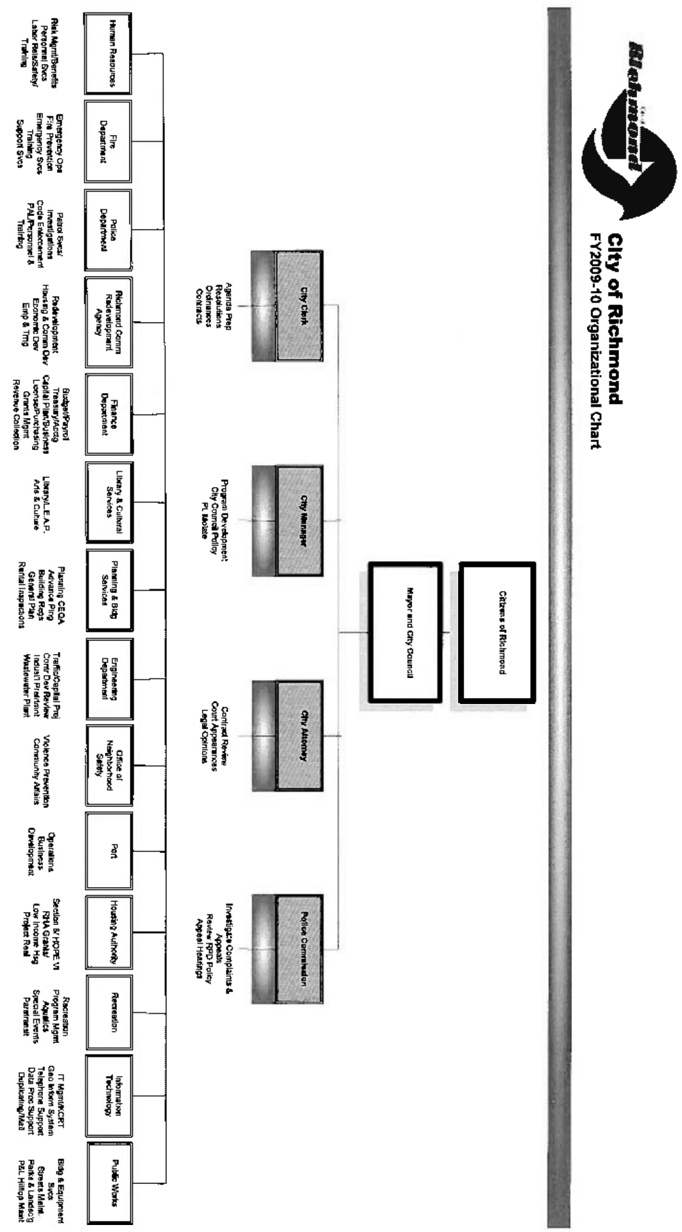
The preparation of this CAFR represents the culmination of a concerted team effort by the entire staff of the Finance Department. They should be commended for their professionalism, dedication, efficiency, and their personal commitment and determination demonstrated through long days of focused attention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

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

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

Respectfully submitted,

James C. Goins
Finance Director/Treasurer



CITY OF RICHMOND, CALIFORNIA

CITY OFFICIALS

CITY COUNCIL

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

ADMINISTRATION AND DEPARTMENT HEADS

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

CITY OF RICHMOND, CALIFORNIA

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

Prepared by the City of Richmond Department of Finance
Accounting Division

PROJECT TEAM

James C. Goins
Finance Director/Treasurer

General Accounting
Tina Mckenney, *Chief Accountant*
Nena Gapasin, *Senior Accountant*
Yolanda Skelton, *Senior Accountant*
Crispin Nunez, *Accountant II*
Rhonda Jackson, *Accountant II*
Tracie Thomas, *Accountant I*

Other Finance Department Contributors

Administration Division
Accounts Payable Division
Treasury Division
Purchasing Division
Revenue Division
Payroll Division
Budget Division
Capital Projects/Grants Division

Special Assistance from Other Departments

RICHMOND COMMUNITY REDEVELOPMENT AGENCY
HOUSING & COMMUNITY DEVELOPMENT
RICHMOND HOUSING AUTHORITY

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Richmond California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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

President

Executive Director

MAZE & ASSOCIATES

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Richmond, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit of RHA Properties, each major fund, and the aggregate remaining fund information of the City of Richmond, California as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the basic financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit the basic financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Richmond, California at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof listed as part of the basic financial statements for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Budget and Actual Statements for the General Fund, the Redevelopment Agency Administration Fund and Redevelopment Agency Debt Service Fund, are not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Richmond. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Maze & Associates

December 17, 2009

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

Management of the City of Richmond (the "City") provides this Management's Discussion and Analysis of the City's Basic Financial Statements for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 25.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $356.4 million (net assets). Of this amount, $136.4 million is restricted for specific purposes (restricted net assets), $281.1 million is invested in capital assets, net of related debt, and $61.2 million represents a deficit in unrestricted net assets.

- The City's total net assets increased by $1.7 million during the fiscal year. Restricted net assets for governmental activities decreased $53.1 million to $135.8 million mainly due to expenses incurred in connection with the Civic Center renovation, while capital assets, net of related debt, increased $13.1 million to $201.6 million, again as the result of the Civic Center renovation. Unrestricted net assets decreased $44.1 million to $57.2 million deficit. Business-type activities net assets decreased $2.4 million.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending balances of $194 million, a decrease of $61.5 million in comparison to prior year. This decrease of $61.5 million includes a $57.9 million decrease in total assets and a $3.6 million increase in liabilities. Approximately 69 percent of the fund balance, $134.3 million, is available for spending at the government's discretion (unreserved fund balance).

- At the end of the fiscal year, the General Fund had fund balance of $45.5 million, of which $10 million was designated for contingencies. This reflects a $900 thousand decrease over the prior year.

- The City's investment in its capital assets continues to increase. Total capital assets increased $59.5 million over the prior year. Construction in progress increased $65.9 million, 50 percent, from the prior year. Governmental activities total capital assets increased $58.3 million primarily due to continued progress on the reconstruction of the City's Civic Center which is expected to be completed in fiscal year 2010.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements:

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, community development, culture and recreation, housing and development, and internal services. The business-type activities of the City include a housing authority, a port, a marina, a municipal sewer district, a storm sewer agency, and a cable TV operation.

***Governmental Activities* -** The activities in this section are mostly supported by taxes and charges for services. The governmental activities of the City include General Government, Public Safety, Highways & Streets, Community Development, Cultural Recreation, Housing & Redevelopment and Internal Services Funds.

***Business-Type Activities* -** These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities of the City include Richmond Housing Authority, Port of Richmond, Richmond Marina, Municipal Sewer District, Storm Sewer and Cable TV.

***Discretely Presented Component Unit* -** The RHA Properties is a legally separate reporting entity, but is important because the City is financially accountable for it.

The government-wide financial statements can be found on pages 25-27 of the financial report.

Fund Financial Statements

Fund Financial statements are designed to report information about the groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City has 23 governmental funds, of which eight are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City's eight major funds are the General Fund, Redevelopment Agency Administration Special Revenue Fund, Redevelopment Agency Low and Moderate Income Housing, Redevelopment Agency Debt Service Fund, Redevelopment Agency Capital Projects Fund, Secured Pension Override Special Revenue Fund, Civic Center Project Fund and Community Development Block Grant Fund. The basic governmental fund financial statements can be found on pages 30 through 36 of the financial report. Data from the other fifteen governmental funds are combined into a single, aggregated presentation.

Proprietary Funds – Proprietary funds of the City are two types: (1) enterprise funds; and (2) internal service funds. The City maintains six enterprise funds that provide the same type of information as the government-wide financial statements, only in more detail. The major enterprise funds consist of the Richmond Housing Authority, Port of Richmond and Municipal Sewer. Enterprise funds financial statements can be found on pages 38 through 40 of the financial report.

The five internal service funds are also considered a proprietary fund type. The funds consist of the Insurance Reserves, Information Technology, Equipment Services and Replacement, Police Telecommunications and Facilities Maintenance.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of third parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The fiduciary funds for the City consist of Pension Trust Funds and Agency Funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The financial statements for these funds can be found on pages 42-43.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45 through 121 of this report.

Required Supplementary Information:

In addition to the basic financial statements and accompanying notes, this report also includes certain required supplementary information providing budgetary comparison statements for the General Fund, the Redevelopment Agency Administration Special Revenue Fund and the Community Development Block Grant Special Revenue Fund. Required supplementary information can be found on pages 123 through 127 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Assets:

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets (government and business type activities) totaled $356.4 million at the close of the fiscal year ending June 30, 2009. The City's net assets increased by $1.7 million during the current fiscal year.

The largest portion of the City's net assets is invested in capital assets (e.g. land, streets, sewers, buildings, machinery, and equipment). Investment in capital assets totaled $281.1 million, 79 percent of the total net asset amount. The net asset amount for capital assets is net of the outstanding debt that was incurred to acquire the assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A $136.4 million portion of the City's net assets is accounted for as restricted net assets and represents resources that are subject to external restrictions on how they may be used.

City of Richmond's Net Assets
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
Assets:						
Current assets	$ 424,009	$ 456,937	$ 3,106	$ 11,486	$ 427,115	$ 468,423
Capital assets	361,581	303,232	126,729	125,534	488,310	428,766
Total assets	785,590	760,169	129,835	137,020	915,425	897,189
Liabilities:						
Current liabilities	73,129	45,173	3,535	7,613	76,664	52,786
Long-term liabilities	432,289	438,873	50,110	50,841	482,399	489,714
Total liabilities	505,418	484,046	53,645	58,454	559,063	542,500
Net Assets:						
Invested in capital assets, net of related debt	201,607	188,468	79,541	77,559	281,148	266,027
Restricted	135,801	188,951	612	1,527	136,413	190,478
Unrestricted	(57,236)	(101,296)	(3,963)	(520)	(61,199)	(101,816)
Total net assets	$ 280,172	$ 276,123	$ 76,190	$ 78,566	$ 356,362	$ 354,689

Analysis of Activities:

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

City of Richmond's Changes in Net Assets
For the Year Ended June 30, 2009
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
Revenues:						
Program revenues:						
Charges for services	$ 14,187	$ 19,137	$ 25,766	$ 24,637	$ 39,953	$ 43,774
Operating grants/contributions	8,403	9,642	18,683		27,086	9,642
Capital grants/contributions	6,998	4,067	50	24,676	7,048	28,743
General revenues:						
Property taxes-current collections	78,280	77,013		10	78,280	77,023
Sales taxes	27,923	29,006			27,923	29,006
Utility user taxes	48,953	29,553			48,953	29,553
Documentary transfer taxes	3,420	3,647			3,420	3,647
Other taxes	4,540	5,156			4,540	5,156
Use of money and property	6,851	9,990	390	920	7,241	10,910
Unrestricted Intergovernmental	2,197	4,331			2,197	4,331
Gain on sale of capital assets	5,000	4,008			5,000	4,008
Pension stabilization revenue	5,293	4,256			5,293	4,256
Developer revenue sharing	51	201			51	201
Other	9,221	3,102	8	314	9,229	3,416
Total revenues	221,317	203,109	44,897	50,554	266,214	253,663
Expenses:						
General government	18,746	26,826			18,746	26,826
Public safety	91,432	80,140			91,432	80,140
Public works	43,290	31,253			43,290	31,253
Community development	4,317	5,047			4,317	5,047
Cultural & recreation	16,619	19,625			16,619	19,625
Housing & redevelopment	19,209	17,472			19,209	17,472
Interest and fiscal charges	22,962	24,242			22,962	24,242
Richmond Housing Authority			23,336	24,324	23,336	24,324
Port of Richmond			4,739	4,590	4,739	4,590
Richmond Marina			235	240	235	240
Municipal Sewer			14,291	15,085	14,291	15,085
Storm Sewer			4,467	4,686	4,467	4,686
Cable TV			898	854	898	854
Total expenses	216,575	204,605	47,966	49,779	264,541	254,384
Excess (Deficiency) of Revenues Over (Under) Expenses	4,742	(1,496)	(3,069)	775	1,673	(719)
Special item				(14,426)	-	(14,426)
Transfers	(693)	(1,707)	693	1,707	-	-
Changes in Net Assets	4,049	(3,203)	(2,376)	(11,942)	1,673	(15,145)
Net assets at beginning of year	276,123	279,326	78,566	90,508	354,689	369,834
Net assets at end of year	$ 280,172	$ 276,123	$ 76,190	$ 78,566	$ 356,362	$ 354,689

Governmental Activities:

Governmental activities increased the City's net assets by $4 million accounting for 242 percent of the City's total increase in net assets of $1.7 million. A comparison of the cost of services by function for the City's governmental activities is shown in the preceding table, along with the revenues used to cover the net expenses of the governmental activities. Costs increased in Public Safety, Public Works and Housing and Redevelopment reflecting the increase in personnel and capital improvement costs.

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

Revenue Highlights:

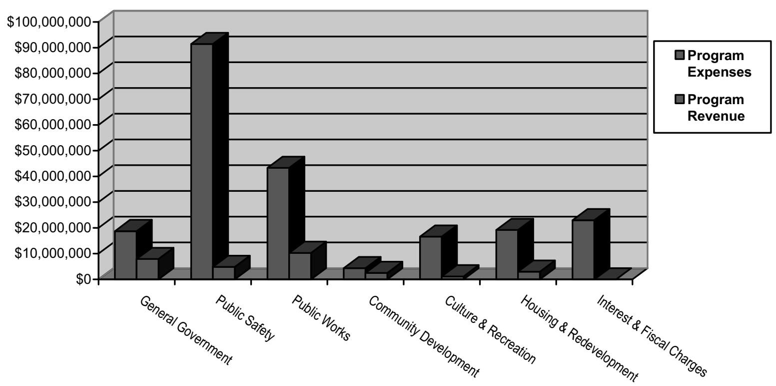
- Current year revenues of $221.3 million reflect a $18.2 million increase from the prior year.
- A majority of the $18.2 million increase in revenue is attributable to Utility Users Tax. Utility Users Tax in the current year was $49 million, an increase of $19.4 million, or 66 percent. The majority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

Expense Highlights:

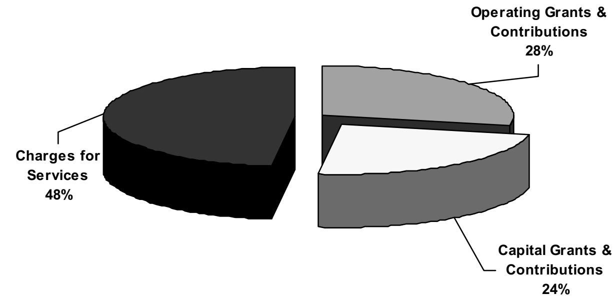
- Expenses of $216.6 million reflect a $12 million, or 6 percent, increase from prior year.
- Redevelopment expenses increased $1.7 million to $19.2 million. This increase is due to the increase in Redevelopment Agency Projects and Administration funds expenses.

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

Expenses and Program Revenues
Governmental Activities



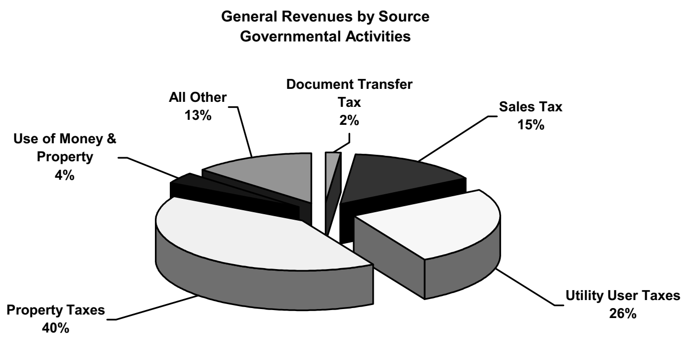
Program Revenue by Source
Governmental Activities



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

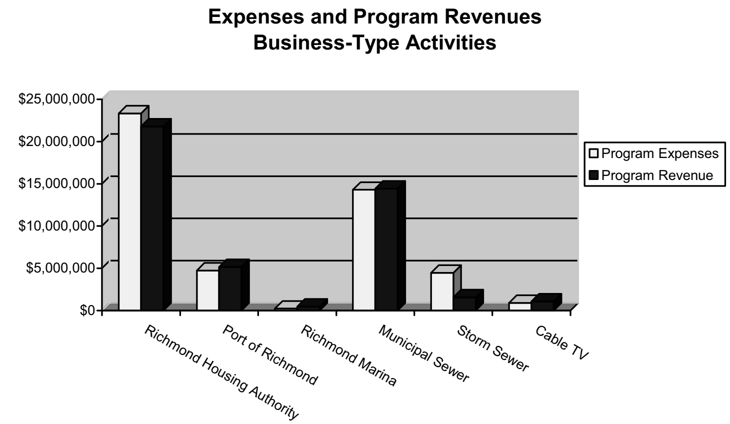
Total program revenues from governmental activities were $29.6 million in fiscal year 2009. Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's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

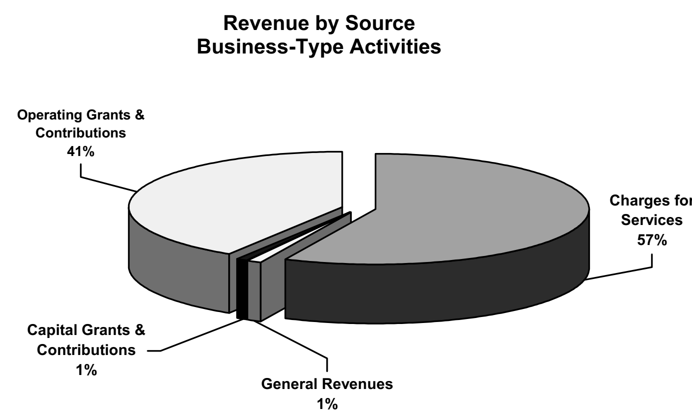
General revenues are all other revenues not categorized as program revenues such as property taxes, sales taxes, utility users' tax, gain on sale of capital assets, investment earnings, grants and contributions not related to specific programs and several miscellaneous general revenues. Total general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



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

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





FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds:

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial capacity. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $194 million. Approximately $134.3 million of this amount constitutes unreserved fund balance, which is available for spending at the government's discretion. Of the $134.3 million, $10.0 million has been designated for contingency reserve in compliance with Council's established policy. There is $59.7 million of fund balance reserved to indicate that it is not available for spending because it has already been legally committed.

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

At the end of the current fiscal year, the General Fund had an undesignated, unreserved fund balance of $10.9 million of a total fund balance that reached $45.5 million. During the current year, the overall fund balance decreased by $900 thousand primarily due to increases and decreases in revenues and transfers out to fund debt service on the Civic Center Bonds and various capital projects. The designation for contingencies remained at $10 million. The unreserved, undesignated fund balance of $10.9 million increased by $1.5 million, or 16 percent, from prior year as a result of a combined decrease in the reserve for encumbrances and advances to other funds.

Redevelopment Agency The Richmond Community Redevelopment Agency (the "Redevelopment Agency") is responsible for redevelopment of areas identified under the Community Redevelopment Law as being blighted. The Agency's operations are funded primarily by the issuance of debt, which is expected to be repaid out of property tax increment revenue generated by increases in property assessed values in the redevelopment areas.

The Redevelopment Agency Administration Fund was established to account for all administrative activities of the Agency. At the end of fiscal year 2009, the Administration Fund had an unreserved fund balance of $3.6 million, a decrease of $3.1 million, or 46 percent, from the prior year. This decrease is due to a decrease of in-lieu fees of $1 million (in-lieu fees are fees paid by a developer when they do not build low

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

The Redevelopment Agency Low/Mod Income Housing Fund accounts for the twenty percent housing set-aside from the tax increment proceeds of each of the Redevelopment Agency's project areas. At the end of fiscal year 2009, the unreserved fund balance was zero since all available funds are reserved for low and moderate income housing.

The Redevelopment Agency Debt Service Fund was established to account for the accumulation of property taxes for payment of interest and principal on the Agency's long-term debt. At the end of fiscal year 2009, the unreserved fund balance was $5.8 million, a decrease of $1.8 million, or 24 percent, from the prior year. This decrease is a combination of transfers in and transfers out with a net effect of a transfer that increased $2.4 million from prior year. The transfers out were to cover increased expenses in the administrative and capital project funds.

The Redevelopment Agency Projects Fund was established to account for capital projects connected with redevelopment funded by property tax revenues. At the end of fiscal year 2009, the unreserved fund balance was $51.3 million, a decrease of $2.3 million, or 4 percent, from the prior year. The majority of this decrease was due to interest and fiscal charges for the 2007 series bonds in the amount of $2.1 million. The interest and fiscal charges did not occur in the fiscal year 2008 because this was the year the bonds were issued.

Secured Pension Override Fund This fund was established to record the receipt of Pension Tax Override funds collected through property taxes for payment of pension contributions. At the end of fiscal year 2009, the unreserved fund balance was $1.0 million, a $1.4 million decrease from the prior year. The majority of the decrease can be attributed to the $2.9 million increase in the bond intercept from $2.2 million in fiscal year 2008 to $5.1 million in fiscal year 2009 which served to reduce the overall property tax revenues since the bond intercept is recorded directly in the corresponding debt service fund.

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

Community Development Block Grant This fund was established to record the receipt and disbursement of grant monies used to provide new affordable housing, improve existing housing conditions, assist homeless and disabled with housing, and to expand economic opportunities in business, and employment within the City of Richmond. At the end of fiscal year 2009, the unreserved fund balance was $490 thousand, a $1.3 million, or 72 percent, decrease from prior year. Of the $1.3 million decrease, $824 thousand is a result of expenditures exceeding revenues in current operations partially due to a decrease in grant receipts and an additional $462 thousand represents the reservation for encumbrances.

Proprietary Funds:

The City's proprietary funds are enterprise and internal service funds. An enterprise fund is used to report any activity for which a fee is charged to external users for goods or services provided. An internal service fund is used to centralize certain services and then allocate the cost of the services within the government. The City's major enterprise funds are the Richmond Housing Authority, Port of Richmond, and Municipal Sewer District.

Enterprise Funds:

Richmond Housing Authority The Richmond Housing Authority ("RHA") was established to administer funds provided by the Department of Housing and Urban Development (HUD) to assist low-income families in obtaining decent, safe and sanitary housing. Although RHA is a separate legal entity, it is a component unit of the City of Richmond. The City exercises management control over the Authority, and members of the City Council serve as the governing board of the Authority. RHA's total net assets were $51.7 million at June 30, 2009, $1.5 million decrease from prior year. Of the $51.7 million, $44.8 million is invested in capital assets, net of related debt, $194 thousand is restricted for debt service and $6.7 million is unrestricted

The Port of Richmond The Port of Richmond is a public enterprise established by the City of Richmond and is administered as a department of the City. Operations include the marine terminal facilities and commercial property rentals. The Port had total net assets of $3.8 million as of June 30, 2009, which is an increase of $545 thousand from prior year. Although revenues decreased and expenses increased from the prior year, the Port was still able to show a positive change in net assets by continuing to control expenses and reduce the debt service expenses.

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

Fiduciary Funds:

The City's fiduciary funds are the pension trust funds and various agency funds. The Pension Trust Funds were established to account for revenues and expenditures related to City employee's pension activities. The City administers the activities of the pension funds on behalf of the employees. The assets are not accessible for City operations. The City maintains the following pension funds: the General Pension, Police and Firemen Pension and Garfield Pension Funds. The various agency funds are used to maintain records of assets and the fund's financial activities on behalf of a third party. The City

does not make any decisions relating to the uses of the assets nor can they be used for City operations.

The Pension Trust Funds total assets at June 30, 2009 were $21 million held in trust for employees' pension benefits. Net Assets decreased by $3.6 million primarily due to a realized loss on investments in the Police and Firemen's Pension Trust Fund.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

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

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

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

The utility user fees are based on a percentage of utility bills. Actual revenues increased $19.4 million from prior year to $49.0 million. A large consumer opted to use the computed actual usage method instead of the cap provision of the UUT ordinance. This was an increase from previous year but less than what would have been paid using the cap. The final budget of $37.1 million reflects an increase of $3.5 million over the adopted projection of $33.6 million.

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

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

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

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

The City's investment in capital assets for its governmental and business type activities as of June 30, 2009, amounted to $488.3 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The net increase in

the City's investment in capital assets for the current fiscal year was $59.5 million or 14 percent.

Capital assets, net of depreciation, for the governmental and business-type activities are presented below to illustrate changes from the prior year:

Capital Assets by Type

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

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

Additional information about the City's capital assets can be found in Note 6 on pages 70 and 72 in the financial statements.

Debt Administration:

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

Outstanding Debt
June 30

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

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

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

The City has purchased municipal bond insurance policies on its bond issuances in the past, including for the RCRA 2007 TABs and the 2007 Lease Revenue Bonds, resulting in the debt issues being assigned the ratings of the respective bond insurers. In fiscal year 2008, the City's variable rate debt was affected by the credit downgrades of bond insurers MBIA and Ambac; resulting in higher than anticipated rate resets. In May 2008, the City restructured the RCRA 2007 TABs and the 2007 Lease Revenue Bonds to index rate and fixed rate bonds for a term of eighteen to twenty-four months. In October 2008, the City refunded its 2006 Wastewater Bonds, Series A with a new bond issue, which is supported by a Letter of Credit from Union Bank of California, and removes Ambac as the bond insurer. Since this restructuring, the bonds have traded at a level below the Securities Industry & Financial Market Association Index ("SIFMA").

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

Economic Factors, Next Year's Budget and Inflation Rates

- The City currently faces a continuing weak economic environment. Although the City experienced strong growth in assessed valuation ("AV") in past years, FY 2009-2010 AV decreased by 16.1% and consequently reduced the fiscal year 2010 budget by $5.9 million.

- The City has formally adopted debt and investment policies to guide critical financing and investment decisions. The City is also one of the first cities to adopt a swap policy.

- The City has established a reserves policy and has funded a $10 million contingency reserve within the General Fund, equating to over eight percent of the City's current budget level.

- The City has adopted a structurally balanced budget policy requiring one-time revenues to be spent only on one-time expenditures, and on-going revenues to be spent on on-going expenditures.

- The City has funded the implementation of a new, integrated financial, human resources and payroll system that will be the hub of other new software, including "best of breed" software in building permits, cash management, investments, debt management, equipment and many others.

- The City Manager has recommended to the City Council that City services only be expanded or re-opened as certain revenue milestones are met, thus preventing the creation of structural deficits.

- The City has established monthly revenue and expenditure variance monitoring reports to assure adherence to budget controls. Simultaneously, position control is being strictly enforced, ensuring that any employee hired is moving into a funded position.

- The City continues to search for and identify opportunities to refinance its debt obligations that should extract additional one-time funding for critical infrastructure improvements.

- The State budget will have a significant effect on the City's financial condition. The impending deficit at the State level will likely manifest itself in cutbacks in state funding and resulted in State "borrowing" of municipal revenues and deferral of state allocations and reimbursements. The City participated in the California Communities' Proposition 1A Securitization Program in 2010.

REQUESTS FOR INFORMATION

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

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City of Richmond
June 30, 2009

STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

The purpose of the Statement of Net Assets and the Statement of Activities is to summarize the entire City's financial activities and financial position.

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets and summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business Type Activities include all its Enterprise Fund activities and any portion of the Internal Service Fund balances that service Enterprise Funds. Fiduciary activity is excluded.

The Statement of Activities reports increases and decreases in the City's net assets. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

Both these Statements include the financial activities of the City, the Richmond Community Redevelopment Agency of the City of Richmond, the Richmond Joint Powers Finance Authority and the City of Richmond Housing Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the activities of these entities. The balances and the activities of the discretely presented component unit of the RHA Properties are included in these Statements as separate columns.

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CITY OF RICHMOND
STATEMENT OF NET ASSETS
JUNE 30, 2009

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

See accompanying notes to financial statements

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

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

See accompanying notes to financial statements

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City of Richmond
June 30, 2009

FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the City in fiscal 2009. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

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

REDEVELOPMENT AGENCY ADMINISTRATION SPECIAL REVENUE FUND

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

REDEVELOPMENT AGENCY LOW AND MODERATE INCOME HOUSING CAPITAL PROJECTS FUND

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

REDEVELOPMENT AGENCY DEBT SERVICE FUND

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

REDEVELOPMENT AGENCY PROJECTS CAPITAL PROJECTS FUND

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

SECURED PENSION OVERRIDE SPECIAL REVENUE FUND

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

CIVIC CENTER PROJECT CAPITAL PROJECTS FUND

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

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

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

CITY OF RICHMOND
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2009

	General	Redevelopment Agency Administration	Redevelopment Agency Low/Mod Income Housing	Redevelopment Agency Debt Service	Redevelopment Agency Projects	Secured Pension Override	Civic Center Project	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
ASSETS										
Cash and investments	$30,855,630	$2,918,983	$2,822,007	$6,990,229	$6,634,959	$1,022,463	$2,894,873		$20,969,682	$75,108,826
Restricted cash and investments	5,154	1,426,352	9,426,337	9,052,908	58,023,221		15,567,537	$2,188,436	23,487,785	119,177,730
Receivables:										
Accounts, net	8,440,156	267,882	107,009		1,126,226			4,242	4,594,207	14,539,722
Interest	7,190	1,240	1,210	8,173	769	1,458	1,699		9,439	31,178
Grants	3,840								859,409	863,249
Loans	1,351,853	2,491,970	17,694,540		10,518,104			7,081,686		39,138,153
Due from other funds	6,345,529	54,688	189,226					2,457		6,591,900
Advances to other funds	22,660,371	2,174,067			99,685					24,934,123
Prepaids, supplies and other assets	496,888								21,884	518,772
Total Assets	$70,166,611	$9,335,182	$30,240,329	$16,051,310	$76,402,964	$1,023,921	$18,464,109	$9,276,821	$49,942,406	$280,903,653
LIABILITIES										
Accounts payable and accrued liabilities	$23,529,209	$400,564	$2,378		$1,480,539		$516,633	$24,897	$3,790,055	$29,744,275
Refundable deposits	178,849	168,155			65,453				1,372,288	1,784,745
Due to other funds	25,570	164,367	977,262		4,636,430			1,210,151	2,027,047	9,040,827
Advances from other funds	99,685				2,500,000		2,000,000		211,686	4,811,371
Deferred revenue	795,620	2,666,037	17,525,097		11,644,330			7,088,970	1,868,397	41,588,451
Total Liabilities	24,628,933	3,399,123	18,504,737		20,326,752		2,516,633	8,324,018	9,269,473	86,969,669
FUND BALANCES										
Fund balance										
Reserved for:										
Encumbrances	875,407	346,180	3,231,998		4,662,979		323,784	462,344	5,054,981	14,957,673
Prepaids, supplies and other assets	496,888								21,884	518,772
Debt service				$10,274,763						10,274,763
Advances to other funds	22,660,371	2,000,000			99,685					24,760,056
Loans receivable	649,823		169,443							819,266
Low and moderate income housing			8,334,151							8,334,151
Unreserved, designated for:										
Contingencies	10,000,000									10,000,000
Unreserved, Undesignated, Reported in:										
General Fund	10,855,189									10,855,189
Special Revenue Funds		3,589,879				$1,023,921		490,459	5,023,767	10,128,026
Debt Service Funds				5,776,547					20,443,427	26,219,974
Capital Projects Funds					51,313,548		15,623,692		10,128,874	77,066,114
Total Fund Balances	45,537,678	5,936,059	11,735,592	16,051,310	56,076,212	1,023,921	15,947,476	952,803	40,672,933	193,933,984
Total Liabilities and Fund Balances	$70,166,611	$9,335,182	$30,240,329	$16,051,310	$76,402,964	$1,023,921	$18,464,109	$9,276,821	$49,942,406	$280,903,653

See accompanying notes to financial statements

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

Total fund balances reported on the governmental funds balance sheet	$193,933,984
Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:	
CAPITAL ASSETS	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	361,581,114
ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS	
Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Assets.	
Cash and investments	30,097,729
Restricted cash and investments	6,052,022
Accounts receivable	209,666
Interest receivable	21,842
Due from other funds	3,448,589
Advances to other funds	4,258,342
Prepaids and supplies	465,433
Accounts payable, accrued liabilities and interest payable	(2,654,152)
Compensated absences	(947,133)
Claims payable	(22,401,000)
ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES	
Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	38,384,828
LONG TERM ASSETS AND LIABILITIES	
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:	
Interest payable	(4,732,829)
Long-term debt	(432,288,942)
Net pension obligation	(174,242)
Net pension asset	110,908,323
Net OPEB asset	4,605,272
Governmental activities portion of compensated absences	(10,596,721)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$280,172,125

See accompanying notes to financial statements

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

	General	Redevelopment Agency Administration	Redevelopment Agency Low/Mod Income Housing	Redevelopment Agency Debt Service	Redevelopment Agency Projects	Secured Pension Override	Civic Center Project	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
REVENUES										
Property taxes	$33,296,446			$28,012,195		$11,855,505			$5,882,904	$79,047,050
Sales taxes	27,922,698									27,922,698
Utility user taxes	48,953,004									48,953,004
Other taxes	7,959,683									7,959,683
Licenses, permits and fees	2,191,711	$7,000							4,217,185	6,415,896
Developer revenue sharing					$51,767					51,767
Fines, forfeitures and penalties	332,524								27,346	359,870
Use of money and property	183,318	216,820	$80,482	350,850	420,999	140,911	$2,555,360	$12,423	1,317,442	5,278,605
Intergovernmental	747,134	3,670			1,192,802			1,750,022	12,060,056	15,753,684
Charges for services	2,566,597								3,018,786	5,585,383
Pension stabilization revenue									5,292,746	5,292,746
Other	8,240,818	176,344	15,627		2,558,792			116,941	576,648	11,685,170
Rent	295,064				17,032					312,096
Total Revenues	132,688,997	403,834	96,109	28,363,045	4,241,392	11,996,416	2,555,360	1,879,386	32,393,113	214,617,652
EXPENDITURES										
Current:										
General government	10,169,478								8,874,826	19,044,304
Public safety	87,578,216					4,948,186			981,224	93,507,626
Public works	14,411,773						376,922		5,724,678	20,513,373
Community development									4,334,599	4,334,599
Cultural and recreational	15,188,002								1,608,526	16,796,528
Housing and redevelopment		8,007,602	4,165,396		7,175,903			2,700,975		22,049,876
Capital outlay	776,014	16,231	502,578		16,103,131		47,112,332		15,955,865	80,466,151
Debt service:										
Principal	520,439	780,000	465,000	2,460,000	1,125,000				4,334,143	9,684,582
Interest and fiscal charges	26,552	1,502,012	456	2,760,999	2,124,024				7,624,222	14,038,265
Total Expenditures	128,670,474	10,305,845	5,133,430	5,220,999	26,528,058	4,948,186	47,489,254	2,700,975	49,438,083	280,435,304
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,018,523	(9,902,011)	(5,037,321)	23,142,046	(22,286,666)	7,048,230	(44,933,894)	(821,589)	(17,044,970)	(65,817,652)
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of property	40,000								5,000,000	5,040,000
Transfers in	9,752,825	7,640,223	6,030,960	2,167,778	16,878,850		6,562,962		30,381,133	79,414,731
Transfers (out)	(14,710,298)	(687,600)	(1,029,704)	(28,373,923)	(1,138,074)	(8,405,329)		(2,857)	(25,800,403)	(80,148,188)
Total Other Financing Sources (Uses)	(4,917,473)	6,952,623	5,001,256	(26,206,145)	15,740,776	(8,405,329)	6,562,962	(2,857)	9,580,730	4,306,543
NET CHANGE IN FUND BALANCES	(898,950)	(2,949,388)	(36,065)	(3,064,099)	(6,545,890)	(1,357,099)	(38,370,932)	(824,446)	(7,464,240)	(61,511,109)
BEGINNING FUND BALANCES	46,436,628	8,885,447	11,771,657	19,115,409	62,622,102	2,381,020	54,318,408	1,777,249	48,137,173	255,445,093
ENDING FUND BALANCES	$45,537,678	$5,936,059	$11,735,592	$16,051,310	$56,076,212	$1,023,921	$15,947,476	$952,803	$40,672,933	$193,933,984

See accompanying notes to financial statements

CITY OF RICHMOND
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	($61,511,109)
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds include capital outlays in departmental expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
The capital outlay expenditures are therefore added back to fund balance	67,654,920
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of $1,574,168 which has already been allocated to serviced funds)	(14,342,287)
Retirements of capital assets are deducted from the fund balance	(145,380)
LONG TERM DEBT PROCEEDS AND PAYMENTS	
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.	
Repayment of debt principal is added back to fund balance	9,684,582
Capital appreciation bonds accretion is deducted from fund balance	(7,696,807)
Interest accrued to principal is deducted from fund balance	(75,000)
ACCRUAL OF NON-CURRENT ITEMS	
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Interest payable	(1,151,766)
Deferred revenue	3,294,560
Compensated absences	(1,343,183)
Net pension asset (obligation)	(6,126)
Net OPEB asset	2,408,396
ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY	
Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.	
Change in Net Assets - All Internal Service Funds	7,278,714
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$4,049,514

See accompanying notes to financial statements

City of Richmond
June 30, 2009

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of major funds established by GASB Statement 34 extends to Proprietary Funds. The City has identified the funds below as major proprietary funds in fiscal 2009.

GASB 34 does not provide for the disclosure of budget vs. actual comparisons regarding proprietary funds that are major funds.

RICHMOND HOUSING AUTHORITY

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

PORT OF RICHMOND

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

MUNICIPAL SEWER

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

CITY OF RICHMOND
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2009

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

See accompanying notes to financial statements

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

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

See accompanying notes to financial statements

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

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

See accompanying notes to financial statements

City of Richmond
June 30, 2009

FIDUCIARY FUNDS

Fiduciary funds are presented separately from the Government-wide and Fund financial statements.

Trust funds are used to account for assets held by the City as a trustee agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

CITY OF RICHMOND
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009

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

See accompanying notes to financial statements

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

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

See accompanying notes to financial statements

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NOTE 1 - ORGANIZATION AND DEFINITION OF REPORTING ENTITY

The City was incorporated in 1905 under the laws of the State of California and adopted its charter in 1909. The City operates under a Council-Manager form of government and provides the following services to its citizens as authorized by its charter: police and fire protection, planning and community development, streets and roads, parks and recreation, sewage treatment, drainage and capital projects. In addition, the City has a port, marina, municipal and storm sewer enterprises, a housing authority, a redevelopment agency, a joint powers financing authority, and a parking authority which is inactive.

The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, *blended* component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. Each discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize it is legally separate from the government.

PRIMARY GOVERNMENT

The financial statements of the primary government of the City include the activities of the City as well as the Richmond Community Redevelopment Agency, the Richmond Housing Authority, the Richmond Joint Powers Financing Authority, the Richmond Parking Authority and the Richmond Surplus Property Authority all of which are controlled by and dependent on the City. While these are separate legal entities, their financial activities are integral to those of the City. Their financial activities have been aggregated and merged (termed "blended") with those of the primary government of the City in the accompanying financial statements.

Blended Component Units:

Richmond Community Redevelopment Agency (Redevelopment Agency) - Formed in October 1949 as a separate legal entity under the provisions of the Community Redevelopment Law, the Redevelopment Agency was established primarily to assist in the clearance and rehabilitation of areas determined to be in a blighted condition in the City. Since that time various Project Area Plans (Plans) have been developed to provide an improved physical, social, and economic environment in various Project Areas.

The Redevelopment Agency is authorized to finance redevelopment through various sources, including assistance from the City, State, Federal governments, incremental property taxes, interest income, issuance of Redevelopment Agency notes and bonds, and sale and rental of real property acquired with these funds.

Although the Redevelopment Agency is a separate legal entity, it is an integral part of the City. The City exercises significant financial and management control over the Redevelopment Agency and members of the City Council serve as the governing board of the Redevelopment Agency. The activities of Redevelopment Agency are presented in the City's basic financial statements as the following major funds: Redevelopment Administration Fund, Redevelopment Low and Moderate Income Housing Fund, Redevelopment Agency Debt Service Fund and Redevelopment Agency Capital Projects Fund. Separate financial statements for the Redevelopment Agency may be obtained by contacting the Office of Finance, City of Richmond, 450 Civic Center Plaza, Richmond, California 94804.

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

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

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

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

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

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

Richmond Surplus Property Authority – Formed to become the owner of certain property declared surplus by the U.S. Government, the Authority is a separate legal entity but it is an integral part of the City. The City exercises significant financial and management control over the Authority and members of the City Council serve as the governing board of the Authority. The Authority is inactive.

Discretely Presented Component Unit

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. City resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

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

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

The Government-wide financial statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the Statement of Net Assets. The Statement of Activities presents all the City's revenues, expenses and other changes in Net Assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, internal service fund transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated.

The City applies all applicable GASB pronouncements and applicable FASB pronouncements issued on or before November 30, 1989 to the business-type activities, unless those pronouncements conflict with GASB pronouncements.

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.

Fiduciary Fund Financial Statements and Statement of Changes in Net Assets - Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Assets, and a Statement of Changes in Fiduciary Net Assets. The City's Fiduciary funds represent Pension Trust funds and Agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Pension trust funds are accounted for on an economic resources measurement focus under the accrual basis of accounting.

Major Funds

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

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

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

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

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

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The City also reports the following fund types:

Internal Service Funds. The funds account for worker's compensation, general liability, information technology, equipment services and replacement, police telecommunications and facilities maintenance, all of which are provided to other departments on a cost-reimbursement basis.

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

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

Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

Cash, Cash Equivalents and Investments

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Capital Assets

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

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

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

The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund. Compensated absences for business-type activities are liquidated by the fund that has recorded the liability.

Property Tax Levy, Collection and Maximum Rates

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The term "unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. Property taxes levied are recorded as revenue in the fiscal year of levy.

Long-Term Obligations

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

Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges.

Fund Financial Statements - Proprietary fund financial statements report long-term debt under the same principles as the City-wide financial statements. Governmental fund financial statements do not present long-term debt.

Governmental funds report bond premiums, discounts and issuance costs in the year the debt is issued. Bond proceeds are reported as other financing sources net of premium or discount. Issuance costs are reported as debt service expenditures.

Claims Liabilities

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims includes "incurred but not reported" (IBNR) claims, and is recorded in the internal service funds.

Net Assets

In the City-wide financial statements, Net Assets are classified as follows:

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation, reduced by outstanding debt that was used for the acquisition, construction, or improvement of these capital assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments. In addition net assets restricted for pension benefits are restricted as a result of enabling legislation.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Reservations and Designations

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

Portions of the City's fund balances have been reserved for the following purposes:

Reserved for Encumbrances - represents commitments of funds to pay for future delivery of materials and services on firm purchase orders and contracts.

Reserved for Prepaids, Supplies and Other Assets - represents the portion of fund balance already expended for these assets and not available to be used to meet expenditures in the current period.

Reserved for Debt Service - represents amounts set aside in accordance with a bond indenture or similar covenant.

Reserved for Advances to Other Funds - represents receivables from other City Funds that are not expected to be received in the next fiscal year.

Reserved for Loans Receivable - represents the portion of fund balance already expended for these assets and not available to be used to meet expenditures in the current period.

Reserved for Low and Moderate Income Housing is the portion of redevelopment fund balance legally required to be set-aside for low and moderate income housing expenditures under the California Health and Safety Code.

Portions of the City's fund balances have been designated for the following purposes:

Designated for Contingencies is the portion of fund balance set-aside to be used in the event of fiscal need.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures in Excess of Appropriations

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

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

NOTE 3 - CASH AND INVESTMENTS

Investments and Cash Deposits

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

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

NOTE 3 - CASH AND INVESTMENTS (Continued)

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

Classification

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

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

NOTE 3 - CASH AND INVESTMENTS (Continued)

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio		Maximum Investment In One Issuer
U.S. Treasury Bills, Bonds and Notes	5 years		None		None
Obligations issued by United States Government or its Agencies	5 years		None		None
Treasury bonds and notes issued by the State of California or any local agency with California	5 years	A	None		None
Bankers Acceptances	180 days		40%		30%
Commercial Paper	270 days	A1/P1/F1	10%	**(A)**	10%
Negotiable Certificates of Deposit	5 years	A	30%		None
Medium Term Corporate Notes	5 years	A	30%		None
Money Market Mutual Funds	N/A	Top rating category	15%		None
California Local Agency Investment Fund	N/A		None		$40 Mil
Investment Trust of California (CalTrust)	N/A		N/A		None
Collateralized Time Deposits	5 years		30%		10%
Repurchase Agreements	5 years		None	**(B)**	None

(A): City may invest an additional 10% or a total of 20% of City surplus money, only if dollar-weighted average maturity of the entire amount does not exceed 31 days.

(B): City may not utilize Reverse Repurchase Agreement without the prior approval of the Council.

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Issues and Lease Agreements:

Under the terms of the City's and RHA Properties' debt issues and lease agreements, it is subject to various restrictions in the type, maturity and credit ratings of investments of the unspent proceeds of these issues. These restrictions are generally no more restrictive than those listed above regarding investment of the City's and RHA Properties' funds. In addition, some bond indentures authorize investments in guaranteed investment contracts and investment agreements with maturity dates that coincide with the applicable debt maturities. At June 30, 2009, the City and RHA Properties were in compliance with the terms of all these restrictions.

Interest Rate Risk:

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

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

	Remaining Maturity (in Months)				
	12 months or Less	13 to 24 Months	25 to 60 Months	More than 60 months	Total
Primary Government:					
Federal Agency Securities			$68,547,600		$68,547,600
Money Market Mutual Funds (U.S. Securities)	$58,188				58,188
California Local Agency Investment Fund	6,887,889				6,887,889
CalTrust Short Term Fund	295,500				295,500
Certificates of Deposit	252,073				252,073
Held by Bond Trustee:					
Federal Agency Securities	425,834		4,972,400		5,398,234
Money Market Mutual Funds (U.S. Securities)	114,601,188				114,601,188
California Local Agency Investment Fund	90,278				90,278
Investment Agreements				$1,039,778	1,039,778
Guaranteed Investment Contracts	224,420			4,580,948	4,805,368
Repurchase Agreement	1,146,500				1,146,500
Reassessment Bonds	815,000	$812,500	2,562,500	13,145,000	17,335,000
RHA Properties:					
Money Market Mutual Funds (U.S. Securities)	2,527,605				2,527,605
Total Investments	$127,324,475	$812,500	$76,082,500	$18,765,726	222,985,201
Cash in Banks and on hand - *Primary Government*					54,495,984
Cash in banks - *RHA Properties*					1,023,137
Total Cash and Investments					$278,504,322

NOTE 3 - CASH AND INVESTMENTS (Continued)

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2009, these investments matured in an average of 235 days.

The City is a participant in the Short-Term Fund of the Investment Trust of California (CalTrust), a joint powers authority and public agency established by its members under the provisions of Section 6509.7 of the California Government Code. Members and participants are limited to California public agencies. CalTrust is governed by a Board of Trustees of seven Trustees, at least seventy-five percent of whom are from the participating agencies. The City reports its investment in CalTrust at the fair value amount provided by CalTrust, which is the same as the value of the pool shares. The balance is available for withdrawal on demand, and is based on the accounting records maintained by CalTrust. Included in CalTrust's investment portfolio are: United States Treasury Notes, Bills, Bonds or Certificates of Indebtedness; registered state warrants or treasury notes or bonds; California local agency bonds, notes, warrants or other indebtedness; federal agency or United States government-sponsored enterprise obligations; bankers acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term notes; money market mutual funds; notes, bonds or other obligation secured by a first priority security interest in securities authorized under Government Code Section 53651; and mortgage passthrough securities, collateralized mortgage obligations, and other asset – backed securities. CalTrust's Short-Term Fund has a target portfolio duration of 0 to 2 years. At June 30, 2009, these investments matured in an average of 1 day.

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

NOTE 3 - CASH AND INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2009 for each investment type:

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

NOTE 3 - CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

Investments in the securities of any individual issuer, other than U. S. Treasury securities, mutual funds, and external investment fund that represent 5% or more of total Government-wide investments are as follows at June 30, 2009:

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

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, in individual major funds and in non-major funds at June 30, 2009 were as follows:

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

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

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

NOTE 4 - INTERFUND TRANSACTIONS

A. Current Interfund Balances

Current interfund balances arise in the normal course of business and represent short-term borrowings occurring as a result of expenditures which are paid prior to the receipt of revenues. These balances are expected to be repaid shortly after the end of the fiscal year when revenues are received. Current amounts due from one fund to another at June 30, 2009 were as follows:

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

B. Long-Term Interfund Advances

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

Fund Receiving Advance	Fund Making Advance	Amount of Advance
General Fund	Redevelopment Agency Projects Fund	$99,685
Redevelopment Agency Projects Fund	Internal Service Fund	2,500,000
Civic Center Project Capital Projects Fund	Redevelopment Agency Administration Fund	2,000,000
Non Major Governmental Fund	General Fund	211,686
Richmond Housing Authority Enterprise Fund	General Fund	5,408,830
	Redevelopment Agency Administration Fund	174,067
Port of Richmond Enterprise Fund	General Fund	17,039,855
Non Major Enterprise Fund	Internal Service Fund	1,758,342
Total		$29,192,465

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%.

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

In fiscal 2007, 2008 and 2009 the General Fund made advances to the Richmond Housing Authority Enterprise Fund for police, sewer, and other services as well as the Housing Authority's employee payroll. The advance bears no interest and is payable in 360 monthly installments of $12,531. The balance as of June 30, 2009 is $5,408,830.

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

In fiscal 2006 the General Fund established repayment terms for its advance of $17,139,855 to the Port of Richmond Enterprise Fund to assist the Port with various lease transactions and other projects. The advance does not bear interest for the first three years; the next five years it bears an interest rate of 4% and is payable as follows: $50,000 in fiscal years 2007 and 2008, $6.35 million in fiscal year 2009, five annual installments of $2,000,000 for fiscal years 2010 to 2014 and a final payment of $689,855 in 2015. The Port did not make the scheduled payment in fiscal year 2009 and the City is in the process of establishing new repayment terms.

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

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

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

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

C. Transfers between funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

Transfers between funds during the fiscal year ended June 30, 2009 were as follows:

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

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

D. Internal Balances

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

NOTE 5 - NOTES AND LOANS RECEIVABLE

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

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

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

CalTrans Loan

The total of $801,715 consists of two loans from the City of Richmond to Richmond Neighborhood Housing Services. These are pass-through loans from CalTrans for the construction of 27 new homes located in North Richmond.

Police Activities League

On January 23, 2007, the City approved a loan of $300,000 to provide temporary support for the Police Activities League (PAL) Youth Center expansion project to allow PAL to complete construction of the project. The loan is secured by a deed of trust on the property. The loan is due upon PAL's receipt of the remaining balance of the State of California department of Parks and Recreation, 2002 Resources-Bond Act, Murray-Hayden Program Grant in the sum of $500,000. The loan bears a fixed rate of 4.546%. In addition, on August 3, 2007 the City approved $126,000 of additional funding for PAL to complete the construction of the youth center gymnasium and office complex. The same terms as the first loan apply to the second loan.

Police Chief Loan

Under the Resolution Number 169-05, the City made a long-term loan of $150,000, and a short-term loan of $50,000, for a total loan amount of $200,000, to finance the acquisition of the new Police Chief's personal residence located within the City of Richmond. The loan is secured by a deed of trust on the property. The loan is due upon sale of the property, within eighteen months after the Police Chief's employment with the City terminates, or fifteen years from the date of the loan, whichever occurs first. The loan bears a variable interest rate from the date of disbursement until repaid in full at an amount equal to the average annual interest rate of the California State Treasurer's Office Local Agency Investment Fund, adjusted effective as of each annual anniversary date of the close of escrow of the Property purchased by the Police Chief. The short-term loan of $50,000 was repaid during fiscal year 2006.

Watershed Nursery Loan

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

Mechanics Bank Loans

Loans are amortized home improvement loans to low and moderate income borrowers and are repaid at 3% per annum. CDBG loan contracts are forwarded to Mechanics Bank for servicing.

Deferred Loans

Deferred loans are granted to low and moderate income families to assist them in purchasing their homes. Emergency repair loans not exceeding $10,000 funded by the HOME Investment Partnership Program (HIPP) are provided to low income families in Richmond to assist them in rehabilitating their existing housing units. These loans are required to be repaid over a period of 15 years to 30 years.

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

Home Improvement Program Loans

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

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

Rental Rehabilitation Loans

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

Creely Avenue Housing Rehabilitation (Arbors)

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

Scattered Site Infill Housing Development (Wood)

On March 1, 2006, the Redevelopment Agency loaned Wood Development Corporation, a California nonprofit public benefit corporation the amount of $1,653,000, to construct and develop single family homes which will be made available for sale to low and moderate income households on 8 parcels within City Richmond. Funding for the loan is as follows: $853,000 in HOME funds and $800,000 in 2007 Series B bond funds. The loan bears simple interest at the rate of 3% per year. During fiscal year 2009 the loan was amended to extend the repayment date and all unpaid principal and interest on the loan is due on June 30, 2011.

EDA loans

The City's Revolving Loan Fund (RLF) is a community based program with the goal of fostering local economic growth through the creation and retention of employment opportunities for Richmond residents and complementing community and individual development initiatives.

Olson Urban Housing, LLC.

This loan was made to provide assistance in the construction of low and moderate income housing. It provides for the eventual forgiveness of the balance upon the issuance of the Certificate of Completion for the Phase One Residential/ Retail Improvements.

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

Harbour Capital Projects Loan

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

MacDonald Place Senior Housing

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

Atchison Village Annex Apartments

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

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

Heritage Park Development

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

Silent Second Mortgage Loans

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

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

Chesley Avenue Mutual Housing Development

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

Ford Assembly Building Loan

Under a loan agreement dated November 22, 2004 between the Redevelopment Agency and Ford Point LLC, the Redevelopment Agency agreed to loan $3,000,000 to fund improvements to the Ford Assembly Building, collateralized by a Deed of Trust. The Redevelopment Agency funded the loan in fiscal 2006 with proceeds from the Section 108 HUD loan discussed in Note 7. The loan's principal is due in August 2025. Interest is payable starting August 2006 at a variable rate based on the 90-day LIBOR rate plus 70 basis points; adjusted quarterly. The interest rate converts to a fixed rate in accordance with the terms of the agreement after the Section 108 loan is sold by HUD.

CALHome Program

The CalHome loan program provides housing assistance to Richmond residents to assist with first-time homeowner down payments or rehabilitation projects for owner-occupied homes. The loans are secured by deeds of trust on the properties. Principal and interest on the loans are deferred for 30 years, unless otherwise specified in the promissory note. At June 30, 2009, the Agency had issued loans of $910,206.

Easter Hill Project

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

East Bay Center for the Performing Arts

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

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

The Carquinez Project

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

Conditional Grant

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

NOTE 6 - CAPITAL ASSETS

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

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

NOTE 6 - CAPITAL ASSETS (Continued)

Governmental activities depreciation expenses for capital assets is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program for the year ended June 30, 2009 were as follows:

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

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

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

NOTE 6 - CAPITAL ASSETS (Continued)

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

	Balance at June 30, 2008	Additions	Balance at June 30, 2009
Capital assets not being depreciated:			
Land	$10,431,153		$10,431,153
Total capital assets not being depreciated	10,431,153		10,431,153
Capital assets being depreciated:			
Buildings and improvements	23,917,143	$17,838	23,934,981
Machinery and equipment	49,600	7,672	57,272
Total capital assets being depreciated	23,966,743	25,510	23,992,253
Less accumulated depreciation for:			
Buildings and improvements	(4,205,214)	(871,200)	(5,076,414)
Machinery and equipment	(49,246)	(610)	(49,856)
Total accumulated depreciation	(4,254,460)	(871,810)	(5,126,270)
Capital asset being depreciated, net	19,712,283	(846,300)	18,865,983
Business-type activity capital assets, net	$30,143,436	($846,300)	$29,297,136

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

Business-Type Activities	
Richmond Housing Authority	$396,046
Port of Richmond	886,392
Municipal Sewer	660,833
Richmond Marina	88,484
Storm Sewer	915,849
Cable TV	51,350
Total Business-Type Activities	$2,998,954
Component Unit	
RHA Properties	$871,810

NOTE 7 - LONG-TERM DEBT OBLIGATIONS

A. Governmental Activities:

Following is a summary of governmental activities long-term debt transactions during the fiscal year ended June 30, 2009:

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

Bonds Payable

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

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

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

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

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

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

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

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

The Bonds were issued by the Redevelopment Agency to refund 1985 Tax Allocation and Refunding Bonds used for the Urban Renewal Plan for Project 11-A, the Harbour Redevelopment Plan. The Bonds consist of serial bonds in the amount of $6,365,000 that mature annually through 2004, in amounts ranging from $50,000 to $740,000. Interest rates vary from 3.75% to a maximum of 6% and payments are due semiannually on January 1 and July 1. The Term Bonds bear interest at 7% and mature on July 1, 2009 with sinking fund payment requirements starting in 2004 and are secured by a pledge of incremental tax revenues derived from taxable property within the Harbour Project Area.

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

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

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

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

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

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

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

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

For the Years Ending June 30,	Principal	Interest	Total
2010	$1,575,000	$600,571	$2,175,571
2011	1,595,000	574,826	2,169,826
2012	1,760,000	547,525	2,307,525
2013	1,800,000	518,513	2,318,513
2014	1,830,000	484,863	2,314,863
2015-2019	9,765,000	1,802,127	11,567,127
2020-2024	10,915,000	635,908	11,550,908
Total	$29,240,000	$5,164,333	$34,404,333

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

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

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

For the Years Ending June 30,	Principal	Interest	Total
2010	$1,570,000	$1,404,450	$2,974,450
2011	1,505,000	1,293,528	2,798,528
2012	1,435,000	1,186,741	2,621,741
2013	1,360,000	1,084,523	2,444,523
2014	1,280,000	987,315	2,267,315
2015-2019	7,280,000	3,342,417	10,622,417
2020-2024	3,550,000	1,205,810	4,755,810
2025-2029	1,490,000	253,367	1,743,367
2030	75,000	2,859	77,859
Total	$19,545,000	$10,761,010	$30,306,010

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

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

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

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

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

For the Years Ending June 30,	Principal	Interest	Total
2010	$1,435,000	$885,040	$2,320,040
2011	1,500,000	819,720	2,319,720
2012	1,570,000	749,860	2,319,860
2013	1,640,000	675,210	2,315,210
2014	1,715,000	595,510	2,310,510
2015-2019	9,960,000	1,539,663	11,499,663
2020-2024	315,000	83,344	398,344
2025-2029	160,000	30,975	190,975
2030	35,000	919	35,919
Total	$18,330,000	$5,380,241	$23,710,241

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

For the Years Ending June 30,	Principal	Interest	Total
2010	$275,000	$300,061	$575,061
2011	300,000	278,930	578,930
2012	320,000	255,585	575,585
2013	345,000	229,983	574,983
2014	370,000	202,455	572,455
2015-2019	2,330,000	518,706	2,848,706
2020-2024	70,000	26,400	96,400
2025-2029	30,000	10,800	40,800
2030	10,000	400	10,400
Total	$4,050,000	$1,823,320	$5,873,320

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

2003 Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series A and Series B – Original Issue Series A ($16,080,000), Series B ($12,500,000)

The Bonds were issued on August 27, 2003 by the Richmond JPFA. The proceeds of the Series A Bonds were used to finance certain capital improvements for the Richmond Redevelopment Agency and pay $13,000,000 to the City in partial payment of the Prior Obligations. The proceeds of the Series B Bonds were used to finance certain capital improvements for the Agency and pay $5,000,000 to the City in partial payment of the Prior Obligations. Interest rates range from 3.00% to 6.30% and are payable semiannually on March 1 and September 1. The bonds are secured by a pledge of certain tax increment revenues derived from taxable property within the Post-2004 Limit Area.

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

For the Years Ending June 30,	Principal	Interest	Total
2010	$810,000	$1,472,834	$2,282,834
2011	840,000	1,440,250	2,280,250
2012	870,000	1,403,606	2,273,606
2013	915,000	1,363,127	2,278,127
2014	955,000	1,319,253	2,274,253
2015-2019	5,530,000	5,804,578	11,334,578
2020-2024	9,725,000	3,737,333	13,462,333
2025-2026	8,155,000	465,223	8,620,223
Total	$27,800,000	$17,006,204	$44,806,204

2004 Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series A and Series B – Original Issue Series A $15,000,000, Series B $2,000,000

The Bonds were issued on October 28, 2004 by the Richmond JPFA. The proceeds from the Series A Bonds were used to repay advances from the City and finance certain working capital requirements and low and moderate income housing activities of the Redevelopment Agency. The proceeds of the Series B Bonds were used to finance certain low and moderate income housing activities of the Redevelopment Agency. Interest rates range from 2.00% to 5.44% and payments are due semiannually on March 1 and September 1. The Bonds are secured by certain amounts payable by the Redevelopment Agency to the Authority and certain subordinate housing and non-housing tax increment revenues derived from the taxable property within the Merged Project Area.

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

For the Years Ending June 30,	Principal	Interest	Total
2010	$230,000	$816,766	$1,046,766
2011	235,000	808,290	1,043,290
2012	250,000	798,832	1,048,832
2013	260,000	788,286	1,048,286
2014	270,000	776,801	1,046,801
2015-2019	1,535,000	3,683,660	5,218,660
2020-2024	6,160,000	2,484,175	8,644,175
2025-2027	7,070,000	817,951	7,887,951
Total	$16,010,000	$10,974,761	$26,984,761

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

These Bonds were issued to prepay the unfunded liability of the Miscellaneous and Safety pension plans provided through the California Public Employees' Retirement System (See Note 11). As of June 30, 2009, the City's net pension asset amounted to $104,181,919. The Bonds consist of three series as shown below:

						Index Rate Conversion Data		
Bond Type & Series	Initial Interest Rate	Less: Credit Adjust-ment	Adjusted Interest Rate	Maturity Date	Original Principal Amount	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
					$114,995,133			$203,186,000

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.

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Capital Appreciation Bonds - The Series 2005B-1 Bonds and 2005B-2 Bonds are capital appreciation bonds, which means no interest is paid until the Adjusted Maturity Value is reached on the Full Accretion Date. Capital appreciation bonds are issued at a deep discount which then "accretes" over time. The discount on these bonds represented as the effective interest rate on each series is shown above.

Mandatory Index Rate Conversion – On the respective Full Accretion Date, the Series 2005B-1 or 2005B-2 Bonds convert from Capital Appreciation Bonds to Index Rate Bonds. From that date forward, the Bonds bear interest at a rate based on the LIBOR index plus 1.4%. This rate fluctuates according to the market conditions is limited to 17 percent per year. Following the applicable Full Accretion Date, interest on the converted bond series is due semiannually each February 1 and August 1. The Series 2005B-1 Bonds are due in annual installments from 2014 to 2023 ranging from $4,468,000 to $11,593,000. The 2005B-2 Bonds are due in annual installments from 2024 to 2034 ranging from $6,466,000 to $18,538,000.

Optional Auction Rate Conversion – On the respective Full Accretion Date, the 2005B-1 and the 2005B-2 Bonds may be converted to Auction Rate Bonds provided that certain conversion requirements are met. Auction rates fluctuate according to the market conditions is limited to a maximum 17 percent per year and a minimum of 80 percent of the LIBOR index rate.

Swap Agreements - The City entered into two interest rate swap agreements related to the 2005B-1 and 2005B-2 Bonds, which will become effective August 1, 2013 and August 1, 2023, respectively, in the same amount as the outstanding principal balances of the Bonds on that date. The combination of the variable rate bonds and a floating swap rate will create synthetic fixed-rate debt for the City. Because neither the variable rate nor the swap rates are effective as of June 30, 2009 the initial bond interest rates discussed above are used for disclosure purposes. The terms of the swap agreements will be disclosed when they become effective.

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

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Current interest bonds	$22,805,000			$22,805,000
Capital appreciation bonds	203,186,000	$6,504,776	($101,547,384)	108,143,392
	$225,991,000	$6,504,776	($101,547,384)	$130,948,392

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2010	$3,785,000	$1,220,244	$5,005,244
2011	4,330,000	983,489	5,313,489
2012	4,930,000	713,329	5,643,329
2013	5,555,000	407,429	5,962,429
2014	4,205,000	2,003,131	6,208,131
2015-2019	29,193,000	15,578,625	44,771,625
2020-2024	46,025,000	8,853,075	54,878,075
2025-2029	39,975,000	27,451,175	67,426,175
2030-2034	70,635,000	14,291,275	84,926,275
2035	17,358,000	433,950	17,791,950
Total	$225,991,000	$71,935,722	$297,926,722

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

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

The 2007 A Subordinate Tax Allocation Bonds were issued as variable auction rate bonds with interest calculated every thirty-five days. The rate fluctuates according to the market conditions, but is capped at 12%. However, the City entered into a 29-year interest rate swap agreement for the entire amount of its 2007 A Subordinate Tax Allocation Bonds as discussed below. The combination of the variable rate Bonds and a floating rate swap creates synthetic fixed-rate debt for the Agency. The synthetic fixed rate for the Bonds was 5.722% at June 30, 2009.

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

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

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

For the Years Ending June 30,	Principal	Interest	Total
2010	$1,525,000	$3,795,336	$5,320,336
2011	1,600,000	3,701,792	5,301,792
2012	1,675,000	3,603,763	5,278,763
2013	1,750,000	3,501,251	5,251,251
2014	1,825,000	3,394,253	5,219,253
2015-2019	10,475,000	15,187,315	25,662,315
2020-2024	13,575,000	11,585,919	25,160,919
2025-2029	15,450,000	7,437,046	22,887,046
2030-2034	9,600,000	3,501,126	13,101,126
2035-2037	6,800,000	609,897	7,409,897
Total	$64,275,000	$56,317,698	$120,592,698

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

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

For the Years Ending June 30,	Principal
2010	$535,000
2011	580,000
2012	625,000
2013	675,000
2014	725,000
2015-2019	1,925,000
2020-2024	5,715,000
2025-2029	6,540,000
2030-2034	4,170,000
2035-2037	2,505,000
Total	$23,995,000

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Pledge of Redevelopment Tax Increment Revenues

The six Tax Allocation Bond issues discussed above consist of senior and parity obligations secured by future tax increment revenues. The pledge of all future tax increment revenues (housing and non-housing revenue) ends upon repayment of $280,402,782 remaining debt service on the Tax Allocation Bonds which is scheduled to occur in 2037. For fiscal year 2009, non-housing tax increment revenue and housing tax increment revenue pledged for both senior and parity obligations along with the associated debt service are listed below:

	Tax Revenue Pledged	Outstanding Obligation	For the Year Ended June 30, 2009 Debt Service	Tax Increment	Coverage
Senior Non-Housing Obligations:					
1991 Harbour Tax Allocation Refunding Bonds	Harbour Project Area	$36,225	$64,550		
1998 Harbour Tax Allocation Refunding Bonds	Harbour Project Area	34,404,333	1,174,903		
Subtotal		34,440,558	$1,239,453	$10,948,146	883%
Senior Non-Housing Obligations:					
2000 A JPFA Tax Allocation Revenue Bonds	All project areas except Harbour and Pilot	23,710,241	$2,317,441	$11,343,028	489%
Senior Non-Housing Obligations:					
2003 A & B JPFA Tax Allocation Revenue Bonds	All project areas except Pilot	44,806,204	$2,282,012		
Subordinate Non-Housing Obligations:					
2004 A JPFA Tax Allocation Revenue Bonds (Two-thirds)	All project areas except Pilot	16,331,781	605,039		
2007 A Subordinate Tax Allocation Bonds	All project areas except Pilot	120,592,698	4,967,926		
Subtotal		181,730,683	$7,854,977	$22,291,174	284%
Senior Housing Obligations:					
2000 B JPFA Tax Allocation Revenue Bonds	Low and Moderate Income Housing Setaside Revenues	5,873,320	$579,723		
Subordinate Housing Obligations:					
2004 B & One-third of 2004 A JPFA Tax Allocation Revenue Bonds	Low and Moderate Income Housing Setaside Revenues	10,652,980	547,728		
2007 B Subordinate Tax Allocation Bonds	Low and Moderate Income Housing Setaside Revenues	23,995,000	465,456		
Subtotal		40,521,300	$1,592,907	$6,030,980	379%
Total Outstanding Obligations		$280,402,782			

Richmond Joint Powers Financing Authority Lease Revenue Bonds Series 2007 - Original Issue $101,420,000

On September 11, 2007 the Richmond Joint Powers Financing Authority issued Series 2007 Lease Revenue Bonds in the amount of $101,420,000. The proceeds from the Bonds were used to finance a portion of the costs of the new Civic Center Project, and to refund a portion of the 1995A Joint Powers Financing Authority Revenue Refunding Bonds and the remaining principal amount of the 2001A Joint Powers Financing Authority Lease Revenue Bonds. The 2007 Bonds were also used to refund the remaining 1996 Port Terminal Lease Revenue Bonds, which is discussed in Note 7B below. Net proceeds from the Series 2007 Bonds were used to purchase U.S. government securities placed in an irrevocable trust to provide all the future debt service payments for the refunded 1995 A and 2001 A Bonds. The 1995 A Bonds were called in November 2007. The outstanding balance of the defeased 2001 A Bonds was $24,880,000 at June 30, 2009. The Series 2007 Bonds in the principal amount of $97,790,000 have been recorded as governmental activities debt, and $3,630,000 has been recorded as business-type activities as discussed in Note 7B below.

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

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

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

Interest Rate Swap Agreements

The City entered into interest swap agreements in connection with the 2007A Subordinate Tax Allocation Bonds and the 2007 Lease Revenue Bonds. The transactions allow the City to create a synthetic fixed rate or a synthetic variable rate on the Bonds, protecting it against increases and decreases in short-term interest rates. The terms, fair value and credit risk of the swap agreements are disclosed below. For the swap agreements pertaining to the 2005B-1 and 2005B-2 Taxable Pension Funding Bonds, these disclosures are included below, but the swap agreements do not become effective until August 1, 2013 and August 1, 2023, respectively.

Terms. The terms, including the counterparty credit ratings of the outstanding swaps, as of June 30, 2009, are included below. The swap agreements contain scheduled reductions to the outstanding notional amount that are expected to follow scheduled reductions in the Bonds.

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Pay-Fixed, Receive-Variable Swap Agreements:

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

Pay-Fixed, Receive-Variable

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

Offsetting Swap Agreements:

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

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

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Fair value. Fair value of the swaps take into consideration the prevailing interest rate environment, the specific terms and conditions of each transaction and any upfront payments that may have been received. Fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swaps, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swap. As of June 30, 2009, the fair value for the each of the outstanding Pay-Fixed, Receive-Variable swaps was in favor of the respective counterparties, and the fair value for the Pay-Variable, Receive-Fixed swap was in favor of the City.

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

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

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

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

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

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Swap payments and associated debt. Using rates as of June 30, 2009, debt service requirements of the City's outstanding variable-rate 2007 Subordinate Tax Allocation Bonds and fixed rate 2007 Lease Revenue Bonds and net swap payments, assuming current interest rates remain the same for their term, are as follows. The 2005B-1 and 2005B-2 Bonds are not included in the table, because the swaps are not effective until August 1, 2013 and August 1, 2034, respectively. As rates vary, variable-rate bond interest payments and net swap payments will vary. These payments below for each of the Bonds are included in the Debt Service Requirements above:

2007 Subordinate Tax Allocation Bonds

For the Years	Variable-Rate Bonds		Interest Rate	
Ending June 30,	Principal	Interest	Swap, Net	Total
2010	$1,525,000	$1,418,567	$2,376,769	$5,320,336
2011	1,600,000	1,384,910	2,316,882	5,301,792
2012	1,675,000	1,349,597	2,254,166	5,278,763
2013	1,750,000	1,312,630	2,188,621	5,251,251
2014	1,825,000	1,274,007	2,120,246	5,219,253
2015-2019	10,475,000	5,727,236	9,460,079	25,662,315
2020-2024	13,575,000	4,433,920	7,151,999	25,160,919
2025-2029	15,450,000	2,924,313	4,512,733	22,887,046
2030-2034	9,600,000	1,403,672	2,097,454	13,101,126
2035-2037	6,800,000	304,019	305,878	7,409,897
Total	$64,275,000	$21,532,871	$34,784,827	$120,592,698

2007 Lease Revenue Bonds

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

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Loans Payable

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

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

Wells Fargo Loan – Original Amount $500,000

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

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

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

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

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

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

The Agency entered into two loan agreements with California Housing Finance Agency in September 2000 and November 2004 to assist the Agency with operating a local housing program, which provides loans to non-profit developers for the purpose of financing the acquisition, preconstruction, and construction of single-family ownership and multifamily rental properties. The loans are due 10 years from the date of each loan. The loans bear a simple 3% per annum interest rate, and all payments of principal and interest are deferred for a ten-year period. During fiscal year 2009 the interest accrued to principal totaled $75,000.

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

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

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

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

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

For the Years Ending June 30,	Principal	Interest	Total
2010		$90,300	$90,300
2011		90,300	90,300
2012	$160,000	90,300	250,300
2013	170,000	81,786	251,786
2014	180,000	77,142	257,142
2015-2019	1,050,000	307,020	1,357,020
2020-2024	1,300,000	152,220	1,452,220
2025-2026	640,000	8,772	648,772
Total	$3,500,000	$897,840	$4,397,840

Capital Leases

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

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

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

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

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

For the Years Ending June 30,	Principal	Interest	Total
2010	$430,469	$77,539	$508,008
2011	450,604	57,405	508,009
2012	471,680	36,328	508,008
2013	493,742	14,266	508,008
2014	42,173	161	42,334
Total	$1,888,668	$185,699	$2,074,367

SunTrust Leasing Corporation Computer Equipment Lease– Original Amount $2,660,000

In 2006, the City entered into a lease agreement with SunTrust Leasing Corporation to finance the purchase of computer equipment and software. The lease is payable in semi-annual installments of $299,013 including principal and interest through June 2011.

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

For the Years Ending June 30,	Principal	Interest	Total
2010	$554,486	$43,540	$598,026
2011	578,883	19,045	597,928
Total	$1,133,369	$62,585	$1,195,954

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

On July 2, 2008 the City entered into three new capital leases for with SunTrust Leasing Corporation to finance the acquisition of street sweeping vehicles and trucks, fire vehicles and related equipment and various other vehicles. The leases bear interest rates that range from 3.90% to 4.35%. Principal and interest payments on the leases are due semi-annually on each June 26 and December 26 commencing on December 26, 2008 through 2018.

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

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

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

B. Business-Type Activities

The following is a summary of long-term debt of business-type activities during the fiscal year ended June 30, 2009:

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

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

Wastewater Revenue Bonds Series 2006A	$14,825,306
2007 Lease Revenue Bonds - Port Portion	3,203,312
Wastewater Refunding Revenue Bonds 2008A	27,109,596
Total	$45,138,214

Port Terminal Lease Revenue Refunding Bonds Series 1999 – Original Issue $10,955,000

The Bonds were issued by the Authority to refund the Port Terminal Lease Revenue Bonds, Series 1994. The Bonds are special limited obligations of the Authority payable solely from revenues of the Authority pursuant to a Facilities Lease agreement with the City. The City has pledged subordinated Port revenues to the payment of the base rental payments of the Facilities Lease agreement. The Bonds consist of Serial Bonds that mature annually through 2009 in amounts ranging from $930,000 to $2,385,000. Interest rates vary from 3.7% to a maximum of 4.6% and payments are due semiannually on June 1 and December 1. The bonds were fully repaid during fiscal year 2009.

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

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

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

Bonds outstanding:	
Series 2006 A	$16,570,000
Unamortized deferred amount on refunding	(2,262,667)
Unamortized premium	517,973
Net	$14,825,306

Principal and interest payments are due semi-annually on February 1 and August 1 of each year through August 2022 for the Series 2006A bonds. The annual debt service requirements on the 2006A Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2010	$865,000	$723,088	$1,588,088
2011	905,000	683,263	1,588,263
2012	945,000	641,638	1,586,638
2013	990,000	595,625	1,585,625
2014	1,040,000	544,875	1,584,875
2015-2019	6,020,000	1,895,925	7,915,925
2020-2023	5,805,000	514,413	6,319,413
Total	$16,570,000	$5,598,827	$22,168,827

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

On September 11, 2007 the Richmond Joint Powers Financing Authority issued Series 2007 Lease Revenue Bonds in the amount of $101,420,000 as discussed in Note 7A above. A portion of the proceeds from the 2007 Bonds were used to refund the remaining $3,865,000 principal amount of the 1996 Port Terminal Lease Revenue Bonds. The Series 2007 Bonds in the principal amount of $97,790,000 have been recorded as governmental activities debt, as discussed in Note 7A above, and $3,630,000 has been recorded as debt in the Port of Richmond Enterprise Fund. Net proceeds from the Series 2007 Bonds were used to purchase U.S. government securities placed in an irrevocable trust to provide all the future debt service payments for the refunded Bonds. The 1996 Bonds were called in March 2008. 2007 Bonds outstanding are carried net of the unamortized loss on refunding as follows:

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

The 2007 Lease Revenue Bonds were originally issued as variable rate Bonds, however, on May 28, 2008 the Authority entered into an Interest Rate Conversion Agreement, adjusting from a weekly interest rate period to a Long-Term Interest Rate Period. The Long-Term Interest Rate Period fixes the interest rate on the bonds at 4.125% until November 25, 2009. With the original issuance, the Authority entered into a 31-year interest rate swap agreement for the entire amount of the 2007 Lease Revenue Bonds. In connection with the Interest Rate Conversion Agreement the City entered into a second interest rate swap agreement for the entire amount of the 2007 Lease Revenue Bonds to offset the economic effect of the original swap agreement during the long term interest rate period that is effective until November 25, 2009. The combination of the fixed rate Bonds and two interest rate swaps creates synthetic variable-rate debt. Information regarding the interest rate swap agreement in connection with the 2007 Lease Revenue Bonds is discussed in Note 7A above.

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

For the Years Ending June 30,	Principal	Interest	Total
2010	$360,000	$187,174	$547,174
2011	370,000	165,691	535,691
2012	385,000	143,520	528,520
2013	400,000	120,447	520,447
2014	415,000	96,490	511,490
2015-2017	1,340,000	136,727	1,476,727
Total	$3,270,000	$850,049	$4,120,049

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Richmond Variable Rate Wastewater Revenue Refunding Bonds, Series 2008 A

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

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

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

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

Pledge of Wastewater Revenues

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

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Interest Rate Swap Agreement

The City originally entered into an interest swap agreement in connection with the 2006B Wastewater Revenue Bonds, this agreement is being continued in association with the 2008A Wastewater Revenue Refunding Bonds. Therefore, the notional amount of the swap is based on the 2006B Bonds. The transaction allows the City to create a synthetic fixed rate on the Bonds, protecting it against increases in short-term interest rates. The terms, fair value and credit risk of the swap agreement is disclosed below.

Terms. The terms, including the counterparty credit rating of the outstanding swap, as of June 30, 2009, are included below. The swap agreement contains scheduled reductions to the outstanding notional amount that are expected to follow scheduled reductions in the Bonds.

Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's/Fitch)	Fixed Rate Paid	Variable Rate Received	Fair Value at June 30, 2009	Termination Date
$32,260,000	10/17/2006	JPMorgan Chase Co.	A+-/Aa3/AA-	3.661%	63.42% of USD-LIBOR-BBA	($4,528,978)	8/1/2037

Based on the swap agreement, the City owes interest calculated at a fixed rate to the counterparty of the swap. In return, the counterparty owes the City interest based on the variable rate that *approximates* the rate required by the Bonds. Debt principal is not exchanged; it is only the basis on which the swap receipts and payments are calculated.

Fair value. Fair value of the swap takes into consideration the prevailing interest rate environment, the specific terms and conditions of each transaction and any upfront payments that may have been received. Fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swap. As of June 30, 2009, the fair value of the swap was in favor of the counterparty.

Credit risk. As of June 30, 2009, the City was not exposed to credit risk on the outstanding swap because the swap had a negative fair value. However, if *interest* rates increase and the fair value of the swap were to become positive, the City would be exposed to credit risk. The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

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

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

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

Swap payments and associated debt. Using rates as of June 30, 2009, debt service requirements of the City's outstanding variable-rate Bonds and net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, variable-rate bond *interest payments* and net swap payments will vary. These payments below are included in the Debt Service Requirements above:

For the Years	Variable-Rate Bonds		Interest Rate	
Ending June 30,	Principal	Interest	Swap, Net	Total
2010		$84,422	$1,044,597	$1,129,019
2011	$15,000	347,709	1,044,597	1,407,306
2012	15,000	347,550	1,044,597	1,407,147
2013	15,000	348,091	1,044,597	1,407,688
2014	15,000	347,189	1,044,597	1,406,786
2015-2019	100,000	1,733,890	5,222,985	7,056,875
2020-2024	1,725,000	1,725,979	5,170,690	8,621,669
2025-2029	9,220,000	1,439,130	4,101,646	14,760,776
2030-2034	11,200,000	909,550	2,446,028	14,555,578
2035-2039	10,710,000	271,580	527,480	11,509,060
Total	$33,015,000	$7,555,090	$22,691,814	$63,261,904

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Loans and Leases Payable

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

State Revolving Fund Loan Contract	$1,708,026
California Department of Boating and Waterways	3,263,820
Total	$4,971,846

State Revolving Fund Loan Contract

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

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

For the Years Ending June 30,	Principal	Interest	Total
2010	$410,170	$51,241	$461,411
2011	422,475	38,936	461,411
2012	435,221	26,190	461,411
2013	440,160	13,205	453,365
Total	$1,708,026	$129,572	$1,837,598

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

California Department of Boating and Waterways

The Agency has three loan agreements with the California Department of Boating and Waterways for total borrowings of $9,427,000. Proceeds from the loans were used to finance marina construction projects. The loans bear interest at rates ranging from 4.5% to 7.9% and are due in annual installments through 2042. The total amount outstanding at June 30, 2009 was $3,263,820.

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

For the Years Ending June 30,	Principal	Interest	Total
2010	$59,943	$146,872	$206,815
2011	62,641	144,174	206,815
2012	65,459	141,356	206,815
2013	68,405	138,410	206,815
2014	71,483	135,332	206,815
2015-2019	408,662	625,414	1,034,076
2020-2024	509,267	524,808	1,034,075
2025-2029	634,639	399,436	1,034,075
2030-2034	704,945	245,091	950,036
2035-2039	550,706	101,394	652,100
2040-2043	127,670	6,801	134,471
Total	$3,263,820	$2,609,088	$5,872,908

C. Business-Type Activities – RHA Properties

The following is a summary of RHA Properties long-term debt activities during the fiscal year ended June 30, 2009:

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

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

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

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

RHA Properties Affordable Housing Agency Bonds 2003 Series A

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

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

The ***Senior Bonds*** were issued August 1, 2003, mature on September 15, 2033 and bear a variable rate of interest (1.80% at June 30, 2009) with interest payments due monthly commencing September 15, 2003.

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

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2010	$400,000	$913,576	$1,313,576
2011	400,000	895,514	1,295,514
2012	400,000	878,471	1,278,471
2013	500,000	856,319	1,356,319
2014	500,000	836,169	1,336,169
2015-2019	3,000,000	3,817,691	6,817,691
2020-2024	4,100,000	3,054,682	7,154,682
2025-2029	5,600,000	2,013,751	7,613,751
2030-2034	6,260,000	618,021	6,878,021
Total	$21,160,000	$13,884,194	$35,044,194

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

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

JPFA Subordinate Multifamily Housing Revenue Bonds, Series 2007

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

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

Bonds outstanding	$12,535,000
Deferred amount on refunding	(776,460)
Net	$11,758,540

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2010	$290,000	$596,989	$886,989
2011	300,000	585,508	885,508
2012	310,000	573,218	883,218
2013	325,000	560,170	885,170
2014	340,000	546,310	886,310
2015-2019	1,930,000	2,498,260	4,428,260
2020-2024	2,420,000	1,999,838	4,419,838
2025-2029	3,100,000	1,321,875	4,421,875
2030-2034	3,520,000	454,125	3,974,125
Total	$12,535,000	$9,136,293	$21,671,293

RHA Properties has pledged future revenues to repay the Bonds through 2033. Annual principal and interest payments on the bonds are expected to require less than 17 percent of revenues. The RHA properties total principal and interest remaining to be paid on the bonds is $56,715,487. The RHA properties principal and interest paid for the current fiscal year and total rental revenues were $1,973,202 and $3,683,603, respectively.

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (Continued)

Special Assessment Debt Without City Commitment

Special assessment districts have been established in various parts of the City to provide improvements to properties located in those districts. Properties in these districts are assessed for the cost of improvements; these assessments are payable solely by property owners over the term of the debt issued to finance these improvements. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties in these special assessment districts, nor is it obligated to advance City funds to repay these debts in the event of default by any of these districts. At June 30, 2009, the balance of these Districts' outstanding debts was as follows:

1999 JPFA Revenue Refunding Bonds, Series A, secured solely by revenues from Hilltop Area Development District F and Cutting Boulevard/Canal Boulevard	$1,140,000
Richmond JPFA Reassessment Revenue Bonds, 2003 Series A, secured solely by revenues from Reassessment District 2003-1 (Atlas Interchange/Atlas Road West)	7,480,000
Harbor Navigation Improvement District	1,280,000
Community Facilities District No. 1998-1	3,770,000
San Pablo Avenue Street Lighting District No. 854	30,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2006A (including Series 2006AT)	9,605,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2006B	1,895,000

Conduit Debt

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

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

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

NOTE 8 - DEFERRED REVENUE AND UNEARNED REVENUE

Fund Financial Statements

At June 30, 2009, the following deferred revenues were recorded in the Fund Financial Statements because either the revenues had not been earned or the funds were not available to finance expenditures of the current period:

	General Fund	Redevelopment Agency Administration	Redevelopment Agency Low/Mod Income Housing	Redevelopment Agency Projects	Community Development Block Grant	Non- Major Governmental Funds	Total
Loans Receivable	$702,030	$2,666,037	$17,525,097	$10,522,866	$7,088,970		$38,505,000
Grants Receivable				1,121,464		$1,868,397	2,989,861
Park & recreation receivable - unearned rents	93,590						93,590
Total	$795,620	$2,666,037	$17,525,097	$11,644,330	$7,088,970	$1,868,397	$41,588,451

NOTE 9 - DEFICIT FUND BALANCES AND ACCUMULATED DEFICITS

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

NOTE 10 - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description and Provisions

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

Funding Policy

Active plan members are required by state statute to contribute 7%-8% for miscellaneous and 9% for safety employees of their annual covered salary. The City, as employer, was required to contribute at an actuarially determined rate of 11.201% and 16.807% of annual covered payroll for miscellaneous and safety employees, respectively. Total employer contributions based on the actuarially determined rates amounted to $9,419,549 for the year ended June 30, 2009.

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

Annual Pension Cost and Net Pension Asset

For 2008-2009, the City's annual pension cost of $11,948,149 for PERS was equal to the City's required and actual contributions and amortization of the prepaid pension contributions discussed below. The required contribution was determined by PERS using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.25% to 14.45% for miscellaneous employees and from 3.25% to 13.15% for safety employees depending on age, service, and type of employment, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization periods at June 30, 2009, were 32 years for both the miscellaneous and the safety employees plans for prior and current service unfunded liability.

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

Safety Plan:

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

Miscellaneous Plan:

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

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

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

The City prepaid its pension contributions with proceeds from the 2005 Pension Obligation Bonds (See Note 7). These prepaid contributions are reflected in the accompanying financial statements as Net Pension Asset which amounted to $104,181,919 at June 30, 2009. During fiscal 2009, the amortization of the prepayment increased the actuarially required contributions by $2,528,600 to arrive at Annual Pension Costs of $11,948,149, as shown below for each Plan:

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

Safety Plan:

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
06/30/06	$339,241,980	$339,619,607	($377,627)	100.1%	$21,314,998	(1.8%)
06/30/07	362,133,278	359,089,009	3,044,269	99.2%	24,752,789	12.3%
06/30/08	382,363,901	374,325,089	8,038,812	97.9%	27,344,889	29.4%

Miscellaneous Plan:

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
06/30/06	$277,497,262	$278,531,185	($1,033,923)	100.4%	$29,837,781	(3.5%)
06/30/07	294,179,170	294,827,825	(648,655)	100.2%	33,931,419	(1.9%)
06/30/08	308,163,049	308,983,271	(820,222)	100.3%	37,795,755	(2.2%)

NOTE 11 – OTHER CITY PENSION PLANS

Plan Descriptions and Funding Policies

The City maintains three, single-employer pension plans, which are funded entirely by City contributions. These are the General Pension Plan, Police and Firemen's Pension Plan, and Garfield Pension Plan (collectively, the "Plans"). The General Pension Plan, a defined benefit pension plan, covering 29 former City employees not covered by PERS, all of whom have retired. The Police and Firemen's Pension Plan, a defined benefit pension plan covers 84 police and fire personnel employed prior to October 1964. The Garfield Pension Plan is a defined benefit pension plan established for a retired police chief. The Plans provide retirement, disability, and death benefits based on the employee's years of service, age, and final compensation. Benefit provisions for the Plans are established by City ordinance. No separate financial statements are issued for the Plans.

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

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

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

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

Pension Plan Assets

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

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

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

Actuarially Determined Required Contributions

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

Police and Firemen's Pension Plan – The City established the Secured Pension Override Special Revenue Fund to which proceeds of a special incremental property tax levy voted by the citizens of the City of Richmond are credited for the payment of benefits under the Plan. The incremental property tax revenue received for the year ended June 30, 2009 was $4,800,000. Pension benefits for the 2008/2009 fiscal year were $4,828,836. The actuarial present value of future pension liabilities under the Plan at July 1, 2007, the date of the most recent actuarial valuation, was approximately $43,591,093, representing principally prior service costs. Assets of the Plan were $22,910,310 resulting in an unfunded actuarial liability of $20,680,783. Actuarial assumptions included an assumed rate of return of 6.5%. Mortality rates were based on the mortality tables currently used by California PERS. These PERS mortality tables were further adjusted to reflect anticipated future mortality improvement. Benefit payments were assumed to increase 3.5% annually. Assumptions for retirement age, disability, withdrawal, and salary increases have an insignificant effect on the valuation as substantially all of the participants had retired. The required contribution was determined by using the entry age normal actuarial cost method.

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

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

	General Pension Plan			Police and Firemen's Pension Plan		
Fiscal Year	Annual Required Contribution	Amount Contributed	Percent Contributed	Annual Required Contribution	Amount Contributed	Percent Contributed
2003/04	$357,744	$1,119,537	313%	$2,428,906	$2,899,909	119%
2004/05	299,319	946,476	316%	2,191,252	2,440,857	111%
2005/06	238,264	238,264	100%	2,215,648	2,215,648	100%
2006/07	238,264	238,264	100%	2,215,648	6,215,648	281%
2007/08	307,948	307,948	100%	2,199,459	5,000,000	227%
2008/09	307,948	307,948	100%	2,199,459	4,800,000	218%

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

	Garfield Pension Plan		
Fiscal Year	Annual Required Contribution	Amount Contributed	Percent Contributed
2003/04	$56,920	$0	0%
2004/05	62,856	0	0%
2005/06	73,917	73,917	100%
2006/07	73,917	73,917	100%
2007/08	72,484	72,484	100%
2008/09	72,484	72,484	100%

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

Significant Accounting Policies

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

Net Pension Obligation (Asset)

The net pension liability (asset) was determined in accordance with the provisions of GASB Statement No. 27 and represents contributions in excess of actuarially required contributions (net pension asset), or actuarially required contributions in excess of actual contributions (net pension obligation or liability). At June 30, 2009, the Police and Firemen's Pension Plan and the General Pension Plan had net pension assets of $5,049,165 and $1,677,239, respectively. At June 30, 2009, the Garfield Pension Plan had a net pension liability of $174,242. The net pension assets and the net pension liability have been recorded in the City-wide financial statements as Net Pension Asset and Net Pension Obligation.

The net pension liability (asset) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization periods at June 30, 2009, were fourteen, twelve, and eight years for the Police and Fireman's Plan, the General Pension Plan, and the Garfield Pension Plan, respectively for prior and current service unfunded liability.

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

The Plans' annual pension cost and net pension obligation for Fiscal 2008-2009 were as follows:

	Police and Firemen's Plan	General Pension Plan	Garfield Pension Plan
Annual required contribution	$2,199,459	$307,948	$72,484
Interest on net pension obligation	24,203	(85,186)	9,319
Adjustment to annual required contribution	(39,600)	195,503	(26,172)
Annual pension cost	2,184,062	418,265	55,631
Contributions made	(4,800,000)	(307,948)	(72,484)
(Decrease) increase in net pension obligations	(2,615,938)	110,317	(16,853)
Net pension obligation (asset) June 30, 2008	(2,433,227)	(1,787,556)	191,095
Net pension obligation (asset) June 30, 2009	($5,049,165)	($1,677,239)	$174,242

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

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Police and Fireman's Plan			
June 30, 2007	$2,056,237	302%	$382,711
June 30, 2008	2,184,062	229%	(2,433,227)
June 30, 2009	2,184,062	229%	(5,049,165)
General Pension Plan			
June 30, 2007	335,200	71%	(1,897,873)
June 30, 2008	418,265	74%	(1,787,556)
June 30, 2009	418,265	74%	(1,677,239)
Garfield Pension Plan			
June 30, 2007	56,882	130%	207,948
June 30, 2008	55,631	130%	191,095
June 30, 2009	55,631	130%	174,242

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

Police and Firemen's Plan:

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
July 1, 2002	$49,135,204	$25,177,947	$23,957,257	51%	(A)	N/A
July 1, 2003	46,523,759	20,450,153	26,073,606	44%	(A)	N/A
July 1, 2004	43,244,772	20,384,607	22,860,165	47%	(A)	N/A
July 1, 2005	41,653,180	19,251,702	22,401,478	46%	(A)	N/A
July 1, 2006	N/A (C)	N/A (C)	N/A (C)	N/A (C)	(A)	N/A
July 1, 2007	43,591,093	22,910,310	20,680,783	53%	(A)	N/A

General Pension Plan:

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
July 1, 2002	$6,246,070	$2,145,405	$4,100,665	34%	(B)	N/A
July 1, 2003	6,331,911	2,298,683	4,033,228	36%	(B)	N/A
July 1, 2004	6,030,516	2,786,571	3,243,945	46%	(B)	N/A
July 1, 2005	5,614,489	3,141,392	2,473,097	56%	(B)	N/A
July 1, 2006	N/A (C)	N/A (C)	N/A (C)	N/A (C)	(B)	N/A
July 1, 2007	5,242,136	2,416,881	2,825,255	46%	(B)	N/A

Garfield Plan:

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
July 1, 2002	N/A (C)	N/A (C)	N/A (C)	N/A (C)	(B)	N/A
July 1, 2003	N/A (C)	N/A (C)	N/A (C)	N/A (C)	(B)	N/A
July 1, 2004	N/A (C)	N/A (C)	N/A (C)	N/A (C)	(B)	N/A
July 1, 2005	$915,287	$301,298	$613,989	33%	(B)	N/A
July 1, 2006	N/A (C)	N/A (C)	N/A (C)	N/A (C)	(B)	N/A
July 1, 2007	899,777	326,228	573,549	36%	(B)	N/A

(A) Shown at zero, because only one participant had not retired and was assumed to retire on valuation date.
(B) All participants were retired as of valuation date.
(C) Actuarial valuations were not completed.

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

Plan Financial Statements

The Statement of Net Assets for the Plans at June 30, 2009 follows:

	General Pension	Police and Fireman's Pension	Garfield Pension
ASSETS			
Pension plan cash and investments:			
City of Richmond Investment Pool	$1,769,411	$2,661,048	$148,175
Local Agency Investment Fund			187,348
Mutual Fund Investments		16,193,194	
Interest receivable	799	504	751
Total Assets	1,770,210	18,854,746	336,274
LIABILITIES			
Accounts payable		4,242	
NET ASSETS			
Held in trust for employees' pension benefits	$1,770,210	$18,850,504	$336,274

The Statement of Changes in Plan Net Assets for the year ended June 30, 2009 follows:

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

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

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

Plan Provisions for Future Retirees

Classification	Eligibility (Age/Service)	Monthly Premium Paid by City Before/After Medicare Eligibility
SEIU Local 1021	Service Retirement: 50/20, 51/18, 52/16, 53/14, 54/12, 55/10 Disability Retirement: any age/10	Retiree only or surviving spouse: $414/$414 Retiree +1 or more: $540/$540
IFPTE, Miscellaneous Executive Management, City Council	Service Retirement: Same as SEIU Disability Retirement: 50/20, 51/18, 52/16, 53/14, 54/12, 55/10	Same as SEIU
Fire Local 188, Fire Management, and Fire Executive Management	35/15	Percentage of premium for retiree/dependents/surviving spouse up to 2nd highest premium plan. Percentage is 90%, increased to 100% after 27 years of service
Richmond Police Officer Association (RPOA)	10 years of service	Percentage of premium for retiree/dependents/surviving spouse but no more than $714 per month, including dental and vision. Percentage is 50%, increased to 90% after 15 years of service, and 100% after 25 years of service
Police Widows	Death in line of duty	Full premium
Police Management and Police Executive Management	50/20, 51/18, 52/16, 53/14, 54/12, 55/10	Percentage of premium for retiree/dependents/surviving spouse up to Kaiser (1) (Pre Medicare) and 2nd highest premium plan (post Medicare). Percentage is 65%, increased to 75% after 20 years of service, and 100% after 27 years of service

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

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Provisions for Current Retirees

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

Funding Policy and Actuarial Assumptions

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

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Funding Progress and Funded Status

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2009, the City contributed $6,096,304 to the Plan, including $2,372,449 for pay-as-you-go premiums, $1,700,000 paid to PARS representing the remaining ARC plus an additional $2,000,000 paid to PARS to prefund benefits which represented 9.1% of the $67.1 million of covered payroll. As a result, the City has recorded the Net OPEB Asset, representing the difference between the ARC and actual contributions, as presented below:

Annual required contribution	$3,709,303
Interest on net OPEB obligation	170,258
Adjustment to annual required contribution	(215,508)
Annual OPEB cost	3,664,053
Contributions made	(6,072,449)
Change in net OPEB asset	(2,408,396)
Net OPEB Obligation (Asset) at June 30, 2008	(2,196,876)
Net OPEB Obligation (Asset) at June 30, 2009	($4,605,272)

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated July 1, 2007, amounted to $47,046,989 million and was unfunded since no assets had been transferred into PARS as of that date. However, during fiscal year 2009, the City transferred additional contributions to PARS which along with investment income to date totaled $6,813,311 at June 30, 2009 and reduced the unfunded actuarial accrued liability to $40,233,304.

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

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

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

NOTE 13 – DEFERRED COMPENSATION PLAN

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

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

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets; general liability; errors and omissions; injuries to employees; natural disasters; and inverse condemnation. The City began self-insuring its workers' compensation in 1976. In August 2002 the City joined the Municipal Pooling Authority (MPA) for general, automobile, property, and boiler and machinery liability. In April 2009 the City joined the California State Association of Counties Excess Insurance Authority (CSAC EIA) for worker's compensation insurance. The City has chosen to establish a risk financing internal service fund where assets are accumulated for claim settlements and expenses associated with the above risks of loss up to certain limits.

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

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

MPA

The MPA provides coverage against the following types of loss risks under the terms of a joint-powers agreement with the City and several other cities and governmental agencies as follows:

Type of Coverage (Deductible)	Coverage Limits
Liability ($250,000)	$25,000,000
Property	
All Risk Fire ($5,000)	1,000,000,000
Flood*	25,000,000
Boiler & Machinery ($5,000)	100,000,000
Employment Practices ($10,000)	1,000,000

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

The MPA is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the MPA, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The City's deposits with the MPA are in accordance with formulas established by the MPA. The City paid premiums of $3,028,052 for the year ended June 30, 2009. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

NOTE 14 - RISK MANAGEMENT (Continued)

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

CSAC EIA

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

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

Liability for Uninsured Claims

The unpaid claims liabilities included in each of the self-insurance internal service funds are based on case reserves and include amounts for claims incurred but not reported (IBNR). At June 30, 2009, the estimated claims payable of $22,401,000, consisting of reserves for both reported and IBNR losses, as well as allocated loss adjustment expenses, have been recorded in the Insurance Reserves internal service fund. The claims payable are reported at their present value using expected future investment yield assumptions of 3 percent and an eighty percent confidence level. The undiscounted claims totaled $21,716,000, at June 30, 2009. Changes in the claims liabilities for the years ended June 30, 2009 and 2008 were as follows:

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

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

NOTE 15 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

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

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

Condensed Statement of Net Assets	
Assets:	
Current assets	$4,015,325
Capital assets	2,213,936
Total assets	6,229,261
Liabilities:	
Current liabilities	194,576
Long-term liabilities	3,203,877
Total liabilities	3,398,453
Net assets:	
Invested in capital assets, net of debt	(1,049,884)
Unrestricted	3,880,692
Total net assets	$2,830,808
Condensed Statement of Revenues, Expenses and Changes in Net Assets	
Operating revenues:	
Lease income	$476,588
Depreciation expense	(88,484)
Operating income	388,104
Nonoperating revenues (expenses):	
Interest income	164,485
Interest expense	(147,087)
Change in net assets	405,502
Beginning net assets	2,425,306
Ending net assets	$2,830,808
Condensed Statement of Cash Flows	
Net cash provided (used) by:	
Operating activities	$480,250
Capital and related financing activities	(206,815)
Investing activities	169,463
Net increase	442,898
Beginning cash and investments	3,510,455
Ending cash and investments	$3,953,353

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Commitments

The City occupies certain leased premises under the terms of a non-cancelable lease terminating in September 2009, which calls for minimum monthly lease payments of $121,000.

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

The City's future commitments under construction projects totaled approximately $12,988,600 at June 30, 2009 for various projects.

Litigation

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

Housing Authority – Easter Hill Project

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

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

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

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

NOTE 16 - COMMITMENTS AND CONTINGENCIES (Continued)

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

Other

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

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

NOTE 17 - SUBSEQUENT EVENTS

Supplemental Educational Revenue Augmentation Fund

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

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

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

NOTE 17 - SUBSEQUENT EVENTS (Continued)

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

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

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

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

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

Wastewater Revenue Bond Swap Agreement

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

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

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

CITY OF RICHMOND
REDEVELOPMENT AGENCY ADMINISTRATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

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

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

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

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NOTES TO BUDGETARY COMPARISON SCHEDULES

Budgets and Budgetary Accounting

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

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

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

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

State Gas Tax Fund accounts for the subventions received from state gas taxes under the provision of the Streets and Highways Code. State gas taxes are restricted to uses for street construction activities including location of underground utilities, geotechnical work relating to identification of soil and groundwater contamination, materials sampling and testing.

General Purpose Fund accounts for other restricted monies that are to be used for the specific purposes for which the funds were set up.

Paratransit Operations Fund accounts for monies used to provide subsidized, accessible transportation to the seniors and disabled residents of the City of Richmond and the adjacent unincorporated areas of West Contra Costa County.

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

Employment & Training Fund is a fund set up to plan, administer and operate job training programs for the adult and youth residents of Richmond.

Public Safety Fund records the receipt and use of grant monies under the Local Law Enforcements Block Grant Program, Office of Traffic Safety Grants, OES Grants, FEMA Grants and various other grants.

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

Hilltop Landscape Maintenance Fund was set up to account for maintenance services in the nature of landscaping, lighting, cleaning provided to the Hilltop parking lot area and the Marina Way Development area.

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

DEBT SERVICE FUNDS

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS		
	Public Safety	Cost Recovery	Hilltop LMD	Developer Impact Fees	2005 Pension Obligation Bonds	General Debt Service	Civic Center Debt Service
ASSETS							
Cash and investments	$282,504	$2,515,893	$440,667	$689,701		$107,047	
Restricted cash and investments					$9,916,755	635,786	$9,801,462
Receivables:							
Accounts, net	34,718	1,141,715					
Interest	129	(1,454)	178	364			
Grants	35,009	245,500					
Prepaids and other assets							
Total Assets	$352,360	$3,901,654	$440,845	$690,065	$9,916,755	$742,833	$9,801,462
LIABILITIES							
Accounts payable and accrued liabilities	$16,244	$409,492	$24,808	$335,749			$17,623
Refundable deposits		1,372,288					
Due to other funds		1,404,061					
Advance from other funds				211,686			
Deferred revenue		1,131,920					
Total Liabilities	16,244	4,317,761	24,808	547,435			17,623
FUND EQUITY							
Fund balances (deficits)							
Reserved for encumbrances	57,243	1,249,667	14,135	428,692			
Reserved for prepaids and other assets							
Unreserved, undesignated	278,873	(1,665,774)	401,902	(286,062)	$9,916,755	$742,833	$9,783,839
Total Fund Balances (Deficits)	336,116	(416,107)	416,037	142,630	9,916,755	742,833	9,783,839
Total Liabilities and Fund Balances	$352,360	$3,901,654	$440,845	$690,065	$9,916,755	$742,833	$9,801,462

(Continued)

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

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

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

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

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS		
	Public Safety	Cost Recovery	Hilltop LMD	Developer Impact Fees	2005 Pension Obligation Bonds	General Debt Service	Civic Center Debt Service
REVENUES							
Property taxes			$767,232		$5,115,672		
Licenses, permits and fees		$4,031,942		$115,973			
Fines, forfeitures and penalties		1,922					
Use of money and property	$20,493	(102,827)	10,715	70,703	139,465	$24,742	$339,228
Intergovernmental	310,958	1,257,824					
Charges for services		3,027,151		8,138			
Pension stabilization revenue					5,292,746		
Other	137,413	44,006		68,017			
Total Revenues	468,864	8,260,018	777,947	262,831	10,547,883	24,742	339,228
EXPENDITURES							
Current:							
General government		8,053,430					
Public safety	231,983	(3,000)		3,507			
Public works		2,732,091	935,678	575,194			
Community development							
Cultural and recreational				265,321			
Capital outlay	351,246	716,460	9,339	1,465,355			
Debt Service:							
Principal					845,000	1,959,143	1,530,000
Interest and fiscal charges					1,365,616	1,610,946	4,641,424
Total Expenditures	583,229	11,498,981	945,017	2,309,377	2,210,616	3,570,089	6,171,424
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(114,365)	(3,238,963)	(167,070)	(2,046,546)	8,337,267	(3,545,347)	(5,832,196)
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets							
Transfers in		5,701,353	135,658	398,188		3,557,069	7,346,002
Transfers (out)	(119,070)	(100,000)			(8,711,848)	(305,109)	(1,344,499)
Total Other Financing Sources (Uses)	(119,070)	5,601,353	135,658	398,188	(8,711,848)	3,251,960	6,001,503
NET CHANGE IN FUND BALANCE	(233,435)	2,362,390	(31,412)	(1,648,358)	(374,581)	(293,387)	169,307
BEGINNING FUND BALANCES (DEFICITS)	569,551	(2,778,497)	447,449	1,790,988	10,291,336	1,036,220	9,614,532
ENDING FUND BALANCES (DEFICITS	$336,116	($416,107)	$416,037	$142,630	$9,916,755	$742,833	$9,783,839

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

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

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

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

	PARATRANSIT OPERATIONS			SPECIAL PROGRAMS			PUBLIC SAFETY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES									
Property taxes									
Licenses, permits and fees									
Fines, forfeitures and penalties									
Use of money and property		($19,358)	($19,358)		$14,757	$14,757	$7,083	$20,493	$13,410
Intergovernmental	$511,284	445,887	(65,397)	$480,000	447,392	(32,608)	326,799	310,958	(15,841)
Charges for services	100,500	45,278	(55,222)						
Pension stabilization revenue									
Other	188,115	6,114	(182,001)				220,746	137,413	(83,333)
Total Revenues	799,899	477,921	(321,978)	480,000	462,149	(17,851)	554,628	468,864	(85,764)
EXPENDITURES									
Current:									
General government					167,191	(167,191)			
Public safety				373,000	167,391	205,609	158,517	231,983	(73,466)
Public works				85,000	42,000	43,000			
Community development									
Cultural and recreational	1,283,652	1,150,674	132,978						
Capital outlay				22,000		22,000	570,000	351,246	218,754
Debt Service:									
Principal									
Interest and fiscal charges									
Total Expenditures	1,283,652	1,150,674	132,978	480,000	376,582	103,418	728,517	583,229	145,288
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(483,753)	(672,753)	(189,000)		85,567	85,567	(173,889)	(114,365)	59,524
OTHER FINANCING SOURCES (USES)									
Proceeds from sale of property									
Transfers in	386,884	574,999	188,115		85,935	85,935			
Transfers (out)					(404,131)	(404,131)		(119,070)	(119,070)
Total Other Financing Sources (Uses)	386,884	574,999	188,115		(318,196)	(318,196)		(119,070)	(119,070)
NET CHANGE IN FUND BALANCES	($96,869)	(97,754)	($885)		(232,629)	($232,629)	($173,889)	(233,435)	($59,546)
BEGINNING FUND BALANCES (DEFICITS)		(463,465)			1,114,893			569,551	
ENDING FUND BALANCES (DEFICITS		($561,219)			$882,264			$336,116	

(Continued)

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

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

	DEVELOPER IMPACT FEES			2005 PENSION OBLIGATION BONDS			GENERAL DEBT SERVICE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES									
Property taxes					$5,115,672	$5,115,672			
Licenses, permits and fees	$1,705,200	$115,973	($1,589,227)						
Fines, forfeitures and penalties									
Use of money and property		70,703	70,703		139,465	$139,465		$24,742	$24,742
Intergovernmental									
Charges for services		8,138	8,138						
Pension stabilization revenue					5,292,746	5,292,746			
Other		68,017	68,017						
Total Revenues	1,705,200	262,831	(1,442,369)		10,547,883	10,547,883		24,742	24,742
EXPENDITURES									
Current:									
General government									
Public safety		3,507	(3,507)						
Public works	$527,321	575,194	(47,873)						
Community development									
Cultural and recreational	300,000	265,321	34,679						
Capital outlay	4,889,404	1,465,355	3,424,049						
Debt Service:									
Principal				$308,045	845,000	(536,955)	1,949,366	1,959,143	(9,777)
Interest and fiscal charges				1,355,325	1,365,616	(10,291)	1,614,756	1,610,946	3,810
Total Expenditures	5,716,725	2,309,377	3,407,348	1,663,370	2,210,616	(547,246)	3,564,122	3,570,089	(5,967)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,011,525)	(2,046,546)	1,964,979	(1,663,370)	8,337,267	10,000,637	(3,564,122)	(3,545,347)	18,775
OTHER FINANCING SOURCES (USES)									
Proceeds from sale of property									
Transfers in		398,188	398,188				3,564,122	3,557,069	(7,053)
Transfers (out)	(2,473)		2,473		(8,711,848)	(8,711,848)		(305,109)	(305,109)
Total Other Financing Sources (Uses)	(2,473)	398,188	400,661		(8,711,848)	(8,711,848)	3,564,122	3,251,960	(312,162)
NET CHANGE IN FUND BALANCES	($4,013,998)	(1,648,358)	$2,365,640	($1,663,370)	(374,581)	$1,288,789		(293,387)	($293,387)
BEGINNING FUND BALANCES (DEFICITS)		1,790,988			10,291,336			1,036,220	
ENDING FUND BALANCES (DEFICITS		$142,630			$9,916,755			$742,833	

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

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

NON-MAJOR ENTERPRISE FUNDS

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

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

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

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2009

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

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

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

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

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

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

CITY OF RICHMOND
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2009

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

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

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

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

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

PENSION TRUST FUNDS

TRUST FUNDS are used to account for assets held by the City as a trustee agent for individuals, private organizations, and other governments. These funds include the following:

General Pension Fund records the activity of the General Pension Plan, a defined benefit pension plan that covers 29 former City employees not covered by PERS, all of whom have retired.

Police and Fireman's Pension Fund records the activity of the Police and Fireman's Pension Plan, a defined benefit pension plan that covers 84 police and fire personnel employed prior to October 1964.

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

CITY OF RICHMOND
STATEMENT OF PENSION TRUST FUNDS NET ASSETS
JUNE 30, 2009

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

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

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

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AGENCY FUNDS

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

(Continued)

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

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

STATISTICAL SECTION

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

Financial Trends
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time:

1. Net Assets by Component
2. Changes in Net Assets
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed Value and Estimated Value of Taxable Property
2. Property Tax Rates, All Direct Overlapping Governments
3. Principal Property Tax Payers
4. Property Tax Levies and Collections

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Revenue Bond Coverage – 1999, 2006 and 2008 Wastewater Revenue Bonds
3. Revenue Bond Coverage – 1996, 1999, and 2004 Port Terminal Lease Revenue Bonds and Note
4. Bonded Debt Pledged Revenue Coverage –Redevelopment Tax Allocation Bonds
5. General Bonded Debt – Pension Obligation Bonds
6. Computation of Direct and Overlapping Debt
7. Computation of Legal Bonded Debt Margin

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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

Sources
Unless otherwise noted, the information in these schedules is derived from the Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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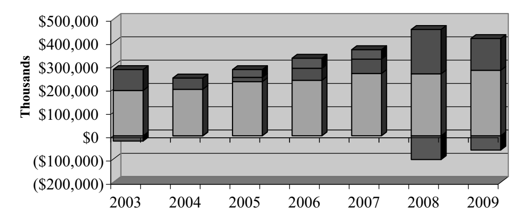
CITY OF RICHMOND
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)



	Fiscal Year Ended June 30,						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Invested in capital assets,							
net of related debt	$161,803,370	$123,741,262	$155,699,999	$155,930,914	$170,258,857	$188,467,600	$201,607,368
Restricted	90,011,285	45,358,192	16,193,394	49,291,795	60,271,169	188,950,882	135,801,179
Unrestricted	(40,308,547)	19,096,845	42,225,569	44,525,862	48,795,188	(101,295,871)	(57,236,422)
Total governmental activities net assets	$211,506,108	$188,196,299	$214,118,962	$249,748,571	$279,325,214	$276,122,611	$280,172,125
Business-type activities							
Invested in capital assets,							
net of related debt	$32,619,310	$75,917,317	$76,670,956	$82,419,674	$97,164,301	$77,558,806	$79,540,643
Restricted		3,156,207	2,246,548	2,283,065	1,427,804	1,526,840	612,613
Unrestricted	17,733,546	(19,724,085)	(8,865,682)	(1,351,641)	(8,084,756)	(519,625)	(3,963,417)
Total business-type activities net assets	$50,352,856	$59,349,439	$70,051,822	$83,351,098	$90,507,349	$78,566,021	$76,189,839
Primary government							
Invested in capital assets,							
net of related debt	$194,422,680	$199,658,579	$232,370,955	$238,350,588	$267,423,158	$266,026,406	$281,148,011
Restricted	90,011,285	48,514,399	18,439,942	51,574,860	61,698,973	190,477,722	136,413,792
Unrestricted	(22,575,001)	(627,240)	33,359,887	43,174,221	40,710,432	(101,815,496)	(61,199,839)
Total primary government net assets	$261,858,964	$247,545,738	$284,170,784	$333,099,669	$369,832,563	$354,688,632	$356,361,964

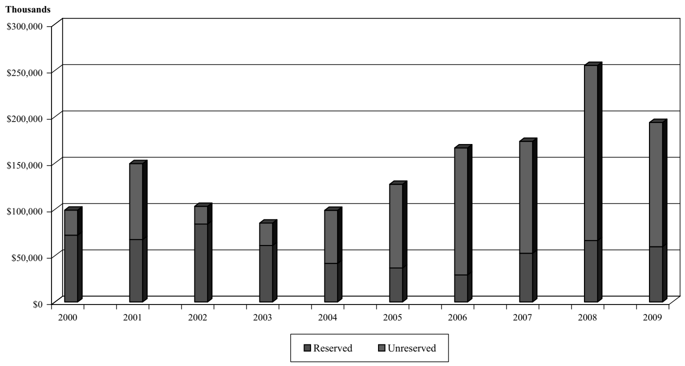
CITY OF RICHMOND
Changes in Net Assets
Last Seven Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental Activities:							
General Government	$20,866,018	$33,157,403	$11,798,558	$20,757,394	$24,107,042	$26,826,443	$18,745,594
Public Safety	51,888,399	55,122,382	46,320,116	64,704,505	69,145,528	80,140,357	91,432,506
Public Works	32,986,223	39,509,425	36,743,774	40,119,182	25,265,766	31,252,681	43,289,943
Community Development	8,494,108	5,771,490	4,487,223	6,400,700	5,446,357	5,046,846	4,316,710
Cultural and Recreational	11,150,363	11,426,024	7,120,024	10,516,483	15,637,748	19,624,717	16,618,663
Housing and Redevelopment	26,645,808	9,610,845	10,883,850	14,587,522	11,338,512	17,471,811	19,209,243
Other	75,785						
Unallocated Cost	8,458,336						
Interest and Fiscal Charges	13,022,532	14,665,716	10,163,111	13,970,272	16,041,384	24,242,109	22,961,838
Total Governmental Activities Expenses	173,587,572	169,263,285	127,516,656	171,056,058	166,982,337	204,604,964	216,574,497
Business-Type Activities:							
Richmond Housing Authority	25,518,702	27,920,939	28,054,660	25,761,763	21,902,483	24,324,334	23,335,623
Port of Richmond	2,811,056	2,911,772	2,545,842	2,896,324	3,690,733	4,589,789	4,739,269
Richmond Marina	578,370	272,694	248,045	245,732	331,099	240,542	235,571
Municipal Sewer	10,035,988	10,047,198	9,020,928	9,599,570	12,236,185	15,084,727	14,290,536
Storm Sewer	2,446,743	2,461,223	2,142,358	2,953,974	3,590,975	4,685,796	4,466,645
Cable TV	763,738	699,809	646,770	702,849	798,758	853,646	898,370
Convention Center	319,066	291,078	269,595	274,542			
Total Business-Type Activities Expenses	42,473,663	44,604,713	42,928,198	42,434,754	42,550,233	49,778,834	47,966,014
Total Primary Government Expenses	$216,061,235	$213,867,998	$170,444,854	$213,490,812	$209,532,570	$254,383,798	$264,540,511
Program Revenues							
Governmental Activities:							
Charges for Services:							
General Government	$5,509,407	$12,779,067	$6,195,631	$9,579,562	$12,500,031	$13,061,289	$7,813,724
Public Safety	697,659	22,300	1,061,832	2,674,213	3,337,186	3,435,021	3,931,893
Public Works	3,848,741	5,133,200	6,829,231	2,017,908	1,641,139	952,330	1,669,681
Community Development	1,682,781	17	1,488,832	2,488,628	562,647	393,878	170,872
Cultural and Recreational	364,665	234,308	230,187	1,230,022	277,523	257,258	594,205
Housing and Redevelopment	(680)	26	54	3,145,276	320,165	1,037,112	7,000
Operating Grants and Contributions	11,485,157	10,143,316	9,035,667	10,737,556	11,310,497	9,642,093	8,402,636
Capital Grants and Contributions	20,454,780	2,409,429	2,502,038	4,584,637	8,659,910	4,066,710	6,997,666
Total Government Activities Program Revenues	44,042,510	30,721,663	27,343,472	36,457,802	38,609,098	32,845,691	29,587,677
Business-Type Activities:							
Charges for Services:							
Richmond Housing Authority	2,064,716	2,234,580	1,822,316	1,663,345	1,630,745	1,776,252	3,096,831
Port of Richmond	2,265,785	2,491,147	5,913,472	6,130,166	5,392,626	5,900,126	5,095,840
Richmond Marina	366,288	458,473	456,142	579,581	448,630	484,212	476,588
Municipal Sewer	8,020,968	10,008,499	9,099,788	11,009,699	12,410,236	13,864,120	14,432,849
Storm Sewer	1,477,853	1,478,790	1,546,345	1,545,977	1,655,799	1,637,151	1,579,698
Cable TV	677,314	911,227	840,773	944,693	930,168	974,924	1,084,389
Convention Center	172,793	202,246	273,008	326,715	37,659		
Operating Grants and Contributions	24,072,750	9,498					18,683,329
Capital Grants and Contributions		33,845,368	32,707,460	33,223,130	23,789,008	24,675,667	50,027
Total Business-Type Activities Program Revenue	39,118,467	51,639,828	52,659,304	55,423,306	46,294,871	49,312,452	44,499,551
Total Primary Government Program Revenues	$83,160,977	$82,361,491	$80,002,776	$91,881,108	$84,903,969	$82,158,143	$74,087,228
Net (Expense)/Revenue							
Governmental Activities	($129,545,062)	($138,541,622)	($100,173,184)	($134,598,256)	($128,373,239)	($171,759,273)	($186,986,820)
Business-Type Activities	(3,355,196)	7,035,115	9,731,106	12,988,552	3,744,638	(466,382)	(3,466,463)
Total Primary Government Net Expense	($132,900,258)	($131,506,507)	($90,442,078)	($121,609,704)	($124,628,601)	($172,225,655)	($190,453,283)

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

	Fiscal Year Ended June 30,						
	2003	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Taxes:							
Property Taxes-Current Collections	$39,816,120	$36,475,512	$39,806,022	$58,637,096	$73,496,915	$77,012,808	$78,279,818
Property Taxes-Released from Pension Reserve Fund			8,342,849	17,315,525			
Sales Tax		12,352,198	20,273,363	25,402,253	28,217,895	29,005,711	27,922,698
Utility user taxes		29,322,850	29,721,091	30,199,388	27,007,410	29,553,243	48,953,004
Other Taxes	44,665,215	9,421,142	13,847,030	14,690,034	12,042,215	8,802,995	7,959,683
Use of Money and Property	6,568,865	2,597,233	2,993,086	5,490,761	7,895,609	9,990,413	6,851,266
Unrestricted Intergovernmental	978,228	4,157,098	3,031,587	954,905	438,625	4,330,572	2,197,148
Rental Revenue	2,819,462						
Lease Revenue	3,017,547						
Repayment of Principal	1,940,375						
Miscellaneous	3,433,249	18,778,396	152,775	3,144,463	3,253,446	3,101,841	9,220,595
Gain (Loss) on Sales of Capital Assets	(175,225)		11,361,312	2,361,410	3,113,487	4,008,197	5,000,000
Pension stabilization revenue				4,175,381	4,240,135	4,256,500	5,292,746
Developer revenue sharing				3,254,620	591,051	201,270	51,767
Settlement reimbursement				4,226,289			
Transfers	(2,116,594)	49,486	167,153	375,740	(2,346,906)	(1,706,880)	(692,391)
Reimbursement from Pension Fund	3,928,959						
Total Government Activities	104,876,201	113,153,915	129,696,268	170,227,865	157,949,882	168,556,670	191,036,334
Business-Type Activities:							
Taxes:							
Property Taxes			10,193	10,867	10,576	10,382	
Use of Money and Property		1,809,249	1,222,413	1,247,868	1,618,432	919,679	390,189
Investment Income	2,281,921						
Other			1,956,342			313,863	7,701
Gain (Loss) on Sales of Capital Assets	(9,527)				41,000		
Special Item						(14,425,750)	
Transfers	2,116,594	(49,486)	(167,153)	(375,740)	2,346,906	1,706,880	692,391
Total Business-Type Activities	4,388,988	1,759,763	3,021,795	882,995	4,016,914	(11,474,946)	1,090,281
Total Primary Government	$109,265,189	$114,913,678	$132,718,063	$171,110,860	$161,966,796	$157,081,724	$192,126,615
Change in Net Assets							
Governmental Activities	($24,668,861)	($25,387,707)	$29,523,084	$35,629,609	$29,576,643	($3,202,603)	$4,049,514
Business-Type Activities	1,033,792	8,794,878	12,752,901	13,871,547	7,761,552	(11,941,328)	(2,376,182)
Total Primary Government	($23,635,069)	($16,592,829)	$42,275,985	$49,501,156	$37,338,195	($15,143,931)	$1,673,332

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



	Fiscal Year Ended June 30,										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
General Fund											
Reserved	$41,937,449	$40,004,328	$39,572,550	$36,921,700	$23,334,569	$17,083,473	$9,638,843	$22,090,540	$27,048,978	$24,682,489	
Unreserved	3,840,804	8,150,386	6,284,507	(4,420,944)	12,440,443	26,510,417	38,590,926	32,341,360	19,387,650	20,855,189	
Total General Fund	$45,778,253	$48,154,714	$45,857,057	$32,500,756	$35,775,012	$43,593,890	$48,229,769	$54,431,900	$46,436,628	$45,537,678	(a)
All Other Governmental Funds											
Reserved	$30,231,155	$27,405,012	$44,654,025	$24,082,816	$18,402,465	$19,734,505	$19,716,191	$30,517,337	$39,341,789	$34,982,192	
Unreserved, reported in:											
Special revenue funds	2,572,653	698,121	805,201	2,599,416	7,730,927	9,644,237	22,266,931	23,291,973	21,732,666	10,128,026	
Debt service funds			(3,264,769)	(32,671,008)	(1,555,799)	462,267	6,647,877	11,101,399	28,551,466	26,219,974	
Capital project funds	20,733,706	73,207,473	15,229,062	58,802,260	38,672,895	53,792,412	69,561,861	54,143,312	119,382,544	77,066,114	
Total all other governmental funds	$53,537,514	$101,310,606	$57,423,519	$52,813,484	$63,250,488	$83,633,421	$118,192,860	$119,054,021	$209,008,465	$148,396,306	

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

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

	Fiscal Year Ended June 30,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Property taxes	$37,211,425	$37,220,187	$37,152,483	$39,816,120	$36,475,512	$48,148,871	$76,431,421	$73,983,141	$77,764,608	$79,047,050
Sales taxes	12,431,034	14,255,927	13,199,899	12,282,691	12,352,198	20,273,363	25,402,253	28,217,895	29,005,711	27,922,698
Utility user fees	18,330,503	21,094,681	21,144,888	23,463,409	29,322,850	29,721,091	30,199,388	27,007,410	29,553,243	48,953,004
Other taxes	6,660,722	9,755,617	7,578,673	10,810,643	9,421,142	13,847,030	14,690,034	12,042,215	8,342,809	7,959,683
Licenses, permits and fees	2,954,637	3,854,140	6,459,773	5,267,568	8,414,668	8,347,868	14,272,803	8,379,660	8,164,006	6,415,896
Developer revenue sharing							3,254,620	591,051	201,270	51,767
Fines, forfeitures and penalties	804,657	759,782	454,786	570,823	435,057	522,015	396,257	312,723	312,706	359,870
Use of money and property	5,561,947	8,521,642	11,950,076	9,710,818	2,628,566	2,496,624	5,149,718	6,879,814	10,360,029	5,278,605
Intergovernmental	23,669,018	19,539,785	15,391,085	26,727,129	15,892,578	15,980,671	16,303,188	24,439,246	18,092,672	15,753,684
Charges for services	8,546,061	4,824,336	6,158,955	6,775,324	6,775,449	3,864,491	4,421,803	4,488,092	6,026,165	5,585,383
Pension stabilization revenue							4,175,381	4,240,135	4,256,500	5,292,746
Settlement reimbursement							4,226,289			
Lease income		1,306,391	3,013,488	3,017,548						
Reimbursement from pension fund			4,017,246	3,928,959						
Rent	3,659,066	2,793,821	4,244,780	2,629,861	2,560,987	237,568	414,716	605,207	336,617	312,096
Other	2,362,505	3,971,315	2,364,500	6,184,893	23,152,932	3,191,685	3,496,107	3,009,820	3,407,481	11,685,170
Total Revenues	122,191,575	127,897,624	133,130,632	151,185,786	147,431,939	146,631,277	202,833,978	194,196,409	195,823,817	214,617,652
Expenditures										
Current:										
General government	25,213,454	19,657,294	17,316,203	17,981,557		12,871,884	18,986,723	22,646,791	26,022,760	19,044,304
Public safety	38,812,146	40,336,645	44,309,105	53,169,844		52,859,724	64,006,470	72,869,340	86,716,916	93,507,626
Public works						20,947,719	20,371,718	12,207,805	18,121,576	20,513,373
Highway and streets	5,575,459	7,793,120	24,689,873	18,345,397						
Health and sanitation	295,890	955,873								
Community development	8,571,962	9,600,033	6,139,781	8,556,636		4,542,606	6,306,343	5,449,106	5,196,860	4,334,599
Cultural and recreational	9,876,807	9,740,773	10,707,305	11,585,860		7,362,852	10,300,456	15,142,703	20,814,698	16,796,528
Housing and redevelopment	7,820,872	1,990,502	9,861,172	24,940,122		11,971,460	20,778,294	11,345,178	22,828,774	22,049,876
Salaries and wages					86,240,536					
General and administrative					40,886,151					
Maintenance					2,182,381					
Other	1,429,324	11,165,647	81,095	75,785	601,026					
Capital outlay	17,492,266	15,894,297	8,461,827	13,170,857	12,570,471	10,630,365	17,479,290	34,281,457	62,742,853	80,466,151
Debt service:										
Principal repayment	14,827,335	13,436,978	12,988,661	6,245,552	7,989,730	7,639,995	6,515,045	9,079,459	6,300,998	9,684,582
Interest and fiscal charges	7,796,012	12,003,575	13,939,372	13,930,315	12,102,434	9,206,783	11,257,775	10,129,575	15,612,543	14,038,265
Total Expenditures	137,711,527	142,574,737	148,494,394	168,001,925	162,572,729	138,033,388	176,002,114	193,151,414	264,357,978	280,435,304
Excess (deficiency) of revenues over (under) expenditures	(15,519,952)	(14,677,113)	(15,363,762)	(16,816,139)	(15,140,790)	8,597,889	26,831,864	1,044,995	(68,534,161)	(65,817,652)
Other Financing Sources (Uses)										
Transfers in	33,409,953	52,731,159	29,129,749	37,541,392	66,659,138	27,587,164	53,092,947	33,071,479	184,513,795	79,414,731
Transfers out	(33,692,040)	(52,846,008)	(30,137,487)	(42,657,986)	(69,609,652)	(34,410,933)	(54,131,970)	(31,800,296)	(185,857,975)	(80,148,188)
Sale of property	4,882,030	308,775	223,115	61,624	578,907	9,071,591	3,167,685	4,747,114	4,287,517	5,040,000
Payment to refund bond escrow agent				6,556,686					(32,897,515)	
Proceeds of long-term debt	23,277,689	60,720,000	7,437,213		29,145,759	17,356,100	124,111,809		172,962,622	
Payment to retirement plan							(113,877,017)			
Total other financing sources (uses)	27,877,632	60,913,926	6,652,590	1,501,716	26,774,152	19,603,922	12,363,454	6,018,297	143,008,444	4,306,543
Net Change in fund balances	$12,357,680	$46,236,813	($8,711,172)	($15,314,423)	$11,633,362	$28,201,811	$39,195,318	$7,063,292	$74,474,283	($61,511,109)
Debt service as a percentage of noncapital expenditures	(a)	(a)	19.2%	13.0%	13.4%	13.2%	11.2%	11.9%	10.7%	11.1%

NOTE:
(a) The City implemented GASB Statement 34 in fiscal year 2002. Therefore this calculation is included only for fiscal years subsequent to that date.

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
ASSESSED VALUE [(1)]										
Land	$1,772,263	$1,918,926	$2,111,424	$2,324,645	$2,627,744	$2,959,317	$3,418,224	$4,039,890	$4,514,200	$4,498,812
Improvements	4,591,723	4,784,954	5,616,334	5,626,587	5,738,751	6,621,854	7,266,076	7,862,708	8,395,671	8,995,536
Total Real Property	6,363,986	6,703,880	7,727,758	7,951,232	8,366,495	9,581,171	10,684,300	11,902,598	12,909,871	13,494,348
Personal Property	453,809	491,488	496,737	522,772	558,698	563,253	538,693	572,948	333,505	632,670
TOTAL	$6,817,795	$7,195,368	$8,224,495	$8,474,004	$8,925,193	$10,144,424	$11,222,993	$12,475,546	$13,243,376	$14,127,018
EXEMPTIONS[(2)]										
Homeowners[(a)]	$112,543	$114,012	$115,472	$116,607	$116,687	$115,580	$117,722	$111,746	$113,417	$113,296
Other[(b)]	209,783	208,302	240,583	245,704	243,788	267,660	317,429	332,611	338,751	364,531
TOTAL	$322,326	$322,314	$356,055	$362,311	$360,475	$383,240	$435,151	$444,357	$452,168	$477,827
ASSESSED VALUE										
(Net of Exemptions)	$6,495,469	$6,873,054	$7,868,440	$8,111,693	$8,564,718	$9,761,184	$10,787,842	$12,031,189	$12,791,208	$13,649,191
Less: Redevelopment Tax Increments[(3)]	729,227	792,046	903,230	1,020,387	1,102,499	1,200,250	1,346,439	1,982,930	2,333,771	2,404,325
NET ASSESSED VALUE	$5,766,242	$6,081,008	$6,965,210	$7,091,306	$7,462,219	$8,560,934	$9,441,403	$10,048,259	$10,457,437	$11,244,866
NET INCREASE (DECREASE)	$226,068	$314,766	$884,202	$126,096	$370,913	$1,098,715	$880,469	$606,856	$409,178	$787,429
% OF INCREASE (DECREASE)	4.08%	5.46%	14.54%	1.81%	5.23%	14.72%	10.28%	6.43%	4.07%	7.53%
Total Direct Tax Rate(4)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

---

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

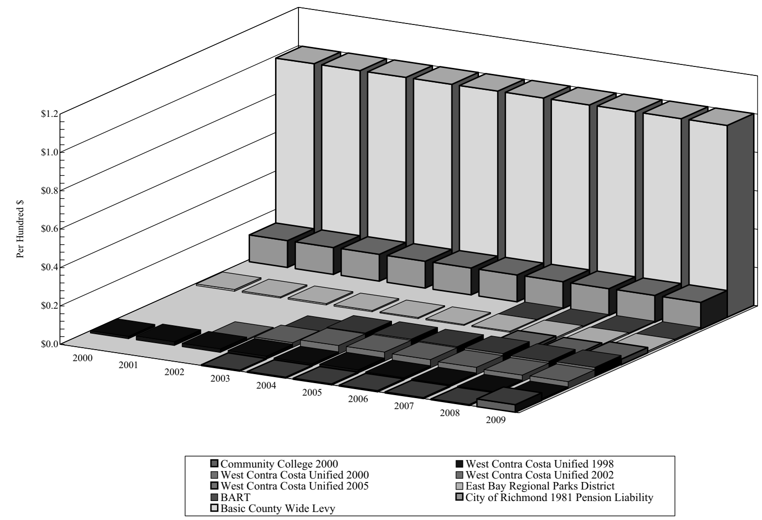
(2) Exemptions are summarized as follows:
(a) Homeowners' exemption arises from Article XIII(25) which reimburses local governments for revenues lost through the homeowners' exemption in Article XIII(3)(k).
(b) Other exemptions are revenues lost to the City because of provisions of California Constitution,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

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

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

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 1998	West Contra Costa Unified 2000	West Contra Costa Unified 2002	West Contra Costa Unified 2005	Community College 2000	Total
2000	$1.0000	$0.1400		$0.0088	$0.0125					$1.1613
2001	1.0000	0.1400		0.0065	0.0204					1.1669
2002	1.0000	0.1400		0.0072	0.0181	$0.0069				1.1722
2003	1.0000	0.1400		0.0065	0.0161	0.0250	$0.0115		$0.0040	1.2031
2004	1.0000	0.1400		0.0057	0.0123	0.0454	0.0487		0.0038	1.2559
2005	1.0000	0.1400		0.0057	0.0161	0.0469	0.0523		0.0042	1.2652
2006	1.0000	0.1400	$0.0048	0.0057	0.0115	0.0437	0.0489		0.0047	1.2593
2007	1.0000	0.1400	0.0050	0.0085	0.0105	0.0386	0.0487	$0.0165	0.0043	1.2721
2008	1.0000	0.1400	0.0053	0.0080	0.0090	0.0342	0.0442	0.0161	0.0038	1.2606
2009	1.0000	0.1400	0.0090	0.0100	0.0093	0.0365	0.0484	0.0288	0.0400	1.3220

(1) Voter approved debt.

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

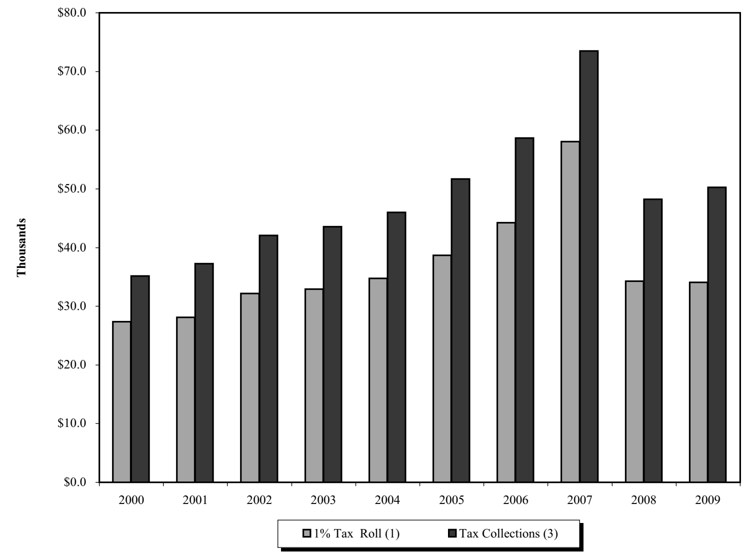
CITY OF RICHMOND
Principal Property Tax Payers
Current Year and Ten Years Ago
(In Thousands)

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

Total Net Assessed Valuation:
Fiscal Year 2008-2009 $13,649,191
Fiscal Year 1999-2000 6,495,469

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

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



Fiscal Year	1% Tax Roll (1)	Voter Approve Debt Tax Rolls (2)	Total Tax Collections (3)	Percent of Total Tax Collections to Tax Levy
2000	$27,341	$7,782	$35,123	100%
2001	28,125	9,129	37,254	100%
2002	32,193	9,867	42,060	100%
2003	32,890	10,656	43,546	100%
2004	34,721	11,282	46,003	100%
2005	38,687	13,009	51,696	100%
2006	44,209	14,426	58,635	100%
2007	58,024	15,473	73,497	100%
2008	34,269	13,983	48,252	100%
2009	34,096	16,172	50,268	100%

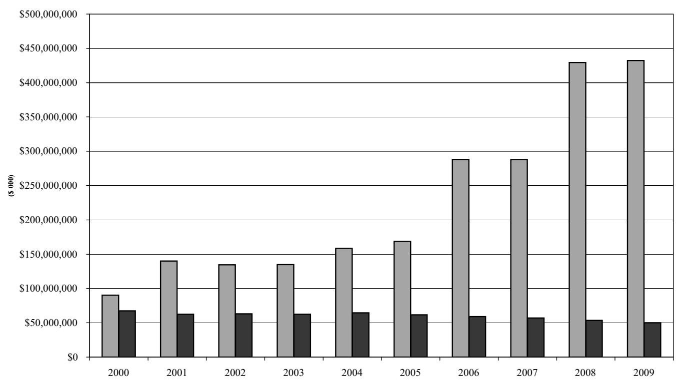
Source: City of Richmond Records

NOTES: **(1)** The maximum tax rate is 1% of the assessed value or $1/$100 of the assessed value, excluding the tax rate for debt.

(2) Voter approved tax roll for debt is in addition to the 1% rate shown in note **(1)**.

(3) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement which allows the County to keep all interest and delinquency charges collected.

CITY OF RICHMOND
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



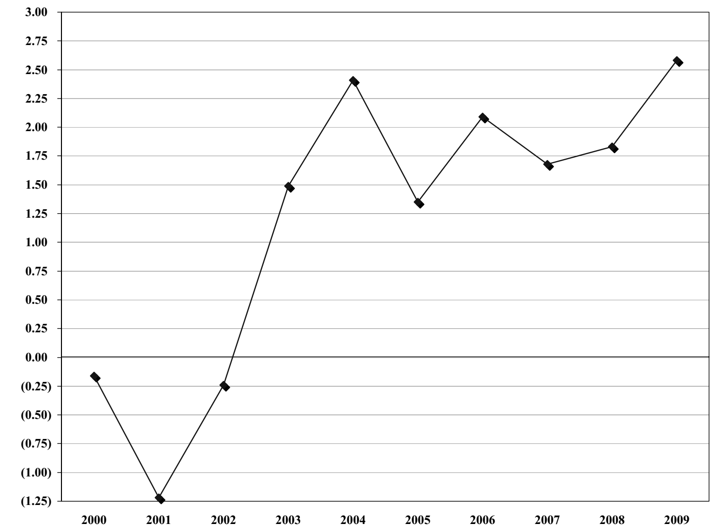
Fiscal Year	Governmental Activities: Tax Allocation Bonds	Pension Obligation Bonds	Revenue Bonds	Loans and Notes Payable	Capital Leases	Total
2000	$24,032,779	$36,280,000	$18,303,815	$3,461,435	$8,124,760	$90,202,789
2001	55,162,779	33,040,000	42,445,000	2,850,650	6,551,646	140,050,075
2002	54,487,779	31,360,000	40,845,002	2,655,597	5,150,251	134,498,629
2003	53,877,779	29,660,000	39,530,000	2,683,222	9,058,762	134,809,763
2004	82,965,168	27,945,000	38,155,000	2,963,702	6,500,204	158,529,074
2005	98,578,513	26,225,000	36,715,000	3,204,394	4,045,158	168,768,065
2006	96,801,090	140,799,775	35,205,000	12,200,843	3,195,340	288,202,048
2007	95,079,118	143,575,313	33,630,000	10,518,963	5,111,871	287,915,265
2008	168,838,368	146,453,616	99,619,143	10,578,390	3,964,298	429,453,815
2009	165,200,399	150,493,392	97,750,000	10,544,185	8,300,966	432,288,942

Fiscal Year	Business-Type Activities: Wastewater Revenue Bonds	Port Lease Revenue Bonds	Loans and Notes Payable	Total	Total Primary Government	Percentage of Personal Income (B)	Per Capita (B)
2000	$37,516,082	$16,814,541	$12,994,659	$67,325,282	$157,528,071	3.57%	$1,587.73
2001	38,345,972	15,680,703	8,418,185	62,444,860	202,494,935	4.47%	1,990.79
2002	38,904,150	14,501,865	9,682,769	63,088,784	197,587,413	4.46%	1,954.84
2003	39,422,497	13,273,027	9,704,142	62,399,666	197,209,429	4.40%	1,945.38
2004	39,903,191	11,989,189	12,543,740	64,436,120	222,965,194	4.75%	2,193.35
2005	39,218,632	10,650,351	11,877,513	61,746,496	230,514,561	(A)	2,237.74
2006	38,516,264	9,251,513	11,195,682	58,963,459	347,165,507	(A)	3,355.29
2007	41,857,327	7,782,675	7,419,009	57,059,011	344,974,276	(A)	3,334.12
2008	42,152,480	5,933,813	5,427,429	53,513,722	482,967,537	(A)	4,662.88
2009	41,934,902	3,203,312	4,971,846	50,110,060	482,399,002	(A)	4,615.68

Notes: Debt amounts exclude any premiums, discounts, or other amortization amounts.
(A) Data not available.
(B) See Demographic Statistics for personal income and population data.

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

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

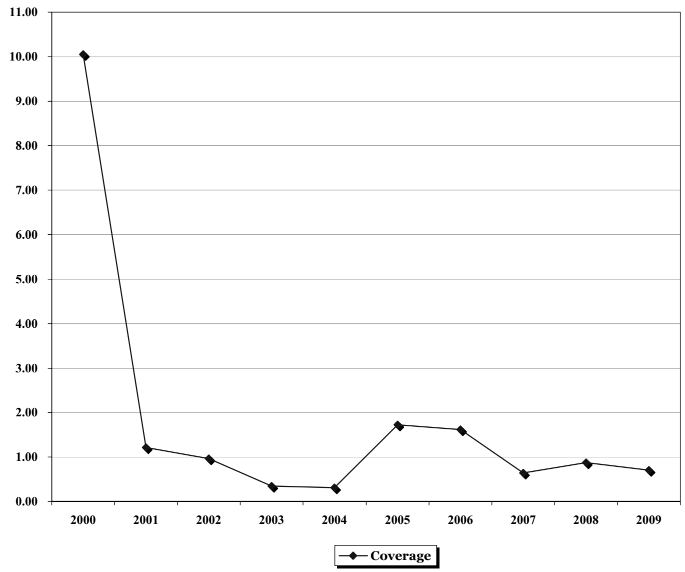


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements: Principal	Interest	Total	Coverage
2000	$7,431,700	$7,478,491	($46,791)		$294,584	$294,584	(0.16)
2001	7,765,103	9,665,875	(1,900,772)		1,559,561	1,559,561	(1.22)
2002	9,690,868	10,059,777	(368,909)		1,559,561	1,559,561	(0.24)
2003	10,163,012	7,727,467	2,435,545	$75,000	1,557,874	1,632,874	1.49
2004	11,825,418	7,715,459	4,109,959	150,000	1,552,811	1,702,811	2.41
2005	10,180,595	6,291,348	3,889,247	1,355,000	1,518,949	2,873,949	1.35
2006	11,922,340	5,918,001	6,004,339	1,415,000	1,455,916	2,870,916	2.09
2007	13,687,290	8,799,108	4,888,182	1,480,000	1,422,950	2,902,950	1.68
2008	14,421,345	9,991,039	4,430,306		2,414,409	2,414,409	1.83
2009	14,498,712	8,287,431	6,211,281		2,403,307	2,403,307	2.58

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

Source: City of Richmond Annual Financial Statements

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

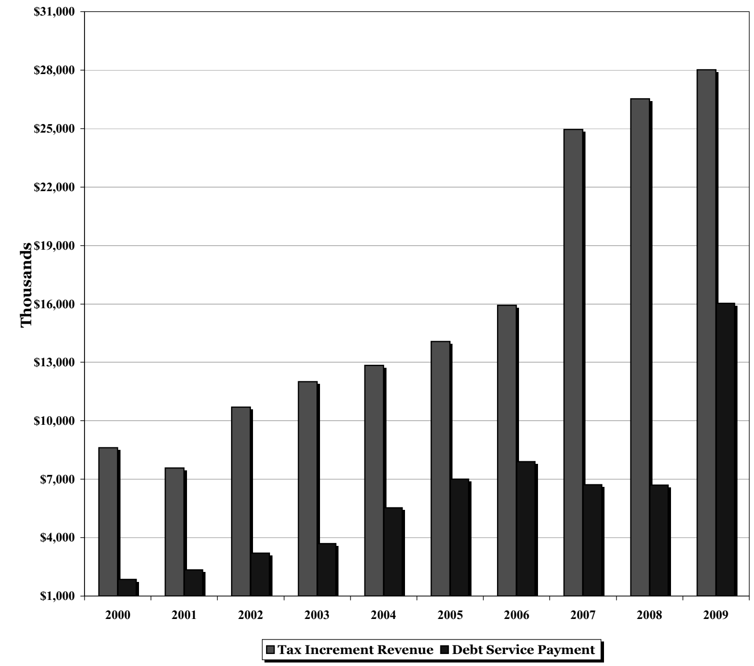


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
2000	$12,401,285	$1,630,356	$10,770,929	$200,000	$871,211	$1,071,211	10.05
2001	5,078,601	2,664,299	2,414,302	1,140,000	836,379	1,976,379	1.22
2002	3,698,781	1,785,720	1,913,061	1,185,000	790,037	1,975,037	0.97
2003	2,319,180	1,618,331	700,849	1,235,000	739,776	1,974,776	0.35
2004	2,491,147	1,879,276	611,871	1,290,000	686,057	1,976,057	0.31
2005	5,944,719	1,655,877	4,288,842	1,603,385	878,851	2,482,236	1.73
2006	6,237,708	2,209,972	4,027,736	1,672,140	808,267	2,480,407	1.62
2007	5,621,400	2,106,307	3,515,093	4,823,787	643,463	5,467,250	0.64
2008	6,061,660	3,024,733	3,036,927	3,094,865	362,194	3,457,059	0.88
2009	5,292,289	3,129,349	2,162,940	2,745,000	292,367	3,037,367	0.71

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

Source: City of Richmond Annual Financial Statements

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

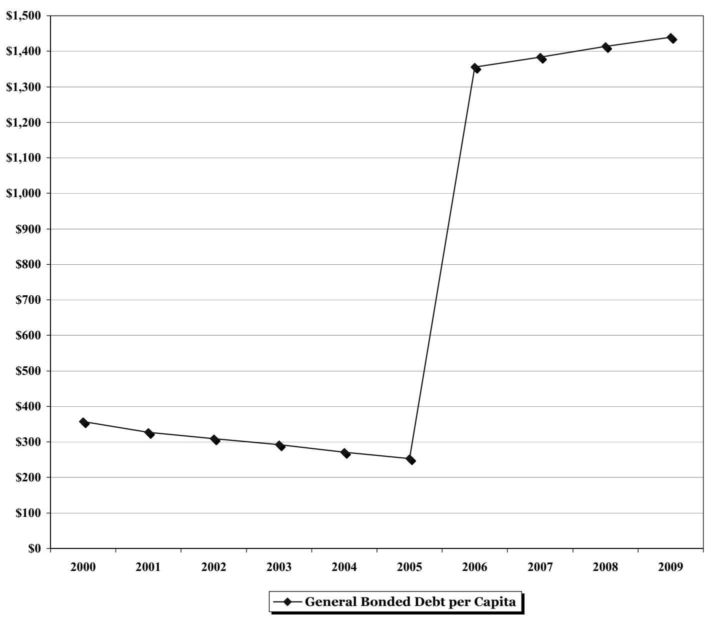


Fiscal Year	Tax Increment Revenue	Debt Service Requirements Principal	Interest	Total	Coverage
2000	$8,616,916	$605,000	$1,251,512	$1,856,512	4.64
2001	7,583,609	630,000	1,711,896	2,341,896	3.24
2002	10,699,505	346,000	2,850,068	3,196,068	3.35
2003	12,010,629	895,000	2,794,504	3,689,504	3.26
2004	12,835,207	2,035,000	3,491,256	5,526,256	2.32
2005	14,065,091	2,610,000	4,404,180	7,014,180	2.01
2006	15,925,961	3,075,000	4,817,908	7,892,908	2.02
2007	24,953,805	2,250,000	4,463,106	6,713,106	3.72
2008	26,535,184	2,345,000	4,359,236	6,704,236	3.96
2009	28,012,195	6,450,000	9,589,715	16,039,715	1.75

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

Source: City of Richmond Annual Financial Statements

CITY OF RICHMOND
GENERAL BONDED DEBT
PENSION OBLIGATION BONDS (1)
LAST TEN FISCAL YEARS



Fiscal Year	Bonds Outstanding	Net Assessed Value of Property	Ratio of General Bonded Debt to Net Assessed Value of Property	General Bonded Debt per Capita
2000	$36,280,000	$5,766,242,000	0.63%	$357
2001	33,040,000	6,081,008,000	0.54%	327
2002	31,360,000	6,965,210,000	0.45%	309
2003	29,660,000	7,091,306,000	0.42%	292
2004	27,945,000	7,462,219,000	0.37%	271
2005	26,225,000	8,560,934,000	0.31%	253
2006	140,799,775	9,441,403,000	1.49%	1,356
2007	143,575,313	10,048,259,000	1.43%	1,383
2008	146,453,616	10,457,437,000	1.40%	1,414
2009	150,493,392	11,244,866,000	1.34%	1,440

Note: **(1)** Includes the 1999 Bonds issued in fiscal year 2000, and the 2005 Bonds issued in fiscal year 2006.

Source: City of Richmond Annual Financial Statements

CITY OF RICHMOND
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2009

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

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

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

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

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

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

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

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

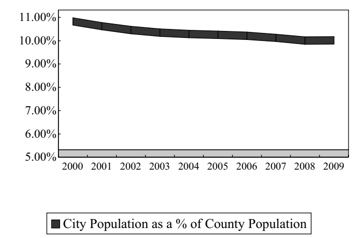
ASSESSED VALUATION:		
Secured property assessed value, net of exempt real property	$13,649,191,000	
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)		$511,844,663
AMOUNT OF DEBT SUBJECT TO LIMIT:		
Total Bonded Debt	$0	
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	0	
Amount of debt subject to limit		0
LEGAL BONDED DEBT MARGIN		$511,844,663

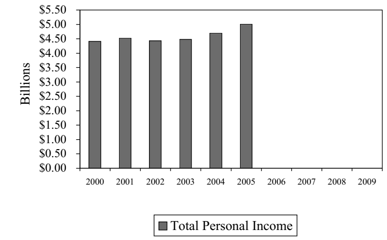
Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2000	$243,580,088	0	$243,580,088	0.00%
2001	257,739,525	0	257,739,525	0.00%
2002	295,066,500	0	295,066,500	0.00%
2003	304,188,488	0	304,188,488	0.00%
2004	321,176,925	0	321,176,925	0.00%
2005	366,044,400	0	366,044,400	0.00%
2006	404,544,075	0	404,544,075	0.00%
2007	451,169,588	0	451,169,588	0.00%
2008	479,670,300	0	479,670,300	0.00%
2009	511,844,663	0	511,844,663	0.00%

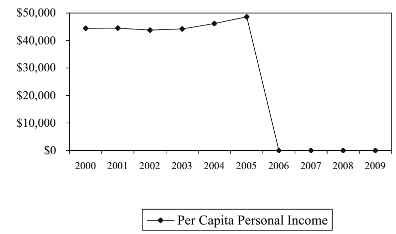
NOTE:

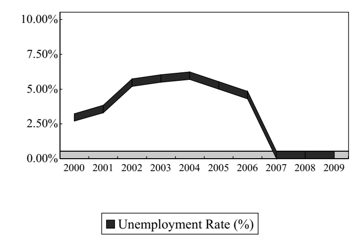
(a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of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

CITY OF RICHMOND
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS









Fiscal Year	City Population	Total Personal Income		Per Capita Personal Income		Unemployment Rate (%)		Contra Costa County Population	City Population % of County
2000	99,216	$4,413,028,464	(A)	$44,479	(B)	2.7%	(B)	930,025	10.67%
2001	101,716	4,527,277,444	(A)	44,509	(B)	3.3%	(B)	972,103	10.46%
2002	101,076	4,428,442,788	(A)	43,813	(B)	5.2%	(B)	981,600	10.30%
2003	101,373	4,479,875,616	(A)	44,192	(B)	5.5%	(B)	994,900	10.19%
2004	101,655	4,697,579,205	(A)	46,211	(B)	5.7%	(B)	1,003,900	10.13%
2005	103,012	5,008,237,416	(A)	48,618	(B)	5.0%	(B)	1,020,898	10.09%
2006	103,468	(C)		(C)		4.3%	(B)	1,029,377	10.05%
2007	103,828	(C)		(C)		(C)		1,042,341	9.96%
2008	103,577	(C)		(C)		(C)		1,051,674	9.85%
2009	104,513	(C)		(C)		(C)		1,060,435	9.86%

Notes: (A) Data not available. Calculated by multiplying City Population by Per Capital Personal Income.
(B) Data not available for the City therefore data presented is for Contra Costa County.
(C) Data not yet available.

Source: California State Department of Finance

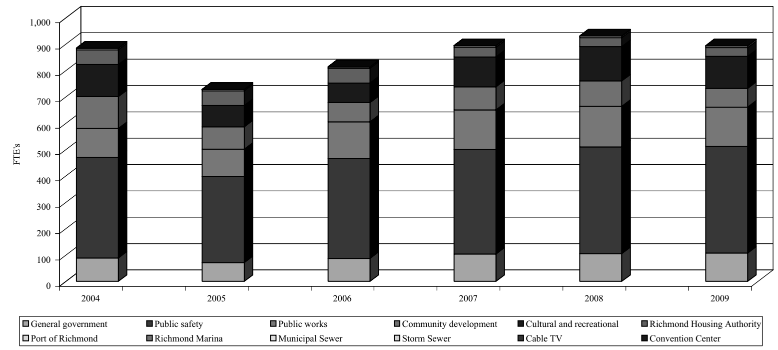
CITY OF RICHMOND
Principal Employers
Current Year

Employer	2008-09 Number of Employees	Rank	Percentage of Total City Employment
Chevron U.S.A., Inc.	2,461	1	2.4%
The Permanente Medical Group	786	2	0.8%
Costco Wholesale #482	352	3	0.3%
California Autism Foundation, Inc.	250	4	0.2%
Wal-Mart Store 3455	245	5	0.2%
Macy's Hilltop	226	6	0.2%
Veriflo Division	215	7	0.2%
The Home Depot #643	209	8	0.2%
TPMG Regional Laboratory	185	9	0.2%
Galaxy Desserts	173	10	0.2%
Subtotal	5,102		4.9%
Total City Day Population	104,513		

Source: City of Richmond Community Development Department

Notes: The City of Richmond did not prepare a Comprehensive Annual Financial Report prior to fiscal year 2006, therefore, information for fiscal year 1999/00 is not available.
Employers exclude governmental employees.

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



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

Source: City of Richmond Budget
Notes:
Data prior to fiscal year 2004 was not available
(1) These services are provided by outside contractors.
(2) Convention Center closed during renovation and staff moved under cultural and recreational.

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

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

Source: City of Richmond
Notes:
The City of Richmond did not prepare a Comprehensive Annual Financial Report prior to fiscal year 2006, therefore, information prior to that year is not available.

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

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

Source: City of Richmond
Note:
The City of Richmond did not prepare a Comprehensive Annual Financial Report prior to fiscal year 2006, therefore, information prior to that year is not available.

APPENDIX C

SUMMARY OF THE CITY INVESTMENT POLICY

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City of Richmond

Richmond, CA

Investment Policy
Fiscal Year FY09-10

Adopted By City Council
Resolution No.
Dated

James C. Goins
Finance Director/Treasurer

City of Richmond
Investment Policy

Table of Contents

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CITY OF RICHMOND
INVESTMENT POLICY

I. Mission Statement

It is the policy of the City of Richmond (City) to invest public funds in a manner which will provide the highest investment return with maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds.

II. Policy

The investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed annually by the Council and any modification made thereto must be approved by the City Council.

III. Authority

The City of Richmond's Charter and Section 53601 of the State of California Code authorize the City to invest its idle cash (i.e. City funds not required for immediate expenditures) in various investment vehicles allowed for public agencies under current legislation. The Director of Finance is responsible for administering the City's investments.

IV. Scope

This Statement addresses the investment policy for the City's pooled funds. The pooled funds include the General Fund, Special Revenue, Debt Service, Capital Projects, Enterprise , Internal service, Trust & Agency, Redevelopment an any other Fund authorized by the City Council which are accounted for in the City of Richmond Comprehensive Annual Financial Report (CAFR).

The investment policy for bond and note proceeds is contained in the bond documents approved by the City Council at the time of the issuance of the debt; provided, that to the extent not inconsistent with such bond documents, bond or note proceeds and in accordance with the Government Code, sections 53601(l) and 5922(d), may be invested in (i) Guaranteed Investment Contracts or other debt issuance proceeds with an investment provider rated in a category of "A" or better and with downgrade protection or (ii) Investment instruments described herein.

The investment policy for the Police and Fire Pension Fund and the General Pension Fund are contained in the City Charter.

V. Objectives

The City's investment activities are designed to accurately monitor and forecast expenditures and revenues in order to:

1. Invest up to 100% of all idle funds.
2. Guarantee that funds are always available when needed.
3. 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.

VI. Criteria

The criteria for selecting specific investment vehicles are:

1. Safety. The primary duty and responsibility of the Treasurer is to protect, preserve and maintain cash and investments placed in his/her trust on behalf of the citizens of the community. To attain this objective, the City will diversify its investments by investing funds among a variety of securities offering independent returns and financial institutions.

2. Liquidity. An adequate percentage of the portfolio should be maintained in liquid short-term securities that can be converted to cash if necessary to meet disbursement requirements. Since all cost requirements cannot be anticipated, investment in securities with active secondary or resale markets is highly recommended. Emphasis should be on marketable securities with low sensitivity market risks.

3. Yield. Yield, sometimes referred to as "rate of return," is the potential dollar earnings investment can provide. Yield should become a consideration only after the basic requirements of safety and liquidity have been met with measurement of investment risk and the cash flow needs.

VII. Guidelines

1. The City adheres to the guidance provided by the "prudent investor standard". [1]"A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. The test of whether the standard is being met is if a prudent person acting in a similar situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity."

---

[1]As defined in the California Debt Advisory Commission's October 1996 document: *Local Agency Investment Guidelines: Recommendations for Implementing Recent Statutory Changes to the California Government Code.*

2. All participants in the investment process shall act as custodians of public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio it must be recognized that occasional measured losses are inevitable and must be considered within the context of the overall portfolio investment return provided that adequate diversification has been implemented. Each issuer shall be limited in terms of their percentage of the portfolio, to minimize risk exposure.

3. The Director of Finance shall report monthly on the City's pooled and Bond funds to the City Manager and City Council and shall report quarterly on other investments, such as, pension funds. The following elements will be part of the investment report:

   a) Type of investment
   b) Institution/Issuer
   c) Date of maturity
   d) Cost of security and amount of deposit
   e) Current market value of securities with a maturity life greater than 12 months
   f) Rate of return
   g) Statement of compliance with the investment policy or other appropriate document (i.e., bond/note documents of City Charter).

VIII. Authorized Broker/Dealers

The Director of Finance will maintain a list of broker/dealers authorized to provide investment services. The broker/dealers will be selected by credit worthiness that is authorized to provide investment services in the State of California. These may include "primary" dealers or "regional" dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Finance Director with the following: (e.g. audited financial statements, proof of FINRA certification, and proof of state registration, completed broker/dealer questionnaire, and certification of having read the City's investment policy.)

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Finance Director. The current audited financial statement is required to be on file for each financial institution and broker/dealer in which the City invests.

IX. Authorized Investments

With the above objectives and criteria in mind, the City of Richmond may invest in the following instruments that have maturities of five (5) years or less at the time of purchase:

1. Government Bonds and Notes

   i. United States Treasury Notes, Bonds, Bills, or certificates of indebtedness or those for which the full faith and credit of the United States are pledged for the payment of principal and interest;

   ii. Treasury notes or bonds of the State of California; and

   iii. Bonds, Notes, Warrants or other evidences of indebtedness of any local agency within California, rated in a rating category of “A” or better by a nationally recognized rating service.

2. Bonds and Notes of Federally Sponsored Agencies, such as the Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, Government National Mortgage Association or any other instruments issued by a federal agency or a United States government sponsored enterprise.

3. Negotiable Certificates of Deposit issued by a Federal and State chartered bank or a Federal and State Savings and Loan Association or by any state licensed branch of a foreign bank. Purchases are not to exceed 30% of invested idle funds.

4. Medium Term Corporate Notes with a maximum of five years maturity issued by corporations organized and operating within the United States. Such securities must be rated in a rating category of “A” or better by a nationally recognized rating service. Purchases may not exceed 30% of invested idle funds.

5. Commercial Paper of “prime quality” of the highest ranking or of the highest letter and numerical rating as provided for by Moody’s Investor Service, Inc., or Standard & Poor’s Corporation. Eligible paper is further limited to issuing corporations that are organized and operating within the United States and have total assets in excess of five hundred million dollars ($500,000,000.00) and having an “A” or higher rating for the issuer’s debt, other than commercial paper, if any, as provided for by Moody’s Investors Service, Inc., or Standard & Poor’s Corporation. Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of any issuing corporation. Purchases of commercial paper may not exceed 10 percent of the City’s surplus money that may be invested pursuant to this section. An additional 15 percent, or a total of 25 percent of the City’s surplus money, may be

IX. Authorized Investments, (cont.)

invested only if the dollar-weighted average maturity of the entire amount does not exceed 31 days.

6. Money Market Mutual Funds are eligible for investment if the companies providing the mutual funds invest only in instruments authorized by Government Code, Sections 53601 and/or 53635. Such companies shall have attained either the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest nationally recognized rating services, retain an investment advisor registered with the Securities and Exchange Commission with not less than five (5) years experience investing in securities and obligations authorized and with assets under management in excess of five hundred million dollars ($500,000,000.00). The purchase price of the share of beneficial interest shall not include any commission that these companies charge. Purchases shall not exceed 15 percent of the City's idle funds.

X. Investment Pool

State of California's Local Agency Investment Fund (L.A.I.F.) – A thorough investigation of the pool/fund is requires prior to investing, and on a continual basis. The follow questions must be answered;

1. A description of eligible investment securities, and a written statement of investment policy and objectives
2. A description of interest calculations and how it is distributed, and how gain and losses are treated.
3. A description of how the securities are safeguarded (including settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements, a fee schedule of when and how it is assessed.

XI. Collateralization

Collateralized Time Deposits placed with State-chartered commercial banks and Savings and Loan Associations. All of the City's short-term investments will be in securities that pay principal upon maturity. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership must be supplied to the City and retained.

XII. Safekeeping

Securities purchased from broker/dealers shall be held in third party safekeeping by the trust department of the City's bank or other designated third party, in the City's name and control. The basic premise underlying the City's investment philosophy is and will continue to be to ensure that money is always safe and available when needed.

XIII. Internal Control

The Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

XIV. Risk Tolerance

The City of Richmond recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. Investment Managers are expected to display prudence in the selection of securities as a way to minimize default risk. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio. The Treasurer shall periodically establish guidelines and strategies to control risks of default, market price changes, and illiquidity.

In addition to these general policy considerations, the following specific policies will be strictly observed:

1. All transactions will be executed on a delivery versus payment basis.
2. A competitive bid process, when practical, will be used to place all investment purchases.

XV. Interest Earnings

All moneys earned and collected from investments authorized in this policy shall be allocated monthly to various fund accounts based on the cash balance in each fund as a percentage of the entire pooled portfolio. Should any fund not have a cash balance at the end of a month, it will receive none of the moneys earned and collected from the pooled investments. Furthermore, should any fund have a temporary negative cash balance at the end of a month, it will be charged for the use of the money at the aggregated earnings rate of the pooled investments.

XVI. Restrictions

1. The City will not invest any funds in inverse floaters, range notes, or interest-only STRIPS (Separate Trading of Registered Interest and Principal of Securities) that are derived from a pool of mortgages.

XVI. Restrictions, (cont.)

2. The City will not invest any funds in any security that could result in zero interest accrual if held to maturity. This limitation does not apply to investments in shares of beneficial interest (money market mutual funds) that are authorized elsewhere in the Investment Policy.

3. It is the City's policy not to invest in companies involved in the manufacturing of tobacco and tobacco-related products such as cigarettes, cigars, pipe tobacco, chewing tobacco, etc.

4. In accordance with the Slavery Era Insurance Ordinance 14-05 N.S. Section 2.29.030 Social Disclosure on Gains from Slavery effective July 1, 2005, the City will not invest any funds in international financial instruments that benefited from slavery. The City Council prohibits, by social investment policy, such investments and reserves the absolute right to divest from such investments with the cost of divestment being borne by the contracting institution.

GLOSSARY

Agencies: Federal agency securities and/or Government-sponsored enterprises.

Bankers' Acceptance (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Benchmark: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

Bid: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

Broker: A broker brings buyers and sellers together for a commission.

Certificate of deposit (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

Collateral: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Comprehensive Annual Financial Report (CAFR): The official annual report for the government agency. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Delivery versus Payment (DVP): There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Derivatives: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

Discount: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Diversification: Dividing investment funds among a variety of securities offering independent returns.

Federal Credit Agencies: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., Savings and Loan's, small business firms, students, farmers, farm cooperatives, and exporters.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently up to $100,000 per deposit.

Federal Funds Rate: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Home Loan Banks (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

Federal National Mortgage Association (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Federal Open Market Committee (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

Federal Reserve System: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

Government National Mortgage Association (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. The security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

Liquidity: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

Local Government Investment Pool (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

Market Value: The price at which a security is trading and could presumably be purchased or sold.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Money Market: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

Offer: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Bid.

Open Market Operations: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

Portfolio: Collection of securities held by an investor.

Primary Dealer: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

Prudent Person Rule: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

Rate of Return: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

Safekeeping: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities & Exchange Commission: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

Securities and Exchange Commission (SEC) Rule 15C3-1: See Uniform Net Capital Rule.

Structured Notes: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, and derivative-based returns) into their debt structure. Their market
performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

Treasury Bills: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

Treasury Bonds: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

Treasury Notes: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

Uniform Net Capital Rule: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

Yield: The rate of annual income return on an investment, expressed as a percentage. (a) Income Yield is obtained by dividing the current dollar income by the current market price for the security. (b) Net Yield or Yield to Maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Date of Closing]

City of Richmond
Richmond, California

Re: City of Richmond, California
2010-2011 Tax and Revenue Anticipation Notes
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the City of Richmond (the "City") in connection with the issuance of $10,850,000 aggregate principal amount of tax and revenue anticipation notes, issued pursuant to and by authority of a resolution of the City Council of the City adopted on June 1, 2010 (the "Resolution"), under and by authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code, and designated "City of Richmond, California, 2010-2011 Tax and Revenue Anticipation Notes" (the "Notes").

In such connection, we have reviewed the Resolution, the Tax Certificate of the City, dated the date hereof (the "Tax Certificate"), certificates of the City and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies). We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Notes, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against cities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Notes and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes constitute the valid and binding obligations of the City. The principal of and interest on the Notes are payable from the first moneys received by the City from the Pledged Revenues (as that term is defined in the Resolution), and to the extent not so paid, are payable from any other moneys of the City lawfully available therefor.

2. Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer's election under internal revenue service notice 98-84. Interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CITY OF RICHMOND, CALIFORNIA
2010-2011 TAX AND REVENUE ANTICIPATION NOTES

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Richmond (the "City") in connection with the issuance of $10,850,000 aggregate principal amount of its City of Richmond, California 2010-2011 Tax and Revenue Anticipation Notes (the "Notes") pursuant to Resolution authorizing the issuance of the Notes adopted by the City Council on June 1, 2010 (the "Resolution"); and in connection therewith the City covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City and Dissemination Agent for the benefit of the Owners and Beneficial Owners of the Notes and in order to assist the Participating Underwriter (as defined below) in complying with the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms have the following meanings:

"Annual Report" means any Annual Report of the City provided pursuant to, and as described in, Section 3 and Section 4 of this Disclosure Certificate.

"Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Commission" means the Securities and Exchange Commission.

"*Disclosure Representative*" means the Director of Finance of the City or any designee, or such other officer of employee as the City may designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" means initially Willdan Financial Services, or any successor Dissemination Agent designated in writing by the City and which has filed a written acceptance of such designation with the City.

"*Listed Events*" means any of the events listed in Section 3(a) of this Disclosure Certificate.

"*Official Statement*" means the Official Statement dated July 8, 2010 relating to the Notes.

"*Participating Underwriter"* means Wedbush Securities Inc, as the original underwriter of the Notes required to comply with the Rule in connection with the offering of the Notes.

"*Repository*" means the Electronic Municipal Market Access site maintained by Municipal Securities Rulemaking Board at http://emma.msrb.org or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule.

"*Rule*" means paragraph (b) (5) of Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State*" means the State of California.

SECTION 3. Reporting of Listed Events.

(a) Pursuant to the provisions of this section, to the extent applicable, the City shall provide notice of the occurrence of any of the following events with respect to the Notes, if material, in electronic format, accompanied by such identifying information as is prescribed by the Repository:

(i) principal and interest payment delinquencies.

(ii) non-payment related defaults.

(iii) modifications to the rights of the Holders.

(iv) optional, contingent or unscheduled note calls.

(v) defeasances.

(vi) rating changes.

(vii) adverse tax opinions or events adversely affecting the tax-exempt status of the Notes.

(viii) unscheduled draws on the debt service reserves reflecting financial difficulties.

(ix) unscheduled draws on the credit enhancements reflecting financial difficulties.

(x) substitution of the credit or liquidity providers or their failure to perform.

(xi) release, substitution or sale of property securing repayment of the Notes.

(b) The Dissemination Agent shall, promptly upon obtaining actual knowledge at its principal corporate trust office as specified in Section 12 hereof of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to this Section 3; *provided*, that failure by the Dissemination Agent to so notify the Disclosure Representative and make such request shall not relieve the City of its duty to report Listed Events as required in this Section 3.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall as soon as possible determine if the occurrence of such event would be material and if the City determines that the occurrence of a Listed Event is be material, the City shall promptly file a notice of such occurrence with the Repository.

(d) If in response to a request under Section 3(b), the City determines that the Listed Event would not be material under applicable federal securities laws, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(e) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Repository. Notwithstanding the foregoing, notice of Listed Events described in Section 5(a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Notes pursuant to the Resolution.

(f) The Dissemination Agent may conclusively rely on an opinion of counsel that the City's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 4. Termination of Reporting Obligation. The obligations of the City under the Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

SECTION 5. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing sixty (60) days written notice to the City. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the City shall be the Dissemination Agent. The initial Dissemination Agent shall be Willdan Financial Services.

SECTION 6. Additional Information. Nothing in the Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by the Disclosure Certificate. If the City chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by the Disclosure Certificate, the City shall have no obligation under the Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 7. Default. In the event of a failure of the City to comply with any provision of the Disclosure Certificate, the Underwriter or any Holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Certificate; provided, that the sole remedy under the Disclosure Certificate in the event of any failure of the City to comply with the Disclosure Certificate shall be an action to compel performance hereunder.

SECTION 8. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section 8 shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

To the City:	City of Richmond Richmond City Hall 450 Civic Center Plaza Richmond, California 94804 Attention: Finance Director Telephone: 510-620-6740 Fax: 510-620-6522
If to the Paying Agent:	Union Bank, N.A. 350 California Street, 11th Floor San Francisco, California 94104 Attention: James Myers Telephone: 415-273-2519 Fax: 415-273-2492
If to the Dissemination Agent:	Willdan Financial Services 27368 Via Industria, Suite 110 Temecula, California 92590 Attention: Manager Phone: 951-587-3500 Fax: 951-587-3510

SECTION 9. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter, the Owners and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

SECTION 10. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: July 15, 2010

CITY OF RICHMOND

By:______________________________
Finance Director

WILLDAN FINANCIAL SERVICES,
as Dissemination Agent

By:______________________________
Authorized Officer

EXHIBIT A

FORM OF NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Obligated Person:	City of Richmond, California
Name of Bond Issue:	City of Richmond, California, 2010-2011 Tax and Revenue Anticipation Notes
Issuance Date:	July 15, 2010

NOTICE IS HEREBY GIVEN that the CITY OF RICHMOND (the "City") has not provided an Annual Report with respect to the above-named Notes as required by Section 14 of Resolution, adopted by the City Council on June 1, 2010 (the "Resolution"). [The City anticipates the Annual Report will be filed by ____________________]

Dated: _____________

CITY OF RICHMOND

By:__________________________
Title:________________________

cc: Paying Agent and Dissemination Agent

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book-entry system has been obtained from DTC and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for the maturity and CUSIP number of the Notes and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (respectively, "NSCC", "FICC" and "EMCC", also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the

Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest evidenced by the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest evidenced by the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE NOTES, THE CITY WILL SEND NOTICES TO HOLDERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO ANY OTHER ACTION PREMISED ON SUCH NOTICE.

THE CITY HAS NO RESPONSIBILITY OR LIABILITY FOR ANY ASPECT OF THE RECORDS RELATING TO OR PAYMENTS MADE ON ACCOUNT OF BENEFICIAL OWNERSHIP, OR FOR MAINTAINING, SUPERVISING OR REVIEWING ANY RECORDS RELATING TO BENEFICIAL OWNERSHIP OF INTERESTS IN THE NOTES.

THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE PAYMENTS WITH RESPECT TO THE NOTES RECEIVED BY DTC TO DTC PARTICIPANTS OR THAT THE PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS WITH RESPECT TO THE NOTES RECEIVED TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CITY IS NOT RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC OR ANY PARTICIPANT TO MAKE ANY PAYMENT WITH RESPECT TO THE NOTES OR AN ERROR OR DELAY RELATING THERETO.

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CITY OF RICHMOND, CALIFORNIA • 2010-2011 TAX AND REVENUE ANTICIPATION NOTES

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